



PALMERSTON NORTH CITY COUNCIL

AGENDA

ECONOMIC DEVELOPMENT

COMMITTEE

9AM, MONDAY 12 JUNE 2017

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



MEMBERSHIP

Adrian Broad (Chairperson)

Leonie Hapeta (Deputy Chairperson)

Grant Smith (The Mayor)

Brent Barrett

Susan Baty

Rachel Bowen

Gabrielle Bundy-Cooke

Vaughan Dennison

Lew Findlay QSM

Jim Jefferies

Lorna Johnson

Duncan McCann

Karen Naylor

Bruno Petrenas

Aleisha Rutherford

Tangi Utikere

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

**pncc.govt.nz | Civic Administration Building, 32 The Square
City Library | Ashhurst Community Library | Linton Library**

David Wright

Acting Chief Executive, Palmerston North City Council

Palmerston North City Council

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

Private Bag 11034, 32 The Square, Palmerston North



ECONOMIC DEVELOPMENT COMMITTEE MEETING

12 June 2017

ORDER OF BUSINESS

(NOTE: The commencement time for this meeting coincides with the commencement time for the extraordinary Council and the Community Development meetings. The format for the meeting will be that the Economic Development and Community Development Committee meetings will open, take apologies and adjourn immediately to allow the Extraordinary Council meeting to consider its business. At the conclusion of the Council meeting the Economic Development Committee meeting and then the Community Development meeting will resume to consider their business.)

1. Apologies

2. Notification of Additional Items

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

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

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

3. Public Comment

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

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

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|------------|--|---------|
| 4. | Presentation - RACE Group | Page 7 |
| 5. | Presentation - NZ Young Farmers Grand Final Committee | Page 9 |
| 6. | Presentation - CEDA | Page 11 |
| 7. | Presentation - CEDA | Page 13 |
| 8. | Confirmation of Minutes
"That the minutes of the Economic Development Committee meeting of 8 May 2017 Part I Public be confirmed as a true and correct record." | Page 15 |
| 9. | Summary Report on March 2017 Manawatu Quarterly Economic Monitor and Major Developments

Memorandum, dated 25 May 2017 from the Economic Policy Advisor, Peter Crawford and the Chief Executive, CEDA, Linda Stewart. | Page 19 |
| 10. | Committee Work Schedule | Page 37 |
| 11. | 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.

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

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

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

[Add Council Officers], because of their knowledge and ability to assist the meeting in speaking to their report and answering questions, noting that such officer will be present at the meeting only for the item that relate to their respective report.

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

PRESENTATION

TO: Economic Development Committee

MEETING DATE: 12 June 2017

TITLE: Presentation - RACE Group

FROM:

ITEM 4

RECOMMENDATION(S) TO ECONOMIC DEVELOPMENT COMMITTEE

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

SUMMARY

Mr Alasdair Robertson, Chief Executive, RACE Group will speak to the Committee regarding the review of the Palmerston North Gold Cup Festival.

ATTACHMENTS

Nil

PRESENTATION

TO: Economic Development Committee

MEETING DATE: 12 June 2017

TITLE: Presentation - NZ Young Farmers Grand Final Committee

FROM:

RECOMMENDATION(S) TO ECONOMIC DEVELOPMENT COMMITTEE

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

SUMMARY

Stephanie Sloan, Convenor, NZ Young Farmers Grand Final Committee will provide an update on the Young Farmers Grand Final event.

ATTACHMENTS

Nil

PRESENTATION

TO: Economic Development Committee

MEETING DATE: 12 June 2017

TITLE: Presentation - CEDA

FROM:

ITEM 6

RECOMMENDATION(S) TO ECONOMIC DEVELOPMENT COMMITTEE

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

SUMMARY

Janet Reynolds, Marketing Senior, CEDA will speak to the Committee providing visitor insights for Palmerston North City and Manawatu.

ATTACHMENTS

Nil

PRESENTATION

TO: Economic Development Committee

MEETING DATE: 12 June 2017

TITLE: Presentation - CEDA

FROM:

RECOMMENDATION(S) TO ECONOMIC DEVELOPMENT COMMITTEE

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

SUMMARY

Julia Giles, Event Co-ordinator, CEDA will provide a review to the Committee of the Sort It Careers Expo.

ATTACHMENTS

Nil

PALMERSTON NORTH CITY COUNCIL

Minutes of the Economic Development Committee Meeting Part I Public, held in the Convention Centre, 354 Main Street, Palmerston North on 08 May 2017, commencing at 9.00am

Members Present: Councillor Adrian Broad (in the Chair) and Councillors Brent Barrett, Susan Baty, Rachel Bowen, Gabrielle Bundy-Cooke, Lew Findlay QSM, Leonie Hapeta, Jim Jefferies, Lorna Johnson, Karen Naylor, Bruno Petrenas, Aleisha Rutherford and Tangi Utikere.

Apologies: The Mayor (Grant Smith) (on council business) and Councillor Duncan McCann (for lateness).

Councillor Vaughan Dennison entered the meeting at 9.03am at the conclusion of clause 15. He was not present for clause 15.

Councillor Duncan McCann entered the meeting at 9.07am during consideration of clause 16. He was not present for clause 15.

Note: The Chairperson advised at the beginning of the meeting that Ben Vanderkolk (item 4 on the Agenda) was unable to attend due to urgent work commitments.

15-17 **Apologies**

Moved Leonie Hapeta, seconded Lorna Johnson.

The **COMMITTEE RESOLVED**

1. That the Committee receive the apologies.

Councillor Vaughan Dennison entered the meeting at 9.03am

16-17 **Presentation - Pasifika Community Committee**

Presentation from Mr James Etuale, Chairperson Papaioea Pasifika Community Committee.

Councillor Duncan McCann entered the meeting at 9.07am

Mr Etuale provided an overview of the Papaioea Pasifika Community Trust which was based at Bill Brown Park. The Trust was established in December 2015 and had a Board of eight members. The main role was being a catalyst

for the pasifika community to connect interventions and relationships that help tagata pasifika thrive and contribute in the central region.

Across the region there was a lot of growth in the numbers of Pasifika people and with that comes a lot of opportunity. However, concerning was the drop in numbers that own their own home as it was felt that home ownership was a indicator to wealth and health. The median income in 2013 was \$19,700 and 21.5% of pasifika people were engaged in tertiary study.

Focus was on employment and the right opportunities to upskill with the support of family. A lot of the time older siblings were called upon to look after the younger siblings when they needed to be at work and ways to support this were being looked at.

There were lots of opportunities for use of the renovated Community Centre, including running language nests, matua group sessions and holiday programmes.

Moved Rachel Bowen, seconded Tangi Utikere.

The **COMMITTEE RESOLVED**

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

17-17

Presentation - Palmerston North City Council

Presentation from Mr Peter Eathorne (Palmerston North City Council) and Mr Tyson Schmidt (Project Manager).

Mr Eathorne and Mr Schmidt provided an overview of the incoming end-to-end online system developed by Palmerston North firm AlphaOne to process building consents. The system was currently being used by seven other local authorities, with nearly 15,000 consents being processed.

An Industry Reference Group and User Liaison Group had been involved in setting up and would start trialling the system in the next few weeks. Once the system was live customers would be able to lodge building consent applications 24/7 and track the progress of those applications.

The system also allowed for Council staff to work on consents at the same time and showed in real time any areas of concern. The system was due to go live on 28 June 2017.

Moved Leonie Hapeta, seconded Lorna Johnson.

The **COMMITTEE RESOLVED**

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

18-17 Presentation - Stock Car Promotions

Presentation from Mr Bruce Robertson

Mr Robertson provided a background of stock cars in Palmerston North including the first night on 26 December 1930, where 25 solo riders raced to a crowd of approximately 5,000 to when the first teams championship event was held in 1981 with eight teams.

When Mr Robertson became the promoter in 2004 he invested \$300,000 to improve the venue and safety aspects of the events. Now stock cars attract competitors and supporters nationally and internationally, and there was over 250 contracted competitors.

An economic impact analysis had been completed by Central Economic Development Agency CEDA on the value of the teams champs showing the event brought \$3.7million to the city. Mr Robertson believed that with all the use of additional businesses leading up to and during the event such as engine builders, tyre shops, car painters and sign writers, the figure would be closer to \$5million and over a year estimated stock cars brought approximately \$15million to the city.

There were a lot of Motorsport organisations including stock cars, Manfeild, 4 wheel drive clubs and Go Karts and there was huge potential for the region to take advantage of this.

Moved Adrian Broad, seconded Vaughan Dennison.

The **COMMITTEE RESOLVED**

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

19-17 Confirmation of Minutes

Moved Vaughan Dennison, seconded Karen Naylor.

The **COMMITTEE RESOLVED**

1. That the minutes of the Economic Development Committee meeting of 10 April 2017 Part I Public be confirmed as a true and correct record.

20-17 Committee Work Schedule

Moved Vaughan Dennison, seconded Karen Naylor.

The **COMMITTEE RESOLVED**

1. That the Economic Development Committee receive its Work Schedule dated May 2017.

The meeting finished at 10.22am

Confirmed 12 June 2017

Chairperson

MEMORANDUM

TO: Economic Development Committee

MEETING DATE: 12 June 2017

TITLE: Summary Report on March 2017 Manawatū Quarterly Economic Monitor and Major Developments

DATE: 25 May 2017

AUTHOR/S: Peter Crawford, Economic Policy Advisor, City Future
Linda Stewart, Chief Executive, CEDA, -

RECOMMENDATION(S) TO ECONOMIC DEVELOPMENT COMMITTEE

1. That the Manawatū Quarterly Economic Monitor – March 2017 and Major Developments Report is received.

1. OVERVIEW

- 1.1 This memorandum presents a summary of the key themes in the latest Manawatū Quarterly Economic Monitor for the March 2017 quarter and the outlook for major construction projects in the region.
- 1.2 The latest Manawatū Quarterly Economic Monitor report indicates a strengthening in GDP growth in the region in the March 2017 quarter. Further improvement in the outlook for economic activity is expected in 2017 due to stronger population growth increased building activity, and growth in primary sector prices.
- 1.3 Net overseas migration in the region increased by 5% in the year to March, close to the national increase of 6%, a good indication of improving economic prospects in the region. The increase in population growth is being reflected in higher house prices, increased house sales and very strong growth in consents for the construction of new housing. This is in contrast to national trends, which show a decline in house sales since June 2016 and weaker growth in consents for the construction of new housing in the March quarter.
- 1.4 Non-residential consent values in the year to March 2017 were higher than in 2016 but are volatile due to the size of major commercial projects approved. They are expected to increase as work begins on major projects in the region this year. The

consents data does not capture major development projects such as the \$150 million Powerco upgrade of its network over the next 5 – 7 years, or future major roading investment, since the majority of the work does not require the construction of buildings. Consents are an indication of future economic activity so there is confidence GDP growth in the region will continue to accelerate during 2017.

2. MANAWATŪ QUARTERLY ECONOMIC MONITOR – MARCH 2017


- 2.1 Estimated annual gross domestic product (GDP) growth in the Manawātū region was 2.4% in the year ended March 2017, a doubling in the rate of growth from the 1.2% increase in the year to March 2016. New Zealand GDP is estimated to have increased by 2.9% in the year to March 2017.
 - a. Palmerston North GDP increased by 2.1%,
 - b. Manawātū District GDP increased by 3.5%.
- 2.2 Electronic card retail spending in the Manawātū region in the March quarter was \$301 million, an increase of 3.7% from the March 2016 quarter, while national growth was also 3.7%. Statistics New Zealand estimates that retail prices increased by 2.0% in the year to March 2017.
 - a. Annual electronic card retail spending in the region for the year ended March 2016 was \$1,239 million, an increase of 1.9% from 2016. This compares with an increase of 3.2% for New Zealand.
- 2.3 Commercial accommodation guest nights in the Manawātū region increased by 7.6% in the March 2017 quarter from the March 2016 quarter, while national guest nights declined by 0.6%.
 - a. Annual commercial guest nights in the Manawātū region were 467,610 in the year ended March 2017, an increase of 3.4% from the previous year. This compares with an increase of 3.2% for New Zealand.
- 2.4 The total value of building consents issued in the region in the March quarter was \$56 million, compared with \$42 million in the March 2016 quarter, an increase of 31%. National consent values increased by 15%.
 - a. Building consents to the value of \$241 million were issued in the region in the year to March 2017, an increase of 27% from the previous year. National consent values increased by 11% over the same period.
 - b. Consents for 129 new residential dwellings were issued in the region in the March 2017 quarter, compared with 80 in the March 2016 quarter, an increase of 61%. National consents increased by 9%.

- c. Consents for 461 new residential dwellings were issued in the region in the year ended March 2017, compared with 309 in the previous year, an increase of 49%. National consents increased by 10%.
 - d. Non-residential consents to the value of \$83 million were issued in the region during the year to March 2017, an increase of 16% from the previous year. National consents increased by 5% over the same period.
- 2.5 Car registrations in the region increased by 11.2% in the year ended March 2017 (national registrations increased by 8.2%) while the number of commercial vehicles registered increased by 4.3% (compared to a national increase of 16.7%).
- 2.6 It is estimated the annual average unemployment rate in the Manawātū region in the year ended March 2017 was 5.0%, the same as the unemployment rate of 5.0% for New Zealand.
- 2.7 The number of people in the region registered for the MSD Job Seekers benefit increased by 5.4% in March 2017 from March 2016, while the number in New Zealand increased by 1.9%. The MSD benefit numbers reported in the Infometrics report are based on the average of the last four quarters.
- 2.8 Traffic flows in the Manawātū region in the year to March 2017 increased by 3.6% from 2016, while there was an increase of 4.6% for New Zealand.
- 2.9 The Manawātū region experienced a net gain of 729 people from overseas migration in the year ended March 2017, compared with a net gain of 692 people in the year to March 2016. The average annual gain in the region over the last 10 years was 211 people per year.
- 2.10 Ministry of Business, Innovation and Employment tourism spending estimates for the year ended March 2017 show total visitor spending in the region of \$424 million, an increase of 5.1% from the previous year. Total tourism spending in New Zealand also increased by 5.1%.
- a. Domestic visitor spending in the region increased by 5.9% in the year ended March 2017 (2.8% increase for New Zealand). There was a \$5.9 million increase in spending by visitors from the Wellington region, \$4.0 million gain from Auckland and \$1.7 million gain from Hawkes Bay.
 - b. International visitor spending in the region increased by 1.1% in the year ended March 2017 (8.3% increase for New Zealand). Countries contributing the most to the increase in spending in the region were Australia, the USA and China.
- 2.11 A copy of the report is attached as Appendix 1.

3. MAJOR DEVELOPMENTS

- 3.1 Major development and construction projects announced recently for Palmerston North and the Manawatū region amount to more than \$1.5 billion of construction activity over the period to 2030. Some projects are still waiting for final approval, the largest being the MidCentral DHB investment plan. There are several projects under development where estimates have not been put on the final value of the project, such as the Countdown supermarket.
- 3.2 A list of projects is attached as Appendix 2.

ATTACHMENTS

1. Manawatū Quarterly Economic Monitor - March 2017 quarter [!\[\]\(444b1eae2189e5cd8d096594c07a0a6e_img.jpg\)](#) 
2. Major construction and development projects in Palmerston North and the Manawatū region [!\[\]\(94faa64fb42ea7f60c43d916dda9de51_img.jpg\)](#) 

Peter Crawford
Economic Policy Advisor

Linda Stewart
Chief Executive, CEDA

Overview of Manawatu

Manawatu's economy expanded at a healthy rate through the early stages of 2017. The majority of spending and investment indicators that we follow were in expansionary territory, with particular strength showing through in the residential construction sector.

Infometrics' provisional estimate of GDP showed that Manawatu's economy expanded by 2.4% over the March 2017 year, compared to 1.2% growth the previous year. Growth is most rapid in Manawatu District, with GDP rising by an estimated 3.5% over the March 2017 year, as the outlook for dairy sector returns has brightened. Palmerston North's economy grew by a healthy 2.1% over the same period.

The rally in dairy prices over recent months has confirmed that the 2016/17 farmgate milk price will be \$6.15/kgms (before dividends) compared to \$3.90/kgms last season. At the same time, good pasture conditions through summer and into autumn shored up milk production. As a result, the total dairy payout looks set to climb by almost \$100m compared to last season.

Housing demand in Manawatu remains elevated, with prices climbing 13% over the March year. These higher prices continue to renew interest in homebuilding, with the 129 new dwelling consents issued in the March quarter representing the largest number of consents in a March quarter since 2007. Builders doing work on commercial construction also have a strong pipeline of work. The challenge for the building sector is finding enough skilled workers, as construction skill shortages are being reported throughout the lower North Island.

Manawatu's housing market is being driven up in part by stronger population growth. Statistics New Zealand estimates show Manawatu's total population climbed by 1,300 people over the June 2016 year, while more recent data on net international migration shows that the district gained a net 729 migrants over the March 2017 year. Reports of strong school roll growth and the number of people receiving New Zealand Superannuation provide further evidence of continued population growth in the area.

Indicator	Manawatu	New Zealand
<i>Annual average % change</i>		
Gross domestic product	↑ 2.4%	↑ 2.9%
Traffic flow	↑ 3.6%	↑ 4.6%
Residential consents	↑ 49%	↑ 10%
Non-residential consents	↑ 12%	↑ 11%
House prices*	↑ 13%	↑ 12%
House sales	↑ 15%	↓ -4.5%
Guest nights	↑ 3.4%	↑ 3.2%
Retail trade	↑ 1.9%	↑ 2.9%
Car registrations	↑ 11%	↑ 8.2%
Commercial vehicle registrations	↑ 4.3%	↑ 17%
Jobseeker Support recipients	↑ 2.4%	↑ 1.0%

Level

Unemployment rate	5.0%	5.0%
International net migration	729	71,924

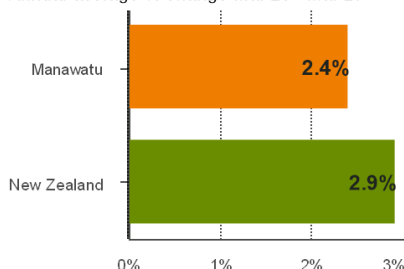
* Annual percentage change (latest quarter compared to a year earlier)

Overview of national economy

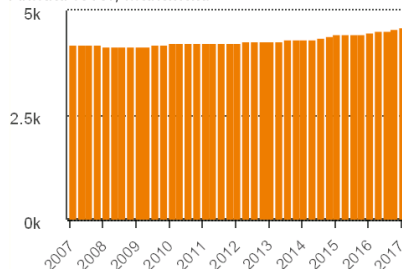
The housing market and residential construction activity have been weaker than expected over recent months, as were export volumes in late 2016. Economic growth is expected to ease slightly over the next couple of quarters, before a recovery in activity across each of these areas lifts growth back 3.0%pa during 2018. Capacity pressures in the economy will be mitigated by persistently strong net migration and relatively high labour force participation. However, per-capita growth will be weaker than its historic average, reflecting high household debt levels, a correction in property prices, and households remaining relatively cautious with spending.

Gross domestic product

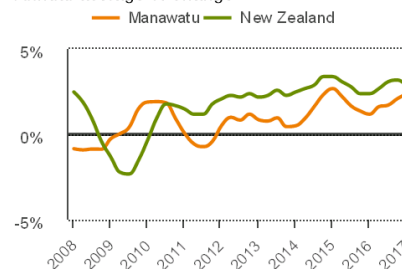
Gross domestic product growth
Annual average % change Mar 16 - Mar 17



Gross domestic product (\$m)
Annual level, Manawatu



Gross domestic product growth
Annual average % change



Highlights for Manawatu

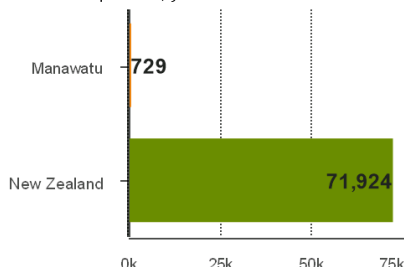
- GDP in Manawatu was up 2.4% for the year to March 2017 compared to a year earlier. Growth was lower than in New Zealand (2.9%).
- GDP was \$4,606 million in Manawatu for the year to March 2017 (2010 prices).
- Annual GDP growth in Manawatu peaked at 2.7% in the year to March 2015.

National overview

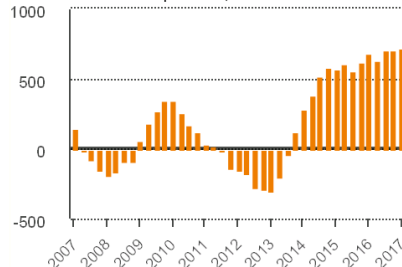
Infometrics' provisional estimate of GDP shows growth of 2.9% over the year to March 2017, down from 3.2%pa growth over the December 2016 year. Business and consumer confidence has cooled since June last year, indicating lower rates of spending activity. At the same time, there has also been more sluggish growth in construction activity as a shortage of construction skills and slightly weaker housing demand has temporarily slowed the sector's upward trajectory. Nevertheless, a more material disruption to underlying economic growth is unlikely at present as the economy is still being supported by accommodative monetary policy and strong population growth, at a time when prices for many of New Zealand's key export commodities have risen over recent months.

International net migration

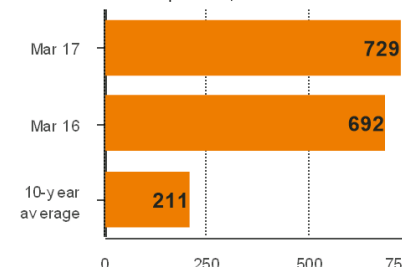
Net migration
Number of persons, year to March 2017



Net migration
Annual number of persons, Manawatu



Net migration
Annual number of persons, Manawatu



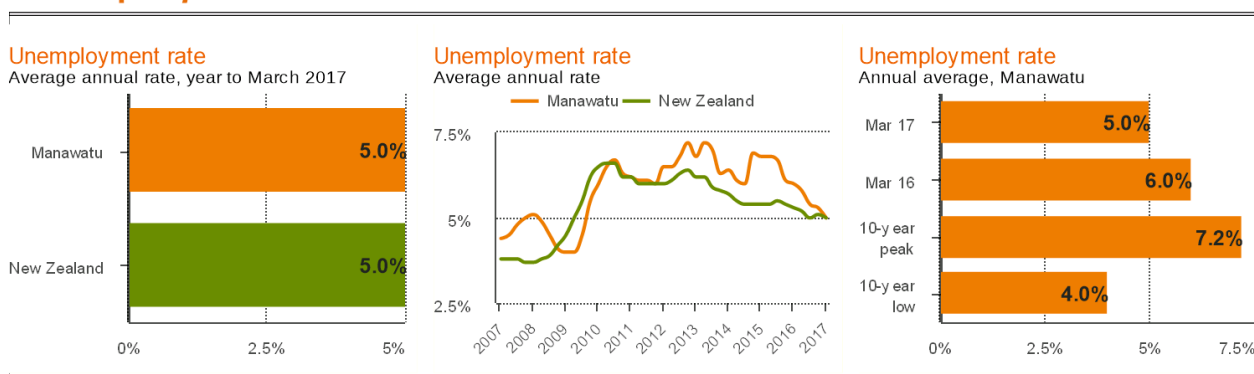
Highlights for Manawatu

- Manawatu experienced a permanent and long-term net migration gain of 729 persons in the year to March 2017. This compares with a gain of 692 a year ago, and a ten year average of 211 (gain).
- New Zealand's annual net migration increased to 71,924 from 67,616 a year ago.

National overview

Annual net migration ran up ahead of our expectations for the March quarter, owing to a sharp 6.7% drop in departure numbers during the month of March (seasonally adjusted). Over the year to March 2017, an additional 71,932 people were added to New Zealand's population. These high levels of net migration are boosting aggregate demand and putting a strain on capacity in New Zealand, but their labour contribution is also needed to alleviate these capacity issues, meaning that New Zealand is in a bit of a bind regarding immigration policy. The biggest driver of growth in net migration during the past year was the continued increase in people arriving on work visas. Work visa arrivals accounted for almost two thirds of the lift in total arrivals in the March 2017 year. Low numbers of New Zealanders leaving the country have also exacerbated net migration levels.

Unemployment rate



Highlights for Manawatu

- The annual average unemployment rate in Manawatu was 5.0% in March 2017, down from 6.0% a year earlier.
- The unemployment rate in Manawatu was lower than in New Zealand, where the unemployment rate averaged 5.0% over the year to March 2017.
- Over the last ten years the unemployment rate reached a peak of 7.2% in December 2012;

National overview

The March 2017 quarter unemployment rate was in line with our expectations, falling back to 4.9% (seasonally adjusted), taking the average unemployment rate for the March year to 5.0%. The level of employment in the March quarter rose an additional 1.2% (seasonally adjusted). However, the number of hours worked fell 0.6% over the quarter as the growth in employment was mostly driven by a lift in part-time employment. Employment rose most rapidly in the construction and accommodation and food services sectors, while there were declines in employment, in the information media and telecommunications, education and training, transport, postal, and warehousing, finance and insurance, and real estate services sectors.

Traffic flow



Highlights for Manawatu

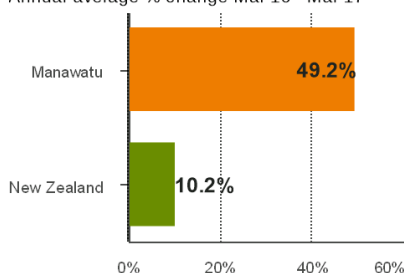
- Traffic flows in Manawatu increased by 3.6% over the year to March 2017. This compares with an increase of 4.6% in New Zealand.

National overview

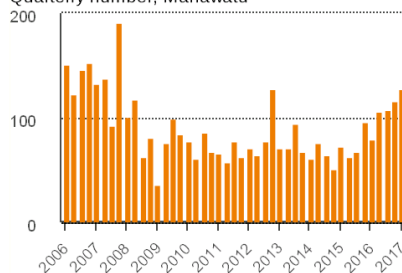
Traffic flows along the State Highway network climbed 4.6% over the March 2017 year. Growth in traffic flows is most rapid in areas that have seen sharp population growth, as well as visitor hotspots in provincial settings. The shift towards online retailing has also contributed to increased traffic flows through increases in courier activity. Traffic flows in the South Island continue to be disrupted by the closure of SH1 north of Kaikoura. For example, traffic flows in Hurunui District during the March 2017 quarter were double their 2016 level. We anticipate that traffic flows, notwithstanding earthquake disruptions, will continue rising strongly through the country over the coming months, pushed up by ongoing population growth and rising freight demand.

Residential consents

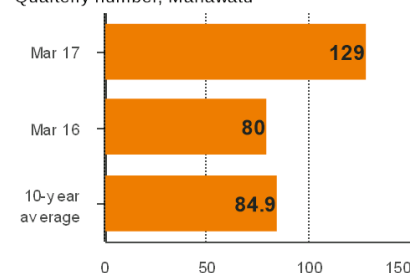
Growth in no. of new dwelling consents
Annual average % change Mar 16 - Mar 17



Residential consents
Quarterly number, Manawatu



Number of new dwelling consents
Quarterly number, Manawatu



Highlights for Manawatu

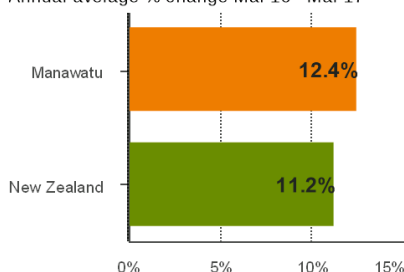
- A total of 129 new residential building consents were issued in Manawatu in the March 2017 quarter, compared with 80 in the same quarter last year.
- On an annual basis the number of consents in Manawatu increased by 49% compared with the same 12-month period a year ago. The number of consents in New Zealand increased by 10% over the same period.

National overview

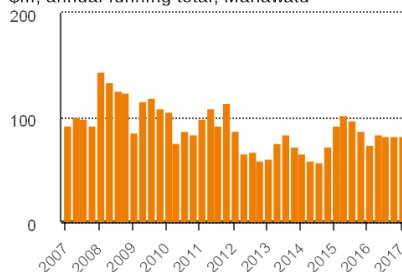
In the March quarter, the number of new dwelling consents was up 10% from a year earlier. A big part of this lift was an increase in consents in Auckland, with an additional 200 consents coming through by way of apartments. But consents are still falling in Canterbury, and haven't changed much from levels last year in Waikato, Gisborne, Bay of Plenty, Hawke's Bay, Taranaki, Nelson, Marlborough, Tasman, West Coast, and Southland (when comparing March quarters). Given this weakness, at a time when financing constraints have dampened sales activity, further falls in consent numbers can't be ruled out over the coming months. However, any weakness is likely to be limited in both extent and duration, as consent growth is still tethered to the relentless lift in net migration.

Non-residential consents

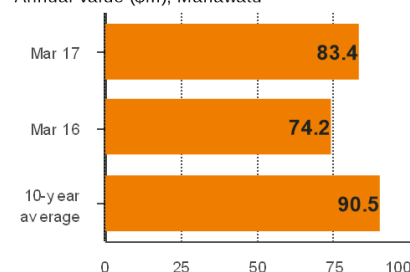
Growth in value of consents
Annual average % change Mar 16 - Mar 17



Non-residential consents, Manawatu
\$m, annual running total, Manawatu



Value of non-residential consents
Annual value (\$m), Manawatu



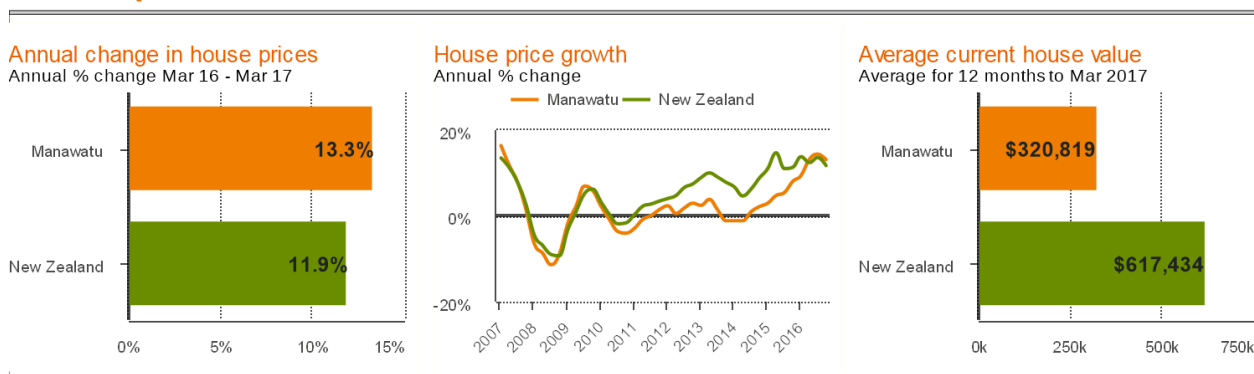
Highlights for Manawatu

- Non-residential building consents to the value of \$83 million were issued in Manawatu during the year to March 2017.
- The value of consents increased by 12% over the year to March 2017. By comparison the value of consents in New Zealand increased by 11% over the same period.
- Over the last 10 years, consents in Manawatu reached a peak of \$145 million in the year to March 2008.

National overview

In the March quarter, accommodation buildings consents more than doubled from a year earlier. Hotels, motels and other short-term accommodation increased six-fold over the same period, with almost all accounted for in Auckland. The rise in accommodation consents reflect the continued boom of the tourism industry, and we expect to see continued growth over the next year. Other categories which saw strong annual growth in the March quarter were hospitals and nursing homes (up 72%pa), shops and restaurants (up 61%pa), and factories and industrial building (up 41%pa.). Looking forward over the rest of 2017, we are expecting a temporary lull in Auckland which will pull down the overall national number, even as consents in many other regions continue to rise.

House prices



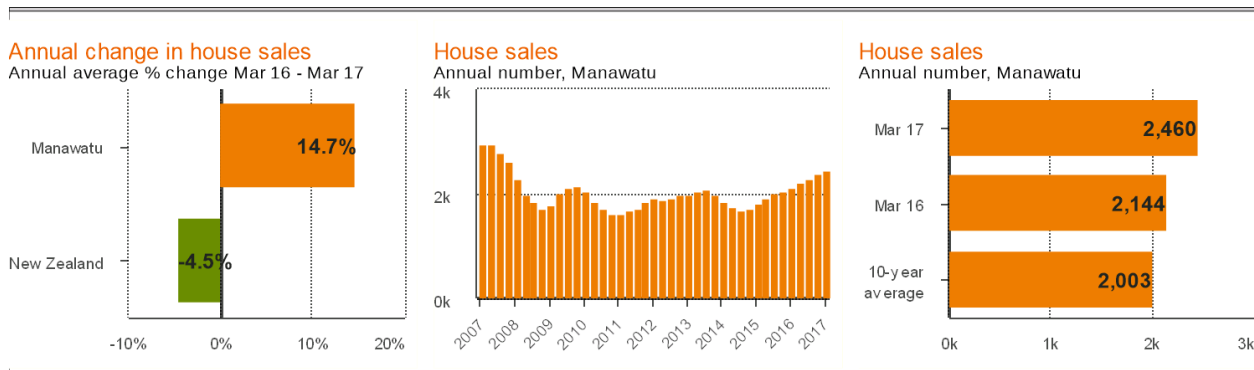
Highlights for Manawatu

- The average current house value in Manawatu was up 13% in March 2017 compared with a year earlier. Growth outperformed relative to New Zealand, where prices increased by 12%.
- The average current house value was \$320,819 in Manawatu over the March 2017 year. This compares with \$617,434 in New Zealand.

National overview

House price growth in March eased back to 12%pa from 14%pa December. Last October's loan-to-value restrictions (LVRs) are still affecting the Auckland housing market, particularly in less expensive areas. The effects of the slowing Auckland market continue to filter through into the surrounding regions, but growth remains strong in areas that were slower to accelerate. Price growth in the Wellington urban area is still rapid and there is particular strength in areas further out from the city centre. At a national level, we expect house price inflation to soften over coming months, as mortgage rates edge upwards and the LVRs continue to bite in to demand.

House sales



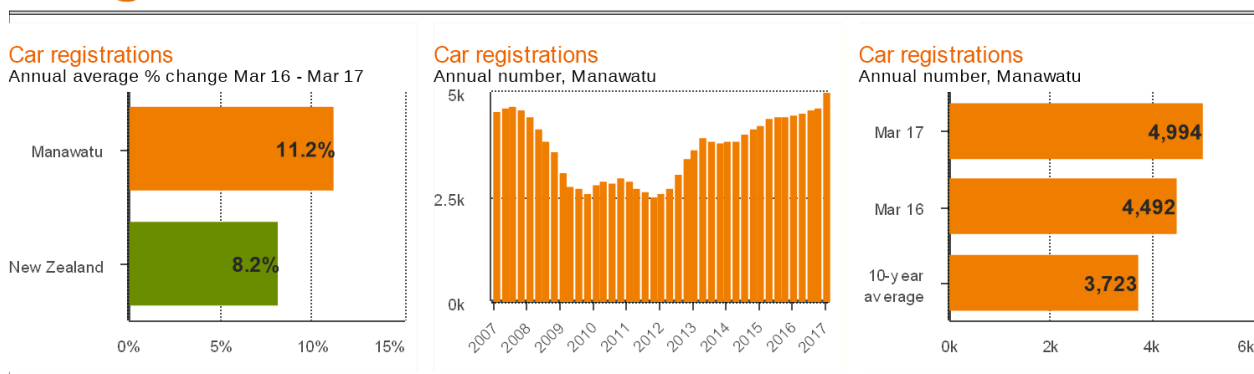
Highlights for Manawatu

- House sales in Manawatu in the year to March 2017 increased by 15% compared with the previous year. Growth outperformed relative to New Zealand, where sales decreased by 4.5%.
- A total of 2,460 houses were sold in Manawatu in the 12 months ended March 2017. This compares with the ten year average of 2,003.

National overview

House sales during the March 2017 quarter were down 13% from a year earlier, taking sales over the past year to 4.5% below the previous 12-month period. In the March quarter, only two regions experienced higher sales levels than last year. Sales in Manawatu-Whanganui and Taranaki were both up 12% over the period. House sales in the Auckland halo regions are still falling on a quarterly basis. In Wellington and the South Island, sales levels aren't quite falling to the same degree as up north, but they are still declining. We expect sales activity to keep tracking downwards over the months ahead as credit conditions have tightened and softer house price growth could dampen buyer demand in the near-term. However, this demand slowdown can only be temporary given current rates of population growth.

Car registrations



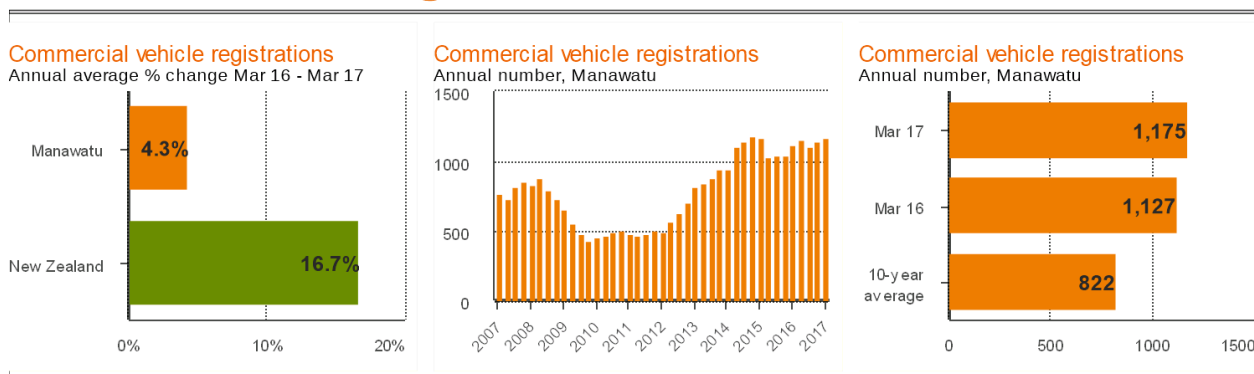
Highlights for Manawatu

- The number of cars registered in Manawatu increased by 11% in the year to March 2017 compared with the previous 12 months. Growth was higher than in New Zealand, where car sales increased by 8.2%.
- A total of 4,994 cars were registered in Manawatu in the year to March 2017. This compares with the ten year average of 3,723.

National overview

Underlying drivers of demand are still very strong, implying that both new and used car sales remain on an upward track for 2017. According to the ANZ-Roy Morgan consumer confidence survey, a net 35% of households think it's good time to buy major household items despite higher long-term interest rates. Private buyers have been a strong driver of growth in new vehicle sales over the past year, largely because there are significantly more people in the country. Annual net migration hit another record high and will keep pushing up overall vehicle demand in coming months.

Commercial vehicle registrations



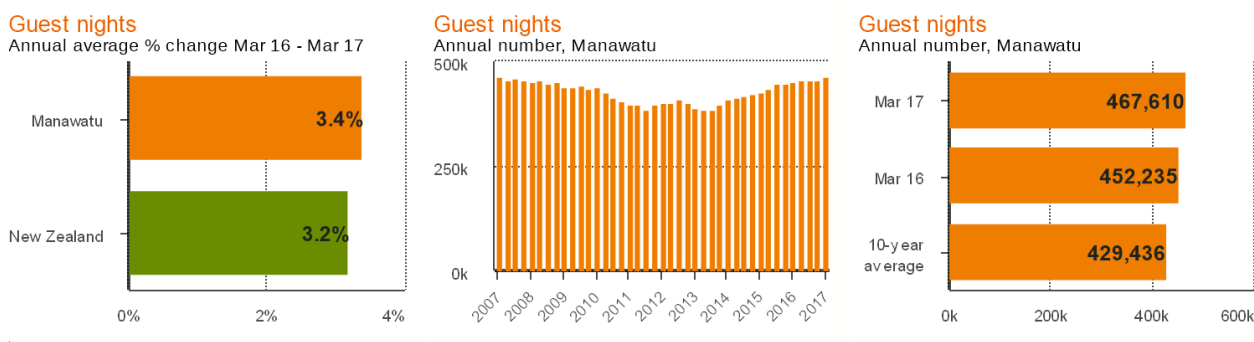
Highlights for Manawatu

- The number of commercial vehicles registered in Manawatu increased by 4.3% in the year to March 2017 compared with the previous 12 months. Growth was lower than in New Zealand, where commercial vehicle sales increased by 17%.
- A total of 1,175 commercial vehicles were registered in Manawatu in the year to March 2017. This is higher than the ten year annual average of 822.

National overview

Commercial vehicles sales rose 17% over the 12 months to March 2017, with growth broad-based across all weight classes of commercial vehicles and trucks. Although sales of light commercials have been strong for some time, this fresh momentum in heavy commercial vehicles is a positive surprise, especially given the weakness of export volumes in the December quarter. The positive outlook for the New Zealand economy will drive up sales of light commercial vehicles during 2017. Demand for medium and very heavy commercial vehicles has proved stronger than anticipated, but there are downside risks to truck sales if any weakness in the New Zealand dollar pushes up prices for these large and expensive vehicles.

Guest nights



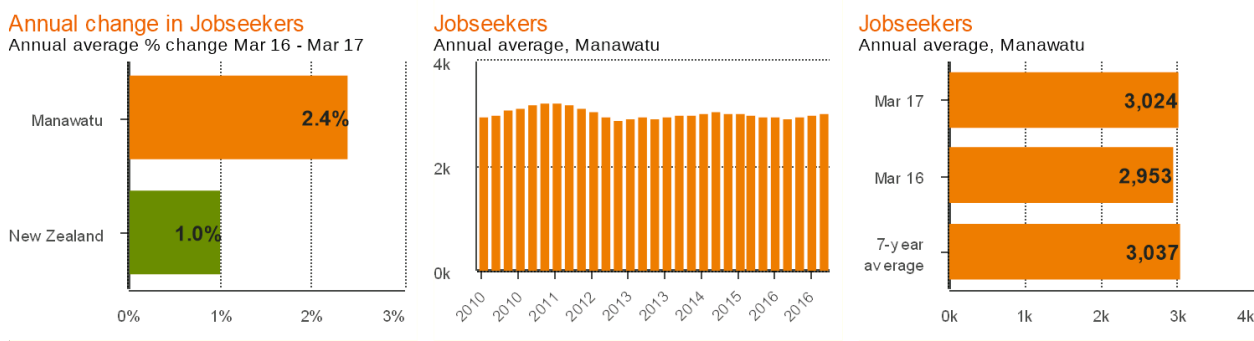
Highlights for Manawatu

- Total guest nights in Manawatu increased by 3.4% in the year to March 2017. This compares with an increase of 3.2% in New Zealand.
- Visitors stayed a total of 467,610 nights in Manawatu during the year to March 2017, which was up from 452,235 a year ago.

National overview

Total guest nights over the 12 months to March were up 3.2% on a year earlier, with guest nights by international visitors climbing 8.7%, while guest nights by domestic visitors slipped 0.7%. It is likely that growth in international visitor guest nights will slow over the coming months, as signs of more sluggish growth in the number of visitors arriving in New Zealand from a range of key source markets have emerged. Nevertheless, an expected softening of the New Zealand dollar against the Australian and US currencies during the second half of 2017 will help see overseas visitors' budgets stretch further. Any weakening to the New Zealand dollar would also encourage New Zealanders to holiday more in their own backyard.

Jobseekers



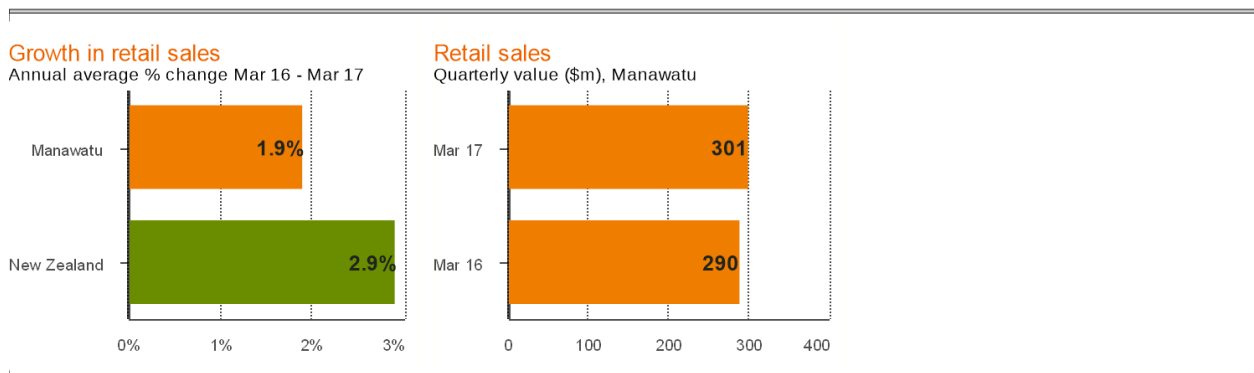
Highlights for Manawatu

- Working age Jobseeker Support recipients in Manawatu in the year to March 2017 increased by 2.4% compared with the previous year. Growth was higher relative to New Zealand, where the number of Jobseeker Support recipients increased by 1.0%.
- An average of 3,024 people were receiving a Jobseeker Support benefit in Manawatu in the 12 months ended March 2017. This compares with an average of 3,037 since the start of the series in 2010.

National overview

The number of people receiving Jobseeker Support averaged 120,989 over the 12 months to March 2017, taking the average number of Jobseeker Support recipients over that period to 1.0% above its level from a year earlier. Although employment demand conditions have been strong overall throughout the economy, there are still vulnerabilities for those at the bottom. The April increase in the minimum wage from \$15.25 to \$15.75 per hour will put further pressure on wages in industries with high proportions of low-waged workers. Furthermore, apart from construction and tourism and hospitality, evidence from wage growth data suggests that increases to employment demand is most apparent at higher skill levels within industries.

Retail trade



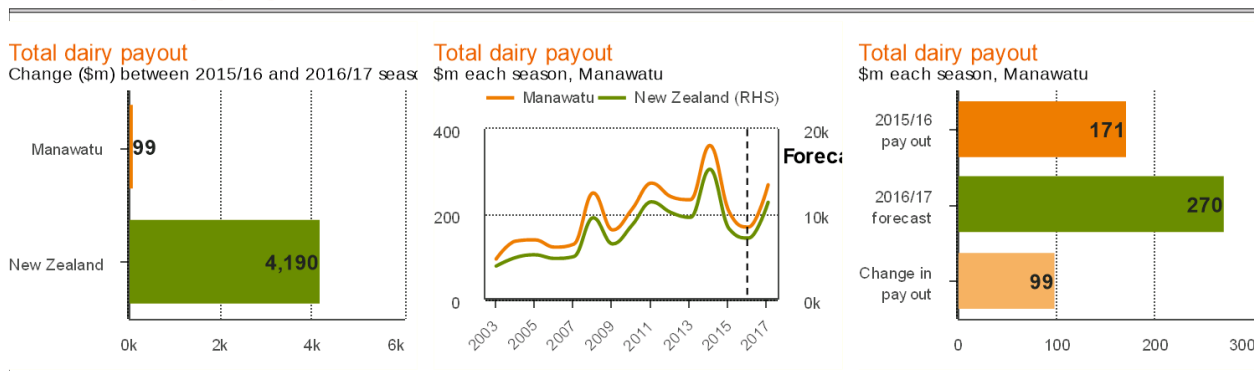
Highlights for Manawatu

- Electronic card retail spending in Manawatu, as measured by Marketview, increased by 1.9% over the year to March 2017 compared to the previous year. This compares with an increase of 2.9% in New Zealand.

National overview

Retail spending continued to grow at a healthy rate over summer. Data from Marketview shows that electronic card spending on retail purchases over the March 2017 quarter was up 3.7% from a year ago, taking total spending growth over the past 12 months to 2.9%. Statistics New Zealand's Retail Trade Survey showed that motor vehicle retailing and motor vehicle services spending were particularly strong in volume terms during the March quarter, as were food and beverage services, as well as electronic goods retailing. We anticipate that strong population growth and high levels of tourism activity will keep retail spending growing at a healthy rate over the coming quarters, even if per capita retail spending growth is sluggish.

Total dairy payout



Highlights for Manawatu

- Manawatu's total dairy payout for the 2015/16 season is estimated to have been approximately \$171m.
- Manawatu's dairy payout for the 2016/17 season is expected to be approximately \$270m, \$98.8m 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 \$7,261m in the 2015/16 season, and is expected to be \$4,190m higher in the 2016/17 season.

National overview

Dairy farmers have broken even in the 2016/17 dairy season for the first time since the record 2013/14 season. With dairy farmers set to receive a farmgate milk price of \$6.15/kgms, the dairy payout for the season will be \$4.2bn above its 2015/16 level. Furthermore, Fonterra farmers should also anticipate a strong dividend of 40c on top of that payout. Milk production around much of the country was weak during spring, but surged later in the season due to a good autumn, even after factoring in severe weather events that cut short the season in some places. As a result, falls in production over the season will be smaller than some dairy commentators had originally been forecasting.

Technical notes

Gross Domestic Product

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

Net migration

Net migration is the difference between the number of arrivals and departures of permanent and long-term migrants. Data is sourced from International Travel and Migration statistics from Statistics New Zealand.

Unemployment

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

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.

Retail Sales

The retail 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.

Accommodation

The number of guest nights is sourced from Statistics New Zealand's Accommodation Survey. A guest night is equivalent to one guest spending one night at an establishment. For example, a motel with 15 guests spending two nights would report that they had provided 30 guest nights.

House sales

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

House values

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

Building consents

Building consents data are sourced from Statistics New Zealand. Non-residential consents include the value of both new buildings and alterations.

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.

Dairy

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

Jobseekers Support

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

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)

Appendix 2

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

Summary

Major development and construction projects announced recently for Palmerston North and the Manawatū region amount to more than \$1.5 billion of construction activity over the period to 2030. Some projects are still waiting for final approval, the largest being the MidCentral DHB investment plan. There are several projects under development where values have not been put on the final value of the project, such as the Countdown supermarket.

Key projects identified are:

1. \$397 million at Linton and Ohakea Defence Regeneration Plan 2016 – 2030 (\$176 million over 2016 – 2021)
2. \$282 million MidCentral DHB draft investment plan (2016 – 2025)
3. \$184 million Massey University Capital Plan (2016 – 2025)
4. \$150 million Powerco (Manawatū and Taranaki) - \$60 million over next 5-7 years on growth and security projects, \$90 million renewal programme over five years
5. \$39 million Food HQ – consents expected to be sought in 2017
6. \$8.9 million - AgResearch Grasslands - demolition and replacement of PC2 containment glasshouses and partial refurbishment of Lionel Corkill building
7. \$40 million BUPA retirement village, Napier Road – construction expected to start in 2017
8. \$20 million Westmount School and place of worship – initial classroom consent issued
9. Redevelopment of the Hokowhitu Campus – 130 housing lots over three stages, with an estimated value of \$90 - \$135 million
10. 69 lot residential development in Ashhurst – resource consent received
11. Countdown Supermarket – resource consent approved
12. Massey Flight School (\$5 million) and accommodation – development proposal, funding to be confirmed
13. Pedestrian/cycle bridge and path to Linton - \$10 million
14. Major regional roading investment:

- a. Whirokino Trestle and Manawatu River Bridge contract is \$70 million. While this is just outside the Manawātū region, local businesses may be involved in this project
 - b. Palmerston North rural ring road - the initial stage will improve two sections of State Highway 3, between Kairanga and Bunnythorpe, and Napier Rd, from Keith St to Whakarongo. Construction is expected to begin in early 2018. Total project estimated to be around \$200 million
15. Increased milk processing capacity at the newly rezoned Fonterra site at Longburn. No indication of possible timing or a commitment to invest.
16. Multiple consents already received and expected for earthquake strengthening and refurbishment of buildings for schools, the Plaza, All Saints and other commercial buildings in the City.

Background Information for Key Projects

Defence Regeneration Plan 2016 – 2030 - Linton indicative five year programme

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

Ohakea indicative five year programme

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

MidCentral DHB Draft Investment Plan

The Indicative Business Case for the Palmerston North Hospital Campus redevelopment will be further developed into a full business case over the next 12 months

Buildings & Plant	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	Total
Capital Landscape											
Indicative Business Case Hot Floor	500	2,000	1,000	13,830	21,100	33,760	27,430	7,380	0	0	107,000
Provisional Strategic Rebuilds, Relifing & Future Ward Blocks	3,080	9,400	11,500	1,000	1,000	2,000	2,500	3,500	21,000	36,000	90,980
Major Known Issues-Mental Health	500	4,500	0	0	0	0	0	0	0	0	5,000
Mental Health-Contingency	0	15,000	0	0	0	0	0	0	0	0	15,000
Infrastructure Refresh/Seismic	12,666	10,920	8,000	6,850	6,700	5,050	2,920	6,720	1,795	2,395	64,016
Total	16,746	41,820	20,500	21,680	28,800	40,810	32,850	17,600	22,795	38,395	281,996

¹ 'Hot Floor' building

Massey University Capital Plan

\$184 million over the next ten years. The projects which have been identified are:

Walter Dyer Hall \$4.4 million consented in November 2016
 Refectory \$9 million
 Remainder of vet upgrade and expansion \$50 million
 College of Sciences \$11 million
 Building rationalisation from the Hokowhitu Campus \$18 million
 Social Sciences Tower upgrade
 Whare Kai \$650,000

¹ MidCentral DHB propose to build a "Hot Floor" of theatres, procedure rooms, a critical care unit (CCU), cardiology interventional services, Sterile Support Unit (SSU), Emergency Department (ED), emergency radiology, and telephony within a new facility that meets seismic compliance.

COMMITTEE WORK SCHEDULE

TO: Economic Development Committee

MEETING DATE: 12 June 2017

TITLE: Committee Work Schedule

RECOMMENDATION(S) TO ECONOMIC DEVELOPMENT COMMITTEE

1. That the Economic Development Committee receive its Work Schedule dated June 2017.

ATTACHMENTS

1. Committee Work Schedule  

REF# 8136424

ECONOMIC DEVELOPMENT COMMITTEE

COMMITTEE WORK SCHEDULE – JUNE 2017

Item No.	Estimated Report Date	Subject	Officer Responsible	Current Position	Date of Instruction/ Point of Origin
1.	June 2017	Quarterly Economic Report	General Manager, City Future		
2.	June August 2017	International Relations Quarterly Report	General Manger, City Future		