



PALMERSTON NORTH CITY COUNCIL

AGENDA

ECONOMIC DEVELOPMENT

COMMITTEE

9AM, MONDAY 11 JUNE 2018

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
Rachel Bowen
Gabrielle Bundy-Cooke
Vaughan Dennison

Lew Findlay QSM
Duncan McCann
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

Heather Shotter
Chief Executive, Palmerston North City Council

Palmerston North City Council

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



ECONOMIC DEVELOPMENT COMMITTEE MEETING

11 June 2018

ORDER OF BUSINESS

NOTE: The Economic Development Committee meeting coincides with the ordinary meeting of the Committee of Council meeting. The format for the meeting will be as follows:

- Economic Development Committee will open and adjourn immediately to follow Committee of Council
- Committee of Council will open, conduct its business and then close.

1. Apologies

2. Notification of Additional Items

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

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

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

3. Declarations of Interest (if any)

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

4. Public Comment

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

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

5. Deputation - Paul Barris Page 7

6. Presentation - Manawatu Chamber of Commerce Page 9

7. Confirmation of Minutes Page 11

“That the minutes of the Economic Development Committee meeting of 14 May 2018 Part I Public be confirmed as a true and correct record.”

8. Summary Report on the March 2018 Manawatū Quarterly Economic Monitor, Major Developments and Quarterly Retail Report for April 2018 Page 17

Memorandum, dated 24 May 2018 from the Economic Policy Advisor, Peter Crawford and the Chief Executive, CEDA, Linda Stewart.

9. Committee Work Schedule Page 53

10. 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
11.	Minutes of the Economic Development Committee meeting - Part II Confidential - 14 May 2018	For the reasons setout in the Economic Development Committee minutes of 14 May 2018, held in public present.	

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.

Chief Executive (Heather Shotter), 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), General Manager, Marketing and Communications (Sacha Haskell), and Communications Advisor (name) 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].

DEPUTATION

TO: Economic Development Committee

MEETING DATE: 11 June 2018

TITLE: Deputation - Paul Barris

RECOMMENDATION(S) TO ECONOMIC DEVELOPMENT COMMITTEE

1. That the Economic Development Committee receive the deputation for information.
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SUMMARY

Mr Paul Barris will provide a deputation regarding development levies, how they are unfair, the impact they are having on the economic development of the city and why they need to be reviewed.

ATTACHMENTS

Nil

PRESENTATION

TO: Economic Development Committee

MEETING DATE: 11 June 2018

TITLE: Presentation - Manawatu Chamber of Commerce

RECOMMENDATION(S) TO ECONOMIC DEVELOPMENT COMMITTEE

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

SUMMARY

Amanda Linsley, CEO Manawatu Chamber of Commerce, will provide a presentation, regarding the Work Ready Passport and Young Chamber.

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 14 May 2018, commencing at 9.02am

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

Councillor Aleisha Rutherford left the meeting at 11.17am during consideration of clause 19. She entered the meeting again at 11.29am during consideration of clause 20. She was not present for clause 19.

The Mayor (Grant Smith) left the meeting at 11.40am after consideration of clause 21. He was not present for clauses 22 and 23.

Councillor Susan Baty left the meeting at 11.41am after consideration of clause 22. She entered the meeting again at 11.42am after consideration of clause 23. She was not present for clause 23.

The meeting adjourned at 9.03am.
The meeting resumed at 10.18am.

18-18 Presentation - Massey University

Presentation from Professor Giselle Byrnes, Assistant Vice-Chancellor, Research, Academic and Enterprise of Massey University.

Professor Byrnes spoke about a new programme called Kahurei which focused on the transition from student study to employment and to provide a framework to really amplify the students skills and knowledge. Creating students who will not just go into the workforce but also create jobs. Professor Byrnes mentioned that obtaining and developing transferable skills is one of the most crucial outcomes of tertiary study.

Professor Byrnes advised the programme's current status was that approval had been granted for a full pilot to be rolled out in either Semester two 2018 or from Semester one 2019 and that it would be important for the University to test the correlation between enhanced student engagement and retention.

Moved Adrian Broad, seconded Leonie Hapeta.

The COMMITTEE RESOLVED

1. That the Economic Development Committee receive the presentation for

information.

Clause 18-18 above was carried 16 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Brent Barrett, Susan Baty, Rachel Bowen, Adrian Broad, Gabrielle Bundy-Cooke, Vaughan Dennison, Lew Findlay QSM, Leonie Hapeta, Jim Jefferies, Lorna Johnson, Duncan McCann, Karen Naylor, Bruno Petrenas, Aleisha Rutherford and Tangi Utikere.

19-18

Presentation - FoodHQ

Presentation from Dr Abby Thompson, Chief Executive Officer of FoodHQ.

Dr Thompson gave an overview of the FoodHQ planning. Dr Thompson mentioned that FoodHQ is a collaboration that brings together New Zealand's best capability in food science and innovation, with more than 2,200 scientists, academics and PhD students involved in food research and supported by local government organisations.

Dr Thompson spoke about the three areas of activity that they were focussing on including collaborative culture, world class capability, facilities and equipment and business attraction in New Zealand and overseas. Dr Thompson also spoke about how they wanted to achieve a vibrant and productive food science and innovation precinct where people work together to transform the food and beverage sector, and what the benefits for the wider region were.

Councillor Aleisha Rutherford left the meeting at 11.17am.

Moved Vaughan Dennison, seconded Susan Baty.

The COMMITTEE RESOLVED

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

Clause 19-18 above was carried 15 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Brent Barrett, Susan Baty, Rachel Bowen, Adrian Broad, Gabrielle Bundy-Cooke, Vaughan Dennison, Lew Findlay QSM, Leonie Hapeta, Jim Jefferies, Lorna Johnson, Duncan McCann, Karen Naylor, Bruno Petrenas and Tangi Utikere.

20-18

Presentation - Rangitane o Manawatu Holdings Ltd

Presentation from Ruma Karaitiana, Chair of Rangitane o Manawatu Holdings Ltd.

Mr Karaitiana spoke about the commercial activity and economic objectives of Rangitane in Palmerston North. He gave an update on the projects they were working on including the Fitzherbert Avenue site and how they were looking for partnership opportunities for the balance of the site; the subdivision in Hokowhitu and how they were hoping to get machines on site in

Spring/Summer to start some work and the Awatapu College and Linton sites which they were looking into.

Mr Karaitiana also spoke about the former police station negotiations and how it was filled with asbestos and becoming riddled with mould and other contaminants. He was told that he could not enter the site as it was a health and safety hazard. He mentioned that they would be taking on a huge risk and would likely have to involve demolition and contamination cleanup costs.

Councillor Aleisha Rutherford entered the meeting again at 11.29am.

Moved Rachel Bowen, seconded Bruno Petrenas.

The **COMMITTEE RESOLVED**

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

Clause 20-18 above was carried 15 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Brent Barrett, Susan Baty, Rachel Bowen, Adrian Broad, Gabrielle Bundy-Cooke, Vaughan Dennison, Lew Findlay QSM, Jim Jefferies, Lorna Johnson, Duncan McCann, Karen Naylor, Bruno Petrenas, Aleisha Rutherford and Tangi Utikere.

NOTE:

Councillor Leonie Hapeta declared a conflict of interest on clause 20-18 above and left the meeting.

21-18

Confirmation of Minutes

Moved Vaughan Dennison, seconded Leonie Hapeta.

The **COMMITTEE RESOLVED**

1. That the minutes of the Economic Development Committee meeting of 16 April 2018 Part I Public be confirmed as a true and correct record.

Clause 21-18 above was carried 16 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Brent Barrett, Susan Baty, Rachel Bowen, Adrian Broad, Gabrielle Bundy-Cooke, Vaughan Dennison, Lew Findlay QSM, Leonie Hapeta, Jim Jefferies, Lorna Johnson, Duncan McCann, Karen Naylor, Bruno Petrenas, Aleisha Rutherford and Tangi Utikere.

The Mayor (Grant Smith) left the meeting at 11.40am.

22-18

Committee Work Schedule

Moved Adrian Broad, seconded Vaughan Dennison.

The **COMMITTEE RESOLVED**

1. That the Economic Development Committee receive its Work Schedule dated May 2018.

Clause 22-18 above was carried 15 votes to 0, the voting being as follows:

For:

Councillors Brent Barrett, Susan Baty, Rachel Bowen, Adrian Broad, Gabrielle Bundy-Cooke, Vaughan Dennison, Lew Findlay QSM, Leonie Hapeta, Jim Jefferies, Lorna Johnson, Duncan McCann, Karen Naylor, Bruno Petrenas, Aleisha Rutherford and Tangi Utikere.

Councillor Susan Baty left the meeting at 11.41am.

EXCLUSION OF PUBLIC

23-18 Recommendation to Exclude Public

Moved Adrian Broad, seconded Rachel Bowen.

The **COMMITTEE RESOLVED**

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

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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
11.	Youth Ambassador to Friendship City Kunshan	Privacy	s7(2)(a)

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.

Chief Executive (Heather Shotter), 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), General Manager, Marketing and Communications (Sacha Haskell), and Communications Advisor (name) 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.

Toni Grace, because of her 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.

Clause 23-18 above was carried 14 votes to 0, the voting being as follows:

For:

Councillors Brent Barrett, Rachel Bowen, Adrian Broad, Gabrielle Bundy-Cooke, Vaughan Dennison, Lew Findlay QSM, Leonie Hapeta, Jim Jefferies, Lorna Johnson, Duncan McCann, Karen Naylor, Bruno Petrenas, Aleisha Rutherford and Tangi Utikere.

Councillor Susan Baty entered the meeting again at 11.42am

The public part of the meeting finished at 11.43am.

Confirmed 11 June 2018

Chairperson

MEMORANDUM

TO: Economic Development Committee

MEETING DATE: 11 June 2018

TITLE: Summary Report on the March 2018 Manawatū Quarterly Economic Monitor, Major Developments and Quarterly Retail Report for April 2018

DATE: 24 May 2018

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

RECOMMENDATION(S) TO ECONOMIC DEVELOPMENT COMMITTEE

1. That the March 2018 Manawatū Quarterly Economic Monitor, Major Developments and Quarterly Retail Report is received

-
- 1.1 This memorandum presents a summary of:
 - 1.1.1 the key themes in the latest Manawatū Quarterly Economic Monitor for the March 2018 quarter,
 - 1.1.2 the outlook for major construction projects in the region; and
 - 1.1.3 the latest CEDA retail report for the three months ended April 2018.
 - 1.2 The latest Manawatū Quarterly Economic Monitor report indicates stronger GDP growth in the region in the year ended March 2018 due to strong growth in the construction sector.
 - 1.3 A significant improvement in the rate of growth in economic activity is expected over the next 12 months due to the significant increase in the value of building consents approved over the past six months and the value of consents currently being processed by Palmerston North City Council. Jobs being transferred into the region (such as Fairfax, AgResearch and Ernest Adams) and continuing strength in primary sector incomes are also supporting increased growth. The GDP estimate is based on the past four quarters, so the continuing increase in construction activity since the September 2017 quarter will boost the annual rate in the year ended June 2018.

- 1.4 Net overseas migration in the region increased by 12% in the year to March, a much stronger trend compared with the national decline of 5%, and a good indication of continuing improvement in economic prospects in the region. There was an 11% decline of the number of people leaving the region to move overseas in the year to March 2018, with the 932 people who left on a long-term or permanent basis the lowest annual number in the series that began in 1990. The number of people leaving from New Zealand increased by 9% in the year to March.
- 1.5 The decline in overseas departures appears to be contributing to the small increase in the unemployment rate and the number of people registered for the job seekers benefit.

2. MANAWATŪ QUARTERLY ECONOMIC MONITOR – MARCH 2018

- 2.1 Estimated annual gross domestic product (GDP) growth in the Manawatū region was 3.0% in the year ended March 2018, compared with an increase of 2.5% in the year to December 2017 (the previous estimate was an increase of 2.4%). New Zealand GDP is estimated to have increased by 2.7% in the year to March 2018, a weakening from the 2.8% increase in the year to December.
 - a. Palmerston North GDP increased by 2.5%,
 - b. Manawatū District GDP increased by 4.9%.
- 2.2 Electronic card retail spending in the Manawatū region in the March quarter was \$300 million, an increase of 4.9% from the March 2017 quarter, while national growth was also 4.9%. Statistics New Zealand estimates that retail prices increased by 0.3% in the year to March 2018.
 - a. Annual electronic card retail spending in the region for the year ended March 2018 was \$1,229 million, an increase of 4.4% from 2017. This compares with an increase of 4.5% for New Zealand.
- 2.3 Commercial accommodation guest nights in the Manawatū region declined by 4.0% in the March 2018 quarter from the March 2017 quarter, while national guest nights increased by 3.6%.
 - a. Annual commercial guest nights in the Manawatū region were 464,802 in the year ended March 2018, a decline of 0.6% from the previous year. This compares with an increase of 3.9% for New Zealand.
- 2.4 The total value of building consents issued in the region in the March 2018 quarter was \$114 million, compared with \$56 million in the March 2017 quarter, an increase of 106%. This was the highest quarterly value recorded in the series, which began in 1990. National consent values increased by 9%.

- a. Building consents to the value of \$336 million were issued in the region in the year to March 2018, an increase of 20% from the previous year. The total in the year to March was the highest recorded since the building consents series began in 1990. National consent values increased by 6% over the same period.
 - b. Consents for 177 new residential dwellings were issued in the region in the March 2018 quarter, compared with 129 in the March 2017 quarter, an increase of 37%. National consents increased by 4%.
 - c. Private sector investment in new dwellings continues to decline. During the March 2018 quarter consents were issued for the construction of 48 new City Council housing units and 11 new Housing New Zealand housing units. The 118 consents issued to other developers in the quarter was 9% down on the March 2017 quarter.
 - d. Consents for 574 new residential dwellings were issued in the region in the year ended March 2018, compared with 462 in the previous year, an increase of 24%. National consents increased by 3%.
 - e. Non-residential consents to the value of \$138 million were issued in the region during the year to March 2018, an increase of 65% from the previous year. National consents increased by 3% over the same period.
- 2.5 Car registrations in the region increased by 8.8% in the year ended March 2018 (national registrations increased by 4.4%) while the number of commercial vehicles registered increased by 27% (compared to a national increase of 13%).
- 2.6 It is estimated the annual average unemployment rate in the Manawatū region in the year ended March 2018 was 5.3%, which was above the unemployment rate of 4.6% for New Zealand.
- 2.7 The number of people in the region registered for the MSD Job Seekers benefit increased by 0.2% in March 2018 from March 2017, while the number in New Zealand declined by 0.5%. 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 Manawatū region in the year to March 2018 increased by 4.1% from 2017, while there was an increase of 2.0% for New Zealand.
- 2.9 The Manawatū region experienced a net gain of 815 people from overseas migration in the year ended March 2018, compared with a net gain of 729 people in the year to March 2017. The average annual gain in the region over the last 10 years was 311 people.

- 2.10 Tourism spending in the Manawātū region in the March quarter was \$118 million, an increase of 1.8% from the March 2017 quarter. Total tourism spending in New Zealand increased by 9.3%.
- a. Total visitor spending in the region was \$450 million in the year ended March 2018, increasing by 1.8% from the previous year (9.3% increase for New Zealand).
 - b. Domestic visitor spending in the region was \$380 million in the year ended March 2018, declining by 0.1% from the previous year (6.9% increase for New Zealand). The weakness in domestic visitor spending was due to declines in spending from Auckland (6.0% decline) and Wellington (1.5% decline).
 - c. International visitor spending in the region was \$70 million in the year ended March 2018, increasing by 13.7% from the previous year (12.9% increase for New Zealand). Countries contributing the most to the increase in spending in the region were China, the rest of Europe (excluding Germany and the United Kingdom), and the rest of America (excluding Canada and USA).
- 2.11 The Infometrics report suggests a slowing in New Zealand GDP growth to 2.4% by the end of 2018 and below 2.0% during 2019. However, GDP forecasts prepared by Treasury and IRD for the 2018 Budget suggest the annual growth rate will improve slightly from current levels. The growth rates forecast are 3.3% in the year to June 2019 and 3.4% in the year to June 2020. The Budget Economic and Fiscal Update notes that:
- Growth in the economy is being supported by strong population growth, accommodative monetary policy, rising household wealth and steady growth in household incomes. Further support for growth is coming from the global economy, which has strengthened over the past year, underpinning rising prices for New Zealand's exports. These forces are expected to continue to support growth, although easing net migration inflows and rising interest rates contribute to slowing growth over 2020/21 and 2021/22....*
- The outlook for net migration continues to be a source of uncertainty, although net inflows have slowed in recent months. As in previous forecasts, net migration inflows are assumed to decrease over the forecast period, contributing to slower growth beyond 2019/20. However, net inflows are assumed to decline more slowly than previously, which raises population growth and economic growth beyond 2019/20 relative to the Half Year Update 2017.*
- 2.12 Treasury's previous forecasts relied on the assumption that future net migration levels revert back to the historic long-term average sourced from Statistics New

Zealand's median population projection. However, work done by Sense Partners for the Treasury has led it to adopt higher long-term migration projections.

- 2.13 A copy of the report is attached as Appendix 1.

3. MAJOR DEVELOPMENTS

- 3.1 Major development and construction projects announced for Palmerston North and the Manawatū region amount to at least \$2.5 - \$3.0 billion of construction activity over the period to 2030. Some projects are still waiting for final approval, the largest including Councils' 2018-28 10-year plans and the MidCentral DHB investment plan. There is an increasing number of smaller projects under development.

- 3.2 A list of projects is attached as Appendix 2.

4. MANAWATŪ REGION QUARTERLY ELECTRONIC CARD RETAIL REPORT FOR APRIL 2018


- 4.1 The latest CEDA quarterly retail report for the three months ended April 2018 shows a slight slowing in the rate of electronic card retail growth in the Manawatū region from 4.6% in the three months ended January 2018 to 4.5% in the three months ended April 2018. Growth in spending locally by local residents declined from 6.7% in the three months ended January 2018 to 6.3% in the three months ended April 2018.

- 4.2 There was a small decline in domestic visitor spending in the region in the latest period but that followed stronger growth in spending in the same period last year. Visitor spending from the rest of the Horizons region increased by 1.0% in the three months ended April 2018 while visitor spending from the rest of New Zealand was unchanged. There was a 6.3% increase in spending from Wellington region residents, 8.0% increase from Auckland residents but an 11.8% decline from Hawkes Bay residents.



- 4.3 Retail precinct data shows a slowing in the rate of growth in Broadway (1.7% increase), but stronger growth in the rest of Palmerston North CBD, where there was an increase of 4.2%. The rate of growth in spending remains higher in Manawatū District, with a 6.0% increase in Feilding in the three months to April and an increase of 8.9% across the District.

- 4.4 A copy of the report is attached as Appendix 3.

ATTACHMENTS

1. Manawatū Quarterly Economic Monitor March 2018  

PALMERSTON NORTH CITY COUNCIL

2. Major Construction and Development Projects [↓](#) 
3. Manawātū region Quarterly Retail Report - April 2018 [↓](#) 

Peter Crawford
Economic Policy Advisor

Linda Stewart
Chief Executive, CEDA

Overview of Manawatu

Manawatu's economy grew by 3.0% over the March 2018 year, according to Infometrics provisional estimate of GDP. This growth is slightly above the national average (2.7%pa) and Wellington Region (2.7%pa). Increasing activity levels are also reflected in traffic flows, which climbed 4.1% over the past year. Indicators of construction and business investment are particularly strong.

The value of non-residential building consents in Manawatu rose 65% over the past year to total \$138m in the March year, with almost half these consents occurring in the March quarter alone. Recent growth was spread across a number of categories including: education, industrial, storage, and commercial. Residential dwelling consents in Manawatu climbed 22% over the March year. With construction activity on the up, at a time when farmers are enjoying better returns, it is no surprise that commercial vehicle sales are soaring, lifting 27% over the past twelve months.

With population growth sitting at an elevated level, household spending growth remains upbeat across Manawatu Region. Data from Marketview shows that electronic card spending on retail purchases in Manawatu District grew by 5.5% over the March 2018 year, just above Palmerston North (4.2%) and the national average (4.5%). Car registrations have pegged back slightly since December, but still rose 8.8% over the past year.

Households have also shown confidence to make more significant investments, as evident by the record number of residential building consents in the March quarter. Nevertheless, the number of Jobseeker Support recipients has crept up slightly of late, highlighting there is still a vulnerable group not sharing in all the spoils of growth.

External conditions have improved for many primary sector producers in provincial Manawatu. Lamb prices are healthy, with supplies tight and export demand strong in most markets, particularly China. Infometrics estimates show that the dairy payout in Manawatu is expected to total \$286m in the 2017/18, compared with a payout of just \$171m at the trough two years ago.

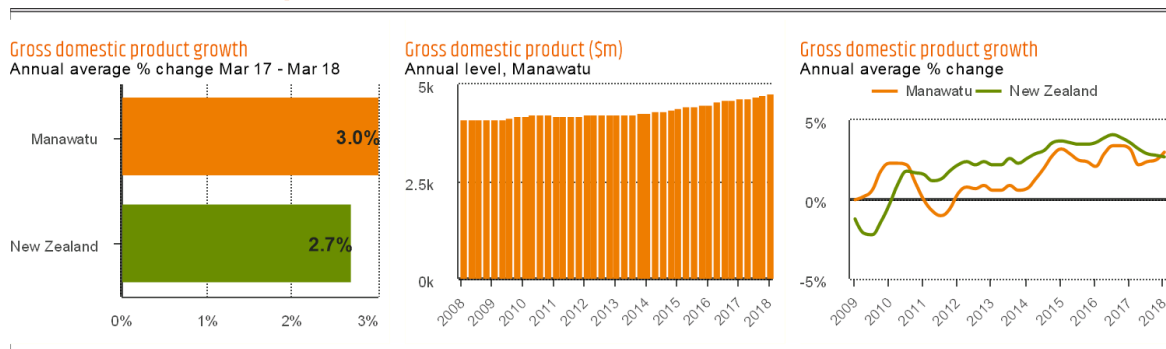
Indicator	Manawatu	New Zealand
Annual average % change		
Gross domestic product	↑ 3.0%	↑ 2.7%
Traffic flow	↑ 4.1%	↑ 2.0%
Residential consents	↑ 22%	↑ 2.5%
Non-residential consents	↑ 65%	↑ 2.6%
House prices*	↑ 9.8%	↑ 9.5%
House sales	↓ -10%	↓ -15%
Guest nights	↓ -0.6%	↑ 3.9%
Retail trade	↑ 4.4%	↑ 4.5%
Car registrations	↑ 8.8%	↑ 4.4%
Commercial vehicle registrations	↑ 27%	↑ 13%
Jobseeker Support recipients	↑ 0.6%	↓ -0.5%
Tourism expenditure	↑ 1.8%	↑ 9.3%
Level		
Unemployment rate	5.3%	4.6%
International net migration	815	67,986

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

Overview of national economy

The prediction by Winston Peters of an economic correction or slowdown, made at the time of last October's coalition announcement, appears to be coming true. Infometrics' latest forecasts see New Zealand's economic growth slowing to 2.4%pa by the end of this year and slipping below 2.0%pa during 2019. A range of factors have combined to drive the slowdown, many of which can be sheeted back to government policy. Weaker population growth will also mitigate some of the demand pressures in the Auckland housing market, but the region's housing undersupply and affordability issues are likely to remain critical.

Gross domestic product



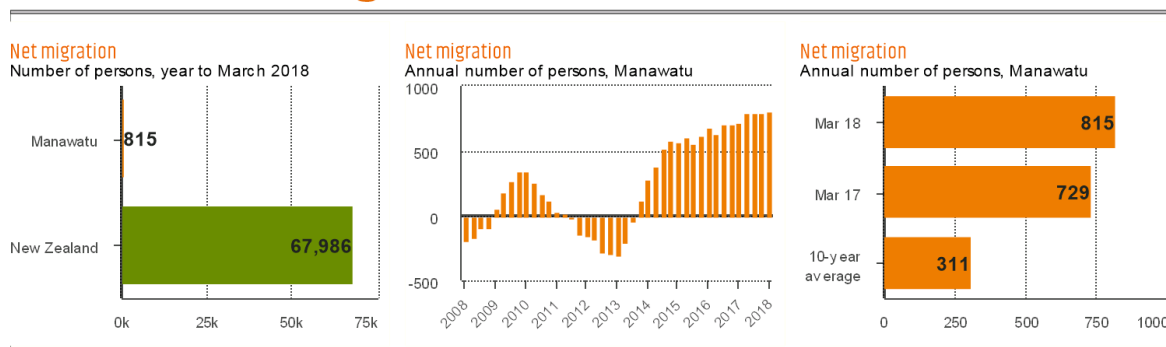
Highlights for Manawatu

- GDP in Manawatu was up 3.0% for the year to March 2018 compared to a year earlier. Growth was higher than in New Zealand (2.7%).
- GDP was \$4,803 million in Manawatu for the year to March 2018 (2010 prices).
- Annual GDP growth in Manawatu peaked at 3.4% in the year to September 2016.

National overview

Economic activity experienced a modest start to 2018 after having lost steam in the December 2017 quarter. We provisionally estimate that GDP grew by 2.7% over the March 2018 year. Retail trade appears to be the top performing industry, while agriculture has had a relatively subdued quarter. We now expect GDP growth to ease to 2.4%pa by December. It is becoming clearer that the transition phase of new government policy could result in a less buoyant economy over the next couple of years.

International net migration



Highlights for Manawatu

- Manawatu experienced a permanent and long-term net migration gain of 815 persons in the year to March 2018. This compares with a gain of 729 a year ago, and a ten year average of 311 (gain).
- New Zealand's annual net migration decreased to 67,986 from 71,924 a year ago.

National overview

Annual net migration slipped to 67,984 people in March from almost 69,000 people in February. This fall is a continuation of recent migration trends – downward pressure on arrivals and some upward pressure on departures. We expect these trends to persist over the coming year. These March results were in line with our expectations for the quarter. The downward pressure on arrivals and the upward push in foreign departures will persist, and we've forecast annual net migration to slip below 60,000 people by March 2019. Further tightening of the rules around student and work visas is expected to kick in from mid-2019, forcing net migration to plunge.

Unemployment rate



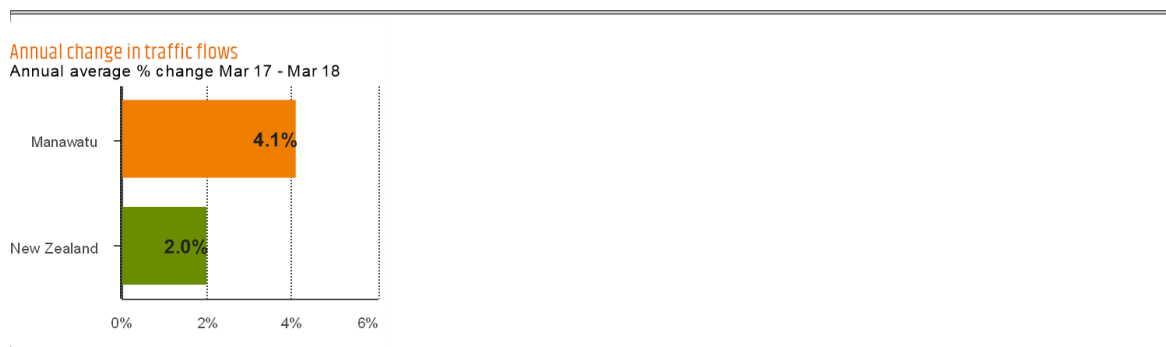
Highlights for Manawatu

- The annual average unemployment rate in Manawatu was 5.3% in March 2018, up from 5.0% a year earlier.
- The unemployment rate in Manawatu was higher than in New Zealand, where the unemployment rate averaged 4.6% over the year to March 2018.
- Over the last ten years the unemployment rate reached a peak of 7.2% in December 2012;

National overview

The labour market continues to tighten, with the unemployment rate across the March 2018 year averaging 4.6%, compared to 5.0% the previous year. The rate of underutilised labour also fell, as workers took on more hours. Participation remained high at 70.8%. In light of reducing spare capacity in the labour market, firms will need to compete to retain workers they currently employ, and are likely to experience difficulty searching for new workers.

Traffic flow



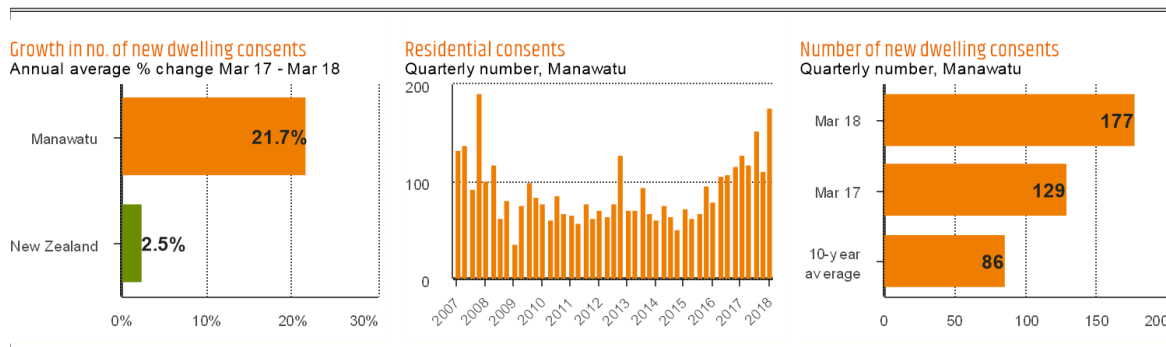
Highlights for Manawatu

- Traffic flows in Manawatu increased by 4.1% over the year to March 2018. This compares with an increase of 2.0% in New Zealand.

National overview

Traffic flows in the March 2018 year rose 2.0% from the previous year. Vehicle movements continue to grow most rapidly in visitor hotspots and in places with strong population growth. Traffic flows in Kaikōura have soared since the reopening of SH1, which has taken pressure off roading in Tasman and Hurunui. Vehicle running costs have pushed significantly higher over recent months, with petrol prices currently sitting more than 10% above their levels from late 2017.

Residential consents



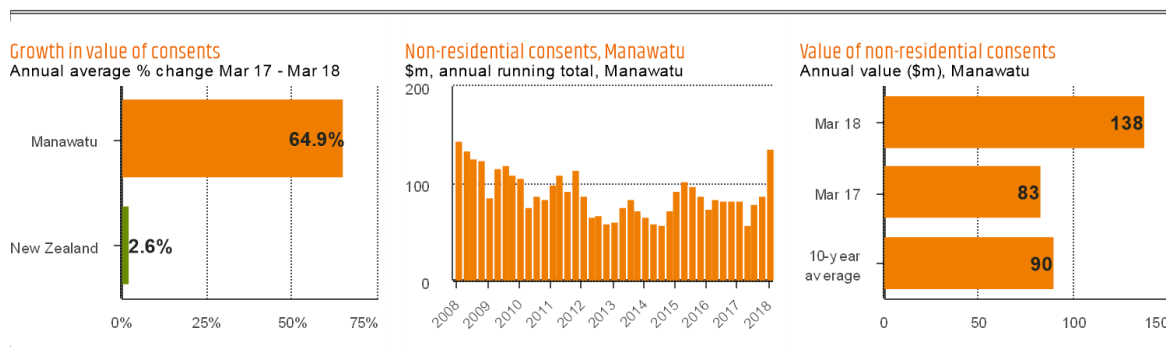
Highlights for Manawatu

- A total of 177 new residential building consents were issued in Manawatu in the March 2018 quarter, compared with 129 in the same quarter last year.
- On an annual basis the number of consents in Manawatu increased by 22% compared with the same 12-month period a year ago. The number of consents in New Zealand increased by 2.5% over the same period.

National overview

The number of new dwelling consents in the March 2018 year rose 2.5%, with particularly sharp growth occurring during the month of March. New dwelling consents rose a whopping 15% during March to hit their highest seasonally adjusted monthly level since June 2004! Almost all the increase in consents during March was due to attached dwellings, such as apartments and townhouses, with consents for houses virtually unchanged over the month. Auckland was the biggest contributor to dwelling consent growth with its high concentration of attached dwellings. There was also strong growth in consents in Wellington in March, wholly due to attached dwelling types.

Non-residential consents



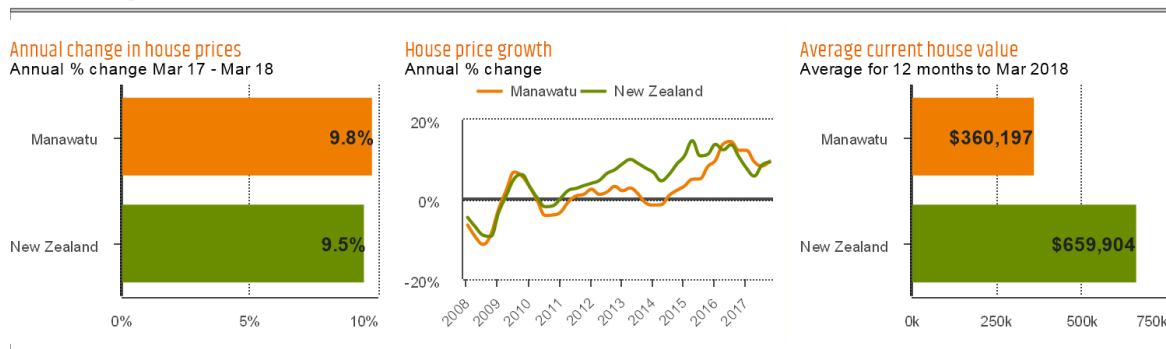
Highlights for Manawatu

- Non-residential building consents to the value of \$138 million were issued in Manawatu during the year to March 2018.
- The value of consents increased by 65% over the year to March 2018. By comparison the value of consents in New Zealand increased by 2.6% over the same period.
- Over the last 10 years, consents in Manawatu reached a peak of \$138 million in the year to March 2018.

National overview

The total value of non-residential consents in the March 2018 year was up 2.6% from a year earlier. Consents during the March quarter were above forecast, but annual consent value growth was slower than expected because of weakness in late 2017. The annual value of consents in Auckland has risen from \$2.3bn to \$2.6bn over the past year, while consents in Canterbury fell from \$1.7bn to \$1.5bn over the same period. Non-residential consents around the rest of the country were \$2.3bn in the March 2018 year, compared to \$2.4bn a year earlier. We expect non-residential work put in place during 2018 to continue recovering from the softness that occurred during late 2017.

House prices



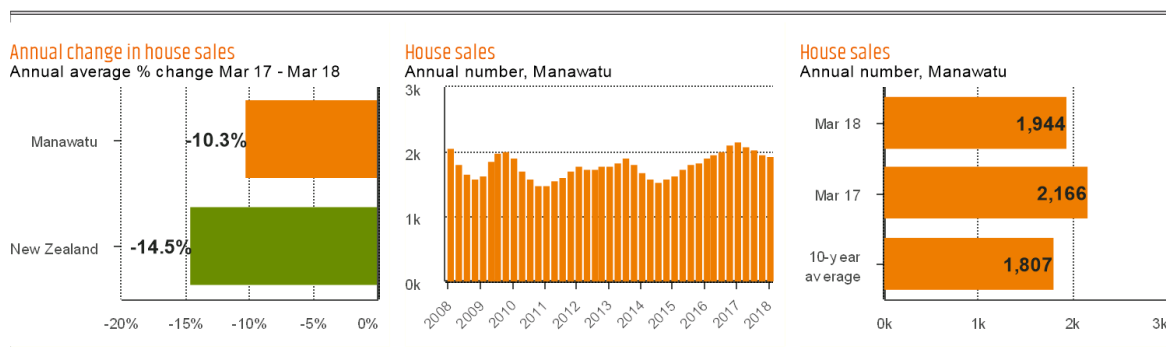
Highlights for Manawatu

- The average current house value in Manawatu was up 9.8% in March 2018 compared with a year earlier. Growth outperformed relative to New Zealand, where prices increased by 9.5%.
- The average current house value was \$360,197 in Manawatu over the March 2018 year. This compares with \$659,904 in New Zealand.

National overview

House prices growth has risen over recent months. After having bottomed out at 6.0%pa in the September 2017 quarter, house price growth accelerated to 9.5%pa in the March quarter. Broad trends remained the same, with house price inflation in Auckland continuing to be weak while prices were solid elsewhere. House prices are growing most rapidly in Hawke's Bay, along the Kāpiti Coast and north into Horowhenua, the Wairarapa, and some parts of rural Waikato. At the other end of the scale, prices are flat in Auckland, and continue to ease on the West Coast and in Christchurch City.

House sales



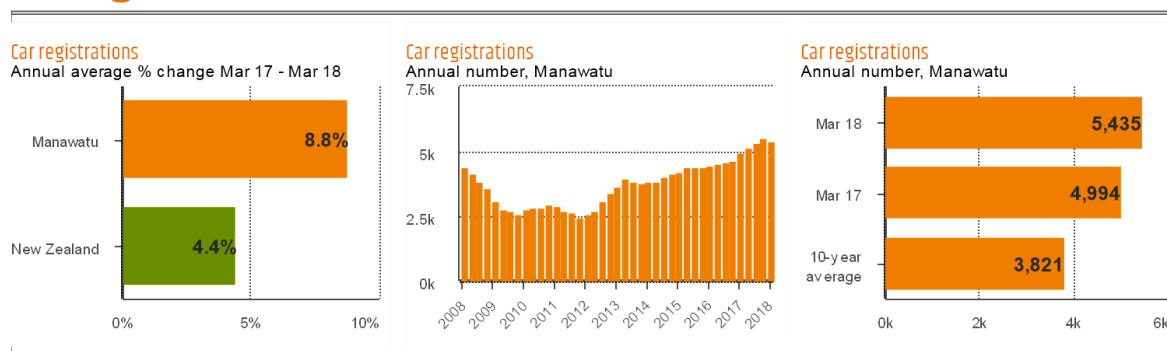
Highlights for Manawatu

- House sales in Manawatu in the year to March 2018 decreased by 10% compared with the previous year. Growth outperformed relative to New Zealand, where sales decreased by 15%.
- A total of 1,944 houses were sold in Manawatu in the 12 months ended March 2018. This compares with the ten year average of 1,807.

National overview

House sales in New Zealand fell 15% over the March 2018 year, with a 4.4% seasonally adjusted fall in the month of March alone. House sales were down in almost all regions compared to a year earlier, partly due to last March's relatively high sale volumes, as well as the timing of Easter this year. We expect sales volumes to be stable throughout 2018, reflecting the easing off of loan-to-value restrictions, as well as still solid growth in some provincial areas.

Car registrations



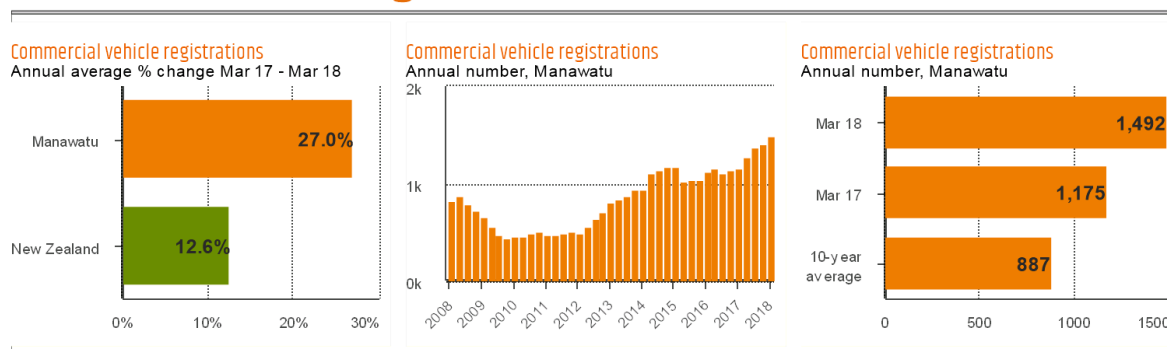
Highlights for Manawatu

- The number of cars registered in Manawatu increased by 8.8% in the year to March 2018 compared with the previous 12 months. Growth was higher than in New Zealand, where car sales increased by 4.4%.
- A total of 5,435 cars were registered in Manawatu in the year to March 2018. This compares with the ten year average of 3,821.

National overview

Car sales in the March 2018 year rose 4.4%, slightly behind the 8.0% growth seen in the December 2017 year. The slowdown was entirely due to fewer registrations of used imports, with stink bugs holding up car shipments from Japan. The government's proposed increases in fuel excise will drive up the cost of operating a car, but probably won't affect sales, at least in the short term. The ongoing shift in preferences from large to small cars will likely be cemented by the latest increases in fuel excise, on top of proposed regional fuel taxes. Consumers are already shying away from big gas guzzlers in favour of more fuel-efficient options.

Commercial vehicle registrations



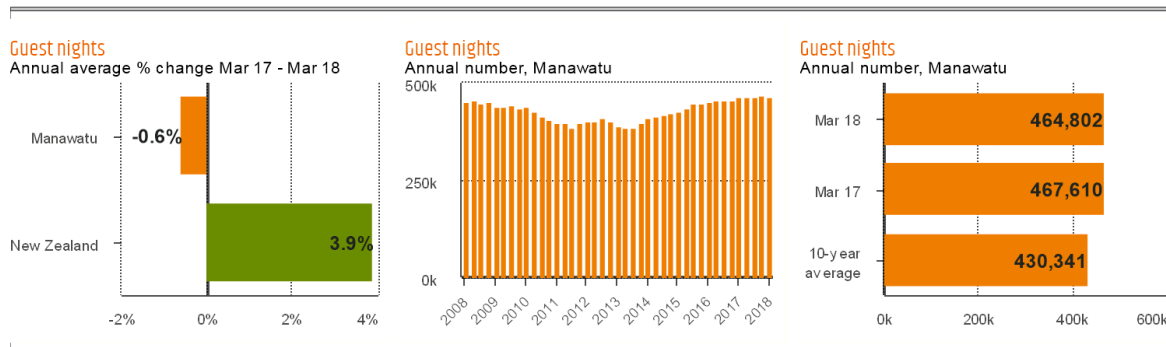
Highlights for Manawatu

- The number of commercial vehicles registered in Manawatu increased by 27% in the year to March 2018 compared with the previous 12 months. Growth was higher than in New Zealand, where commercial vehicle sales increased by 13%.
- A total of 1,492 commercial vehicles were registered in Manawatu in the year to March 2018. This is higher than the ten year annual average of 887.

National overview

Commercial vehicles sales in the March 2018 year rose 13%, slightly behind the 16% growth seen in the December 2017 year. We expect sales growth to continue cooling over the coming quarters. Slower growth in the construction sector is likely to hamper ongoing demand for vehicles, and weaker economic growth suggests sales will fall as we head into 2019. These trends will be reflected across all weight classes, but there are some upside risks to very heavy truck sales in areas with large forestry sectors. With a swath of forests on the cusp of maturity, favourable world prices might encourage forest managers to bring harvests forward if they can.

Guest nights



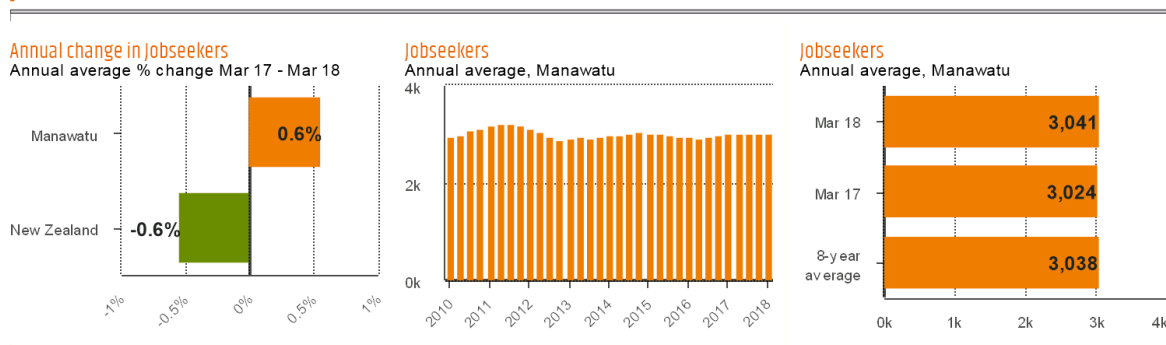
Highlights for Manawatu

- Total guest nights in Manawatu decreased by 0.6% in the year to March 2018. This compares with an increase of 3.9% in New Zealand.
- Visitors stayed a total of 464,802 nights in Manawatu during the year to March 2018, which was down from 467,610 a year ago.

National overview

The number of guest nights in commercial accommodation rose 3.9% in the March 2018 year to a record 39.9m. Growth was driven by international visitor guest nights, which increased 6.0% to 17.6m, while domestic guest nights climbed 2.4% to 22.3m. Strong growth in guest nights by international visitors reflects a sharp lift in visitor arrivals to New Zealand. Over the March 2018 year, there was a 7.8% lift in international visitor arrivals to New Zealand. Commercial guest nights growth would have been faster had it not been for the increasing prevalence of private accommodation being provided through platforms such as Airbnb. Infometrics estimates that Airbnb stay unit nights in New Zealand during the 2017/18 summer months rose more than 60% from a year earlier.

Jobseekers



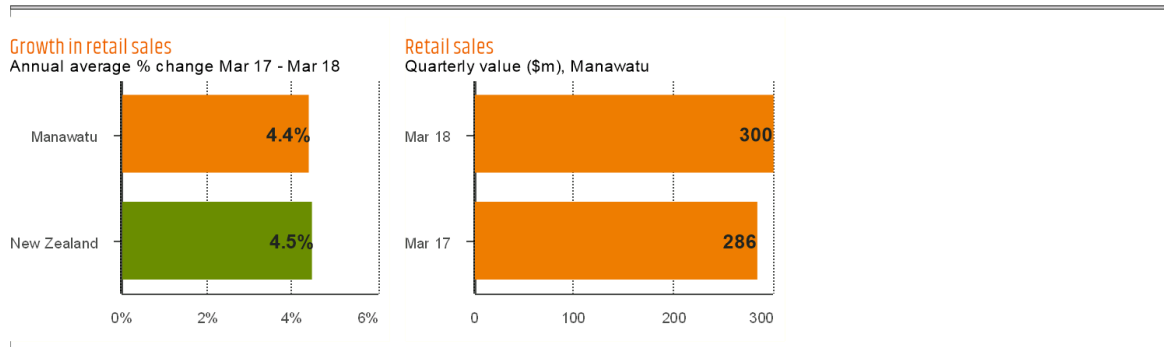
Highlights for Manawatu

- Working age Jobseeker Support recipients in Manawatu in the year to March 2018 increased by 0.6% compared with the previous year. Growth was higher relative to New Zealand, where the number of Jobseeker Support recipients decreased by 0.5%.
- An average of 3,041 people were receiving a Jobseeker Support benefit in Manawatu in the 12 months ended March 2018. This compares with an average of 3,038 since the start of the series in 2010.

National overview

The average number of people receiving Jobseeker Support fell 0.5% in the March 2018 year. It is not surprising to see fewer people receiving such assistance given that employment growth remains strong. During the March quarter there was growth in both the number of full-time workers (up 0.6%) and part-time employment (up 0.5%). Falling unemployment and increased competition for workers still hasn't translated into higher labour cost growth. The labour cost index rose 1.8% over the March quarter, matching the increases seen in the previous two quarters. However, we remain convinced that labour costs must eventually rise higher in response to the tightening market.

Retail trade



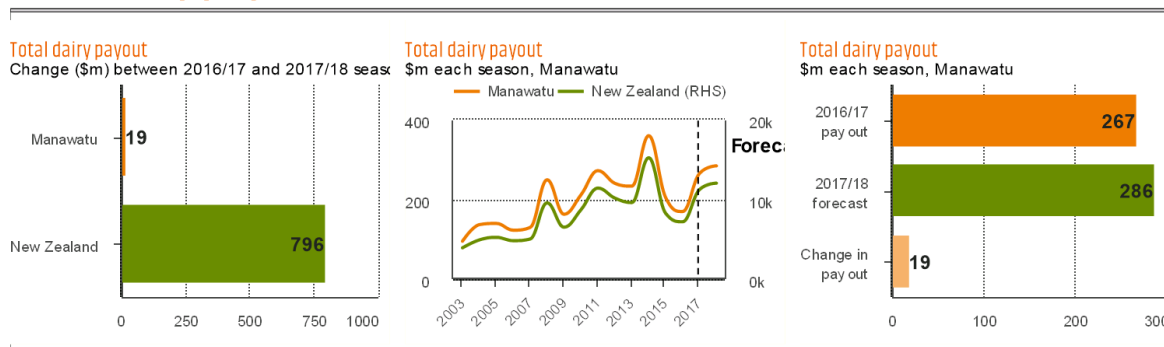
Highlights for Manawatu

- Electronic card retail spending in Manawatu, as measured by Marketview, increased by 4.4% over the year to March 2018 compared to the previous year. This compares with an increase of 4.5% in New Zealand.

National overview

Electronic card spending on retail purchases strengthened in the early stages of 2018. Data from Marketview showed that spending in the March quarter was up 4.9% from a year earlier, taking growth across the March year to 4.5%. Statistics New Zealand's Retail Trade Survey reinforces this finding. The Statistics New Zealand survey further shows that consumables, hospitality and services, and vehicles spending growth were particularly strong in the March quarter, while spending on durable household items grew at a more moderate pace in line with softer house sales.

Total dairy payout



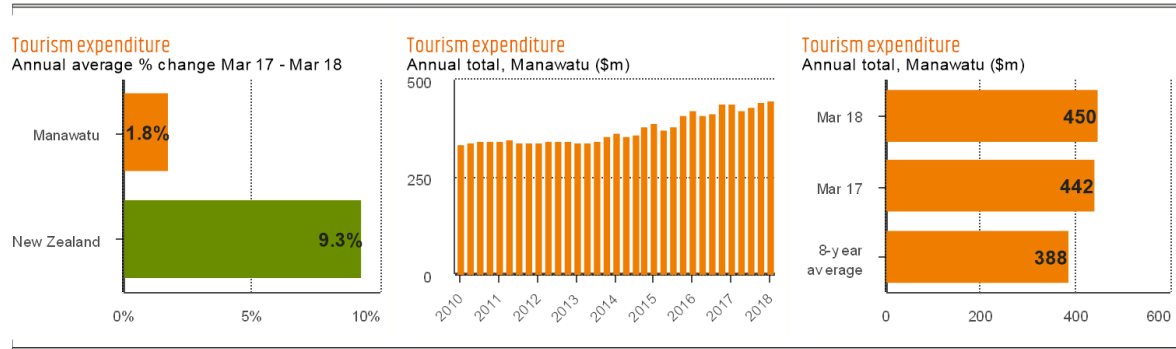
Highlights for Manawatu

- Manawatu's total dairy payout for the 2016/17 season is estimated to have been approximately \$267m.
- Manawatu's dairy payout for the 2017/18 season is expected to be approximately \$286m, \$18.8m 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 \$11,328m in the 2016/17 season, and is expected to be \$796m higher in the 2017/18 season.

National overview

A 2.7% increase in prices at Fonterra's Global Dairy Trade auction in late April snapped a four-auction decline. Bar one auction, the index is at its highest since mid-September 2017. Prices are likely to remain steady with lower New Zealand supply keeping prices on the up. At this stage, Fonterra's current forecasted farmgate milk price of \$6.55/kgms for the 2017/18 season appears well supported. A payout of this level would pump \$12.1bn into the economy, up from \$11.3bn last season.

Tourism Spending



Highlights for Manawatu

- Total tourism expenditure in Manawatu increased by 1.8% in the year to March 2018. This compares with an increase of 9.3% in New Zealand.
- Total tourism expenditure was approximately \$450m in Manawatu during the year to March 2018, which was up from \$442m a year ago.

National overview

Visitor spending in the March year totalled \$28.5bn, up from \$26.0bn a year earlier. Growth was driven by spending by international visitors, which rose \$1.4bn to \$11.7bn, while domestic visitor spending increased \$1.1bn to \$16.8bn. International spending growth has been supported by more visitors to New Zealand. Domestic visitor spending growth was the fastest since MBIE's visitor spending series began in 2009, reflecting increasing spending on leisure as job prospects improve.

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)

Tourism Expenditure

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

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 at least \$2.5 - \$3.0 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, KiwiBuild and Councils' 2018-28 10-year plans. There are several projects under development where values have not been put on the final value of the project, such as the Countdown supermarket.

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

Key projects identified in the region are:

1. \$397 million at Linton and Ohakea Defence Regeneration Plan 2016 – 2030 (\$176 million over 2016 – 2021)
2. \$282 million MidCentral DHB draft investment plan (2016 – 2025)
3. \$184 million Massey University Capital Plan (2016 – 2025). Construction projects in progress
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. Redevelopment of the Hokoahitu Campus – 130 housing lots over three stages, with an estimated value of \$90 - \$135 million - resource consent approved
6. \$110 million Totara Road Wastewater Treatment Plant - Consent Renewal Upgrade. Construction scheduled for 2024/25 to 2026/27
7. \$58 million Te Manawa Upgrade - Option A. Construction scheduled for 2023/24 to 2027/28
8. \$47.5 million urban growth projects to cater for increased residential and non-residential growth in the City. Projects planned throughout the 10-year plan
9. \$41 million wastewater, stormwater and water supply renewal and growth projects in Manawatū District 2018-28 10-year plan

10. \$40 million BUPA retirement village, Napier Road – construction has started and a second revised building consent approved in April 2018
11. \$39 million Food HQ – consents lodged in July 2017, work started in 2018
12. \$29.1 million City Centre Streetscape upgrade. Projects planned throughout the 10-year plan
13. \$24.5 million Arena Master Plan. Construction scheduled for 2018/19 to 2022/23.
14. \$20 million Westmount School and place of worship – construction in progress
15. 69 lot residential development in Ashhurst – resource consent received
16. KiwiBuild - prior to the election the government committed to building 149 houses in Palmerston North as part of its commitment to build 100,000 houses nationally
17. Toyota parts distribution centre expansion – building consent approved in March 2018
18. Countdown Supermarket – resource consent approved
19. \$8.9 million - AgResearch Grasslands - demolition and replacement of PC2 containment glasshouses and partial refurbishment of Lionel Corkill building – resource consent sought, building consent approved in March 2018
20. Massey School of Aviation Facility (\$4.3 million consent received and construction started) and accommodation – development proposal, funding to be confirmed
21. Pedestrian/cycle bridge and path to Linton - \$10 million, construction started
22. Rangitāne o Manawatū Investment Trust and Wallace Development Ltd hotel on the former Blair Tennant hostel site
23. \$6 million – Sports House at CET Arena
24. Major regional roading investment:
 - a. Whirokino Trestle and Manawatu River Bridge contract is \$70 million. While this is just outside the Manawatū region, local businesses may be involved in this project. Work started mid-2017 and is expected to be completed in 2-3 years
 - 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 was expected to begin in early 2018. Total project estimated to be around \$200 million
 - c. Manawatū Gorge Road replacement – option 3 chosen – provisional estimate of \$350-\$450 million – construction expected to begin around 2020
 - d. Manawatū District Council 10-year plan - \$95 million

25. Increased milk processing capacity at the newly rezoned Fonterra site at Longburn. No indication of possible timing or a commitment to invest.
26. 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, Reliving & 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

'Hot Floor' building¹

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

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

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

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.



MANAWATU REGION QUARTERLY REPORT

For Period Ending April 2018

Central Economic Development Agency

Prepared for
Central Economic Development Agency

Date
May 2018

CONTENTS

APRIL 2018 QUARTER



DATA SOURCE	3
RETAIL OVERVIEW	4
WHERE ARE THE RETAIL HOTSPOTS?	5
WHO IS SPENDING AT OUR RETAILERS?	6
WHAT DOES OUR RETAIL CASHFLOW LOOK LIKE?	7
HOW ARE OUR RETAILERS PERFORMING?	8
DOES OUR LOCAL RETAIL MEET THE NEEDS OF CUSTOMERS?	9
HOW DO WE COMPARE TO COMPETITORS?	10
HOW HAS RETAIL ACTIVITY VARIED BY WEEK?	11
WHEN ARE OUR RETAILERS BUSIEST?	12
HOW MUCH ARE LOCALS SPENDING ONLINE?	13
APPENDIX	14

SMALL PRINT

Privacy

No personal or household data is shown or can be derived, thereby maintaining the privacy of end customers.

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QUARTERLY REPORT | MANAWATU CENTRAL ECONOMIC DEVELOPMENT AGENCY

PAGE 2 OF 15

DATA SOURCE

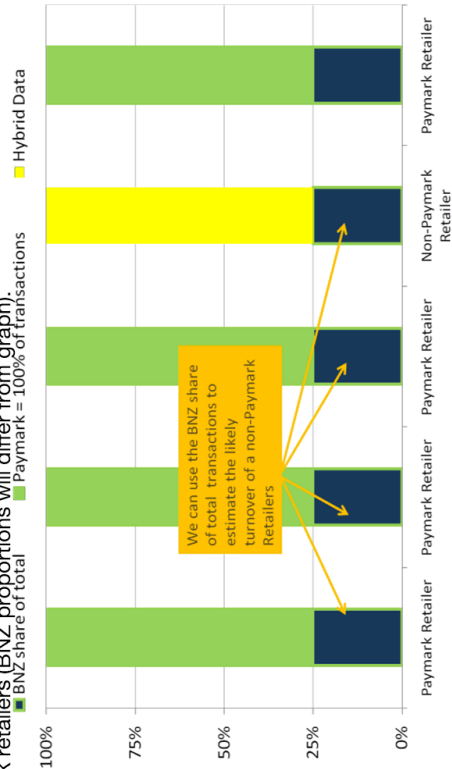


The data included in this report represents the total value of electronic card retail transactions. For a frame of reference, Statistics NZ report just under 70% of total retail is paid with an electronic card (ECT publication and Retail Trade Survey). The rest is comprised of cash, hire-purchase and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

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

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

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



RETAIL OVERVIEW

FOR PERIOD ENDING APRIL 2018 QUARTER



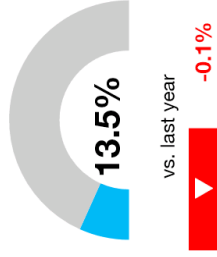
QUARTERLY ACTIVITY

Changes over same time last year

SPENDING	TRANSACTIONS
\$322,130,681	7,708,758
▲ 4.6%	▲ 4.4%
Spending in your area grew by 4.6% over the same time last year. Transactions in your area grew by 4.4%. NZ spending grew by 4.1%, and transactions by 4.8%	

MARKET SHARE

Your Share vs Key Competitors



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

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

CARDHOLDER ORIGIN

	CARDHOLDER CONTRIBUTION	VALUE SPENT IN YOUR REGION	CHANGE (VS. SAME QUARTER LAST YEAR)
LOCALS	70.7%	\$227.81 mn	6.4%
REST OF HORIZONS	12.3%	\$39.61 mn	1.1%
REST OF NZ CARDHOLDERS	15.9%	\$51.35 mn	-0.1%
INTERNATIONAL CARDHOLDERS	1.0%	\$3.35 mn	6.1%

FASTEST GROWING STORETYPES

Based on Spending

IN YOUR REGION

vs. last year
▲ 10.9%

Department Stores

Department Stores in your area had the largest growth amongst storetypes, up 10.9%.

IN COMPETITOR LOCATIONS

vs. last year
▲ 11.1%

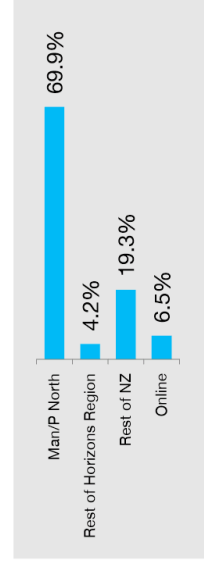
Takeaways had the largest growth in Key Competitor locations, up 11.1%.

Takeaways

LOYALTY AND OUTFLOW

Destination of Locals' Spending

Manawatu / Palmerston North residents conducted 69.9% of their retail spending in Man/P North and 4.2% in the Rest of Horizons Region. They spent 6.5% online.



WHERE ARE THE RETAIL HOTSPOTS?



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

TOP PERFORMING LOCATIONS

Based on percentage change in spending from same period last year

FOR ALL CARDHOLDERS REST OF MANAWATU INTERNATIONAL CARDHOLDERS SANSON



** Map insert in Appendix

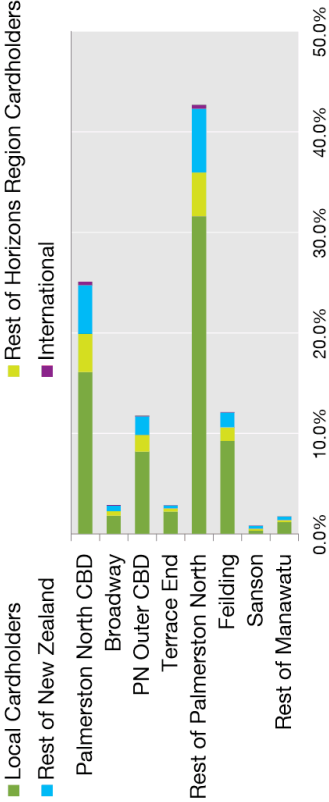
CHANGE IN SPENDING

Change in spending over same period last year

RANK	LOCATION	VALUE OF SPENDING	CHANGE IN SPENDING
1	Rest of Manawatu	\$5,635,724	35.6%
2	Sanson	\$2,633,255	10.8%
3	Feilding	\$39,075,734	6.0%
4	Rest of Palmerston North	\$137,492,459	5.2%
5	Palmerston North CBD	\$80,825,132	4.3%
6	Broadway	\$9,304,085	1.9%
7	PN Outer CBD	\$37,951,274	1.5%
8	Terrace End	\$9,213,017	-6.0%
TOTAL		\$322,130,681	4.6%

DISTRIBUTION OF SPENDING

Split by cardholder location



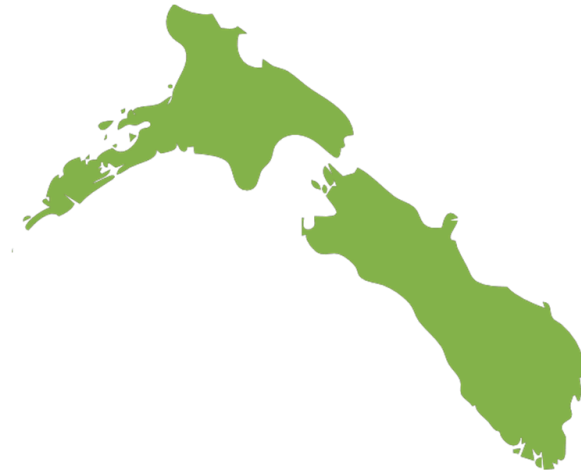
WHO IS SPENDING AT OUR RETAILERS?

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



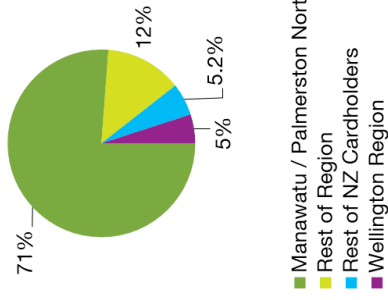
SPENDING BY CARDHOLDER LOCATION

Change in spending over same period last year



DISTRIBUTION OF CARDHOLDERS

Including international cardholders



FASTEST GROWING CONSUMER GROUP

Based on spending change from the same period last year



CARDHOLDER AREA	VALUE SPENT	CHANGE ON SAME QUARTER LAST YEAR
MANAWATU / PALMERSTON NORTH	\$227.81 mn	6.4%
REST OF REGION	\$39.61 mn	1.1%
REST OF NZ CARDHOLDERS	\$16.68 mn	-6.5%
WELLINGTON REGION	\$14.92 mn	6.6%
AUCKLAND REGION	\$10.63 mn	7.9%
HAWKE'S BAY REGION	\$4.78 mn	-11.8%
WAIKATO REGION	\$4.34 mn	1.9%
INTERNATIONAL	\$3.35 mn	6.1%

International cardholder spending within New Zealand is up 11.4% over the same period last year, and transactions are up 20.3%. Regions are chosen based on top spenders in Manawatu/Palmerston North for the quarter.

QUARTERLY REPORT | MANAWATU CENTRAL ECONOMIC DEVELOPMENT AGENCY

PAGE 6 OF 15

WHAT DOES OUR RETAIL CASHFLOW LOOK LIKE?

How much are we leaking to other areas?



OVERVIEW OF INFLOW AND OUTFLOW TO/FROM MANAWATU / PALMERSTON THE BREAKDOWN

Non-locals include international cardholders



ORIGIN OF INFLOW BY CARDHOLDER LOCATION

Breakdown of spending in your council



CARDHOLDER LOCATION	YOUR REGION	ELSEWHERE IN NZ
Manawatu / Palmerston North	\$227.81 mn	\$76.59 mn
Rest of Region	\$39.61 mn	\$293.11 mn
Rest of NZ Cardholders	\$16.68 mn	\$5,248.41 mn
Wellington Region	\$14.92 mn	\$1,560.04 mn
Auckland Region	\$10.63 mn	\$4,984.50 mn
Hawke's Bay Region	\$4.78 mn	\$475.48 mn
Waikato Region	\$4.34 mn	\$1,221.62 mn
International	\$3.35 mn	\$698.23 mn
TOTAL	\$322.13 mn	\$14,557.97 mn

HOW ARE OUR RETAILERS PERFORMING?



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

RETAIL CATEGORY CHANGE IN SPENDING AND PERFORMANCE

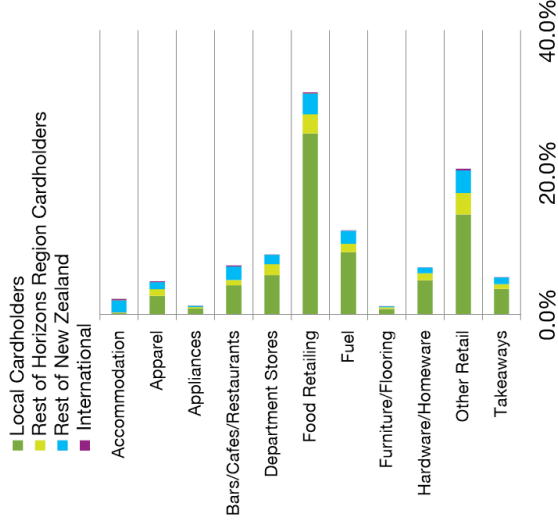
Spending change over same period last year

RETAIL CATEGORY	YOUR RESULT	YOUR \$ SPEND	YOU VS. COMPETITOR GROUP	
			RANK	CHANGE ON LAST
ACCOMMODATION	▲ 1.9%	\$7.03 mn	3	2
APPAREL	▲ 3.2%	\$14.95 mn	2	2
APPLIANCES	▼ -30.2%	\$3.98 mn	5	0
BARS/CAFES/RES TAURANTS	▲ 6.9%	\$22.28 mn	4	0
DEPARTMENT STORES	▲ 10.9%	\$27.11 mn	1	1
FOOD RETAILING	▲ 0.2%	\$100.66 mn	5	-2
FUEL	▲ 10.4%	\$38.17 mn	3	1
FURNITURE/FLOORING	▼ -2.1%	\$3.67 mn	2	3
HARDWARE/HOME WARE	▲ 10.6%	\$21.42 mn	2	1
OTHER RETAIL	▲ 6.2%	\$66.06 mn	2	-1
TAKEAWAYS	▲ 10.8%	\$16.80 mn	3	2

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

ORIGIN OF CARDHOLDERS

Including international cardholders



FASTEST GROWING CATEGORIES

Domestic/ International split

For ALL Cardholders	For INTERNATIONAL Cardholders
DEPARTMENT STORES	DEPARTMENT STORES

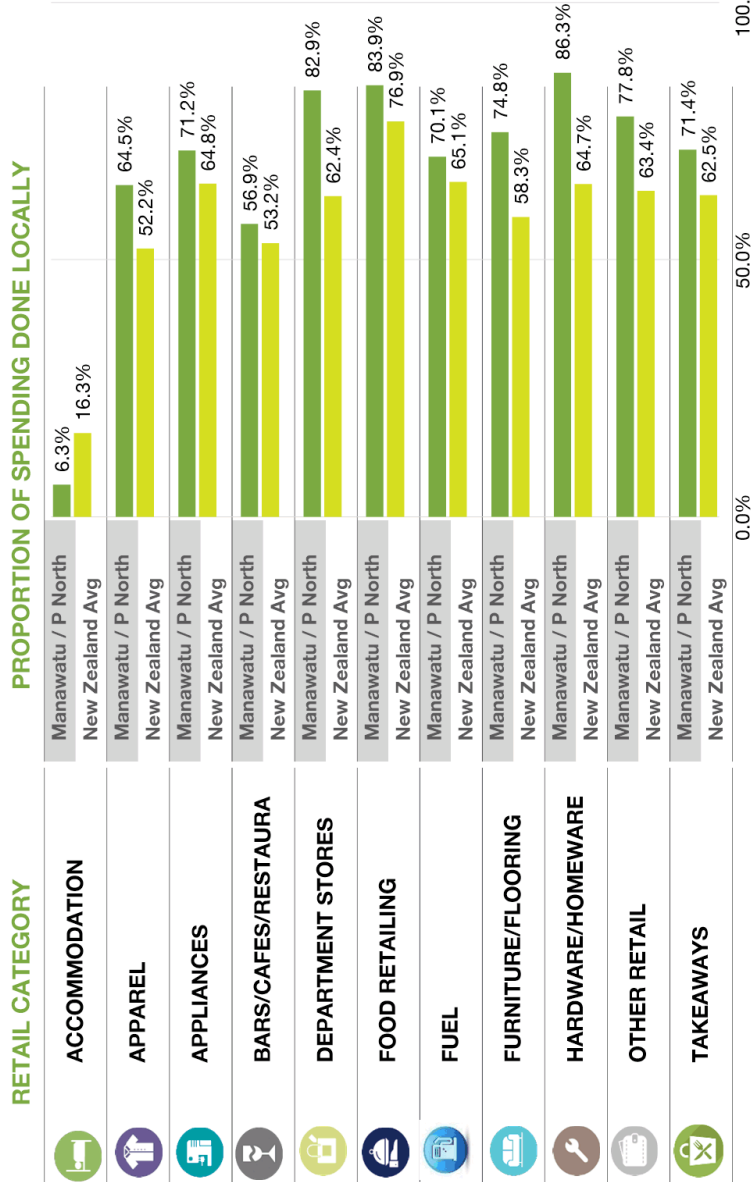
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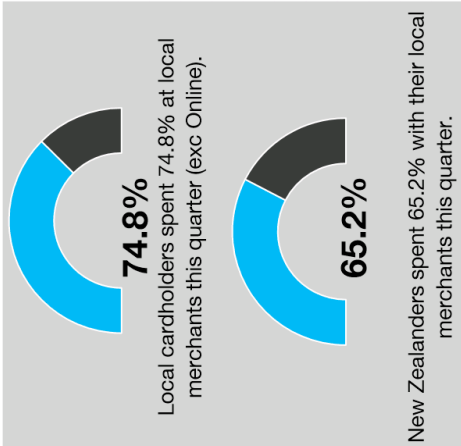
Have we got gaps? Where should be target development?

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

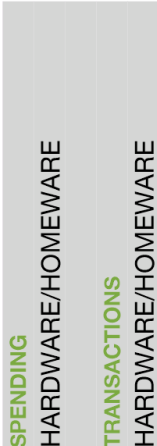
High percentages presume that local cardholders are happy with local options



OVERALL LOYALTY



MOST LOYAL CATEGORY

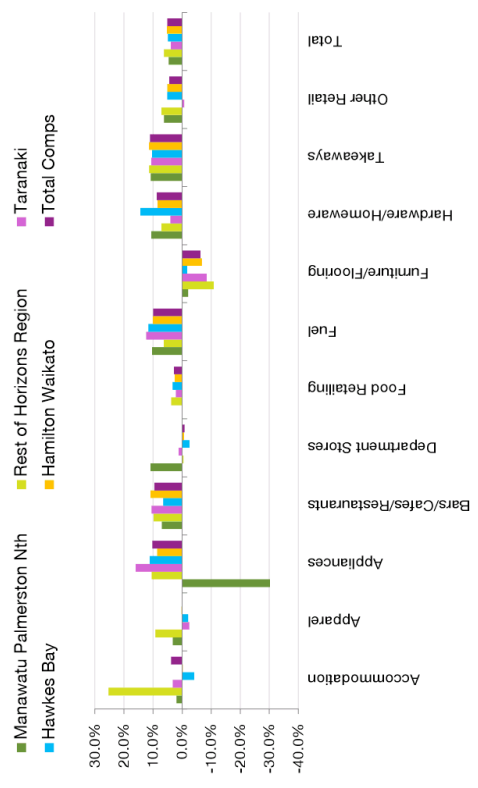


HOW DO WE COMPARE TO COMPETITORS?

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



CHANGE IN SPENDING BY RETAIL CATEGORY
Over Same Period last year

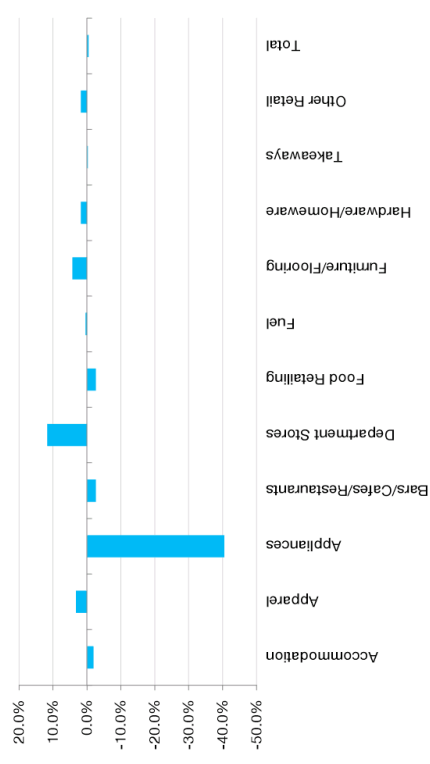


BEST COMPARED TO AVERAGE PEER
Based on change in spending this year over same time last year

DEPARTMENT STORES

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

MANAWATU / PALMERSTON NORTH CHANGE COMPARED TO
PEER GROUP AVERAGE



WORST COMPARED TO AVERAGE PEER
Based on change in spending this year over same time last year

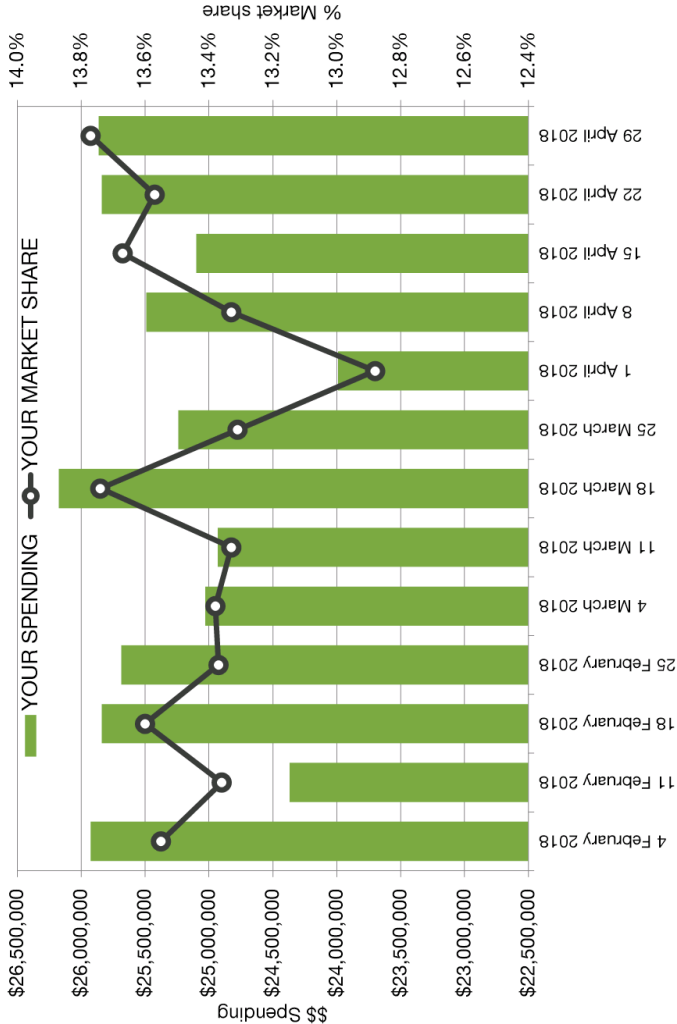
APPLIANCES

HOW HAS RETAIL ACTIVITY VARIED BY WEEK?

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



SPENDING DONE IN MANAWATU / PALMERSTON NORTH AND SHARE OF THE MARKET
By Week Ending:



BEST PERFORMERS

YOUR HIGHEST TOTAL WEEKLY SPEND

Week ending

18 March 2018

YOUR HIGHEST WEEKLY MARKET SHARE

Week ending

29 April 2018

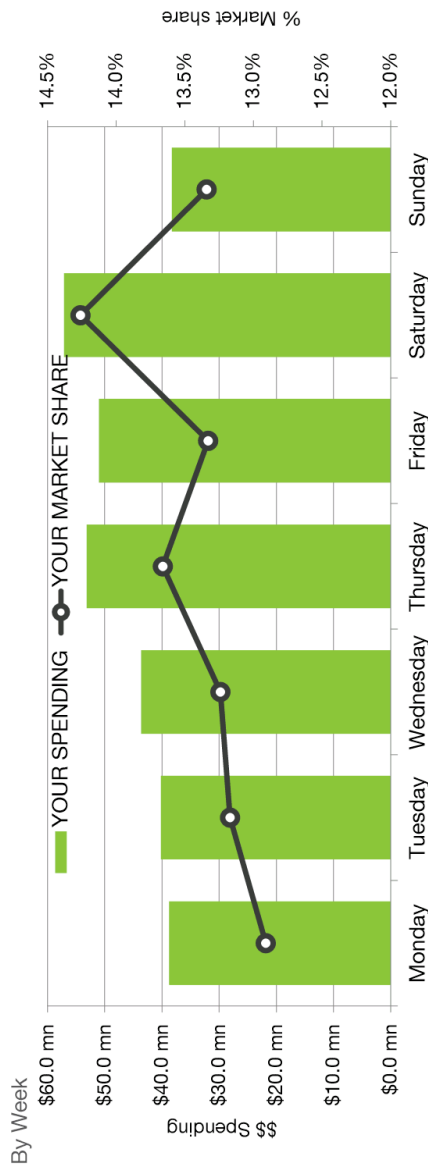
Total market is based on spending at yourself and competitors. The competitor group is made up of retailers in Rest of Horizons Region, Taranaki, Hawkes Bay, Hamilton, and Waikato, and based on similar and/or neighbouring regions.

WHEN ARE OUR RETAILERS BUSIEST?

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



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



YOUR BEST PERFORMERS



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

The darker the box, the higher the proportion of spending

	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY	SUNDAY	Avg. for Period
Midnight - 4am	0.2%	0.2%	0.3%	0.3%	0.3%	0.7%	1.4%	0.5%
4am - 8am	3.0%	3.2%	3.4%	3.6%	3.1%	1.5%	1.3%	2.7%
8am - Midday	27.0%	26.2%	23.9%	25.4%	24.6%	30.2%	26.8%	26.3%
Midday - 4pm	37.9%	37.0%	36.3%	35.5%	36.4%	40.1%	42.6%	37.9%
4pm - 8pm	27.3%	28.3%	30.3%	29.4%	29.0%	21.7%	23.9%	27.1%
8pm - Midnight	4.6%	5.1%	5.8%	5.9%	6.6%	5.8%	4.0%	5.5%
Avg. for Day	12.6%	12.7%	13.8%	16.3%	16.0%	16.7%	12.0%	100.0%

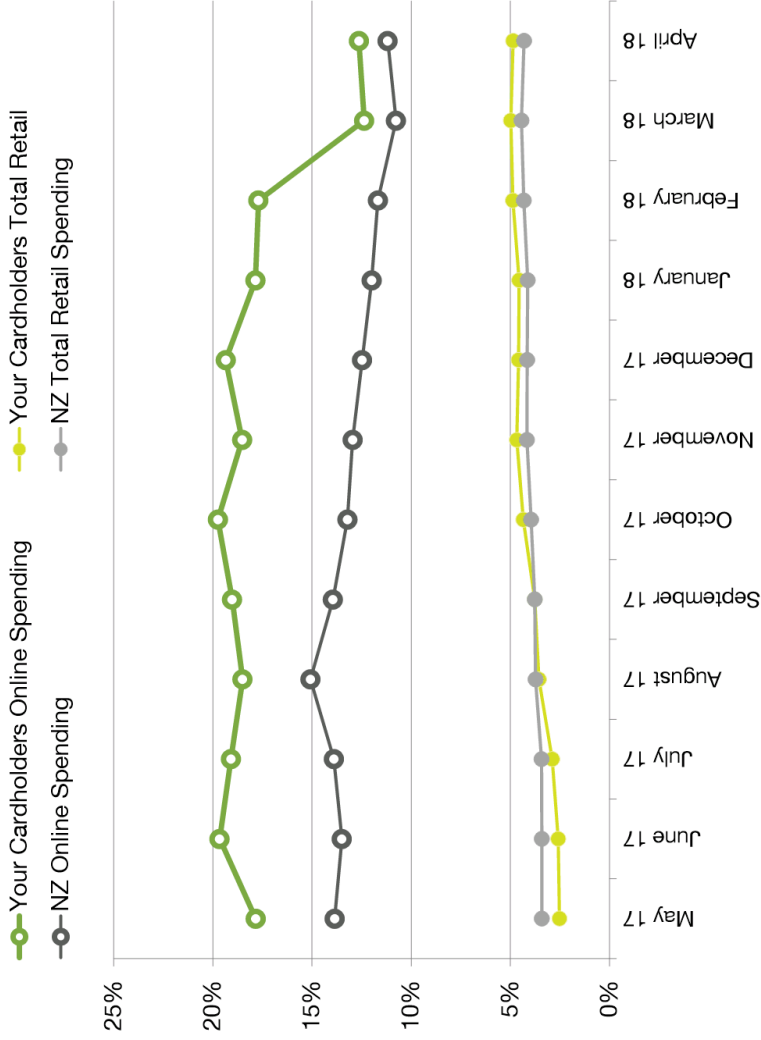
HOW MUCH ARE LOCALS SPENDING ONLINE?

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



CHANGE IN ONLINE SPENDING VS TOTAL NZ TRENDS

Rolling 12 months change in spending



FASTEST GROWING ONLINE CATEGORY
(for local cardholders)



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

APPENDIX



STORETYPE DEFINITIONS- BASED ON ANZSIC CATEGORIES

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

APPENDIX



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



COMMITTEE WORK SCHEDULE

TO: Economic Development Committee

MEETING DATE: 11 June 2018

TITLE: Committee Work Schedule

RECOMMENDATION(S) TO ECONOMIC DEVELOPMENT COMMITTEE

1. That the Economic Development Committee receive its Work Schedule dated June 2018.

ATTACHMENTS

1. Work Schedule  

REF# 8136424

ECONOMIC DEVELOPMENT COMMITTEE

COMMITTEE WORK SCHEDULE – JUNE 2018

Item No.	Estimated Report Date	Subject	Officer Responsible	Current Position	Date of Instruction/ Point of Origin
1.	June September 2018	Quarterly Economic Report	General Manager, City Future		
2.	August 2018	International Relations Six Monthly Report	General Manger, City Future		