



PAPAIOEA
PALMERSTON
NORTH
CITY

PALMERSTON NORTH CITY COUNCIL

AGENDA

ECONOMIC GROWTH COMMITTEE

9AM, WEDNESDAY 21 JUNE 2023

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

MEMBERS

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

Mark Arnott
Brent Barrett
Rachel Bowen
Vaughan Dennison
Roly Fitzgerald

Lorna Johnson
Debi Marshall-Lobb
Billy Meehan
Orphée Mickalad

AGENDA ITEMS, IF NOT ATTACHED, CAN BE VIEWED AT

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

Waid Crockett

Chief Executive | PALMERSTON NORTH CITY COUNCIL

ECONOMIC GROWTH COMMITTEE MEETING

21 June 2023

ORDER OF BUSINESS

1. Karakia Timatanga

2. Apologies

3. 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.

4. 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.

5. 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.

6. Confirmation of Minutes

Page 7

"That the minutes of the Economic Growth Committee meeting of 12 April 2023 Part I Public be confirmed as a true and correct record."

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

Page 15

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

8. Central Economic Development Agency (CEDA) - Final Statement of Intent 2023/24

Page 49

Memorandum, presented by David Murphy, Chief Planning Officer.

9. Palmerston North Strategic Networks 2023

Page 97

Memorandum, presented by James Miguel, Senior Transport Planner.

10. Central City Transformation - Streets for People Project Page Error! Bookmark not defined.

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

11. Update on Infill Lighting Required to Achieve Compliance in P and V Categories

Page 167

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

12. Palmerston North Quarterly Economic Update - June 2023

Page 173

Memorandum, presented by Stacey Bell City Economist.

13. Tamakuku Terrace Six Monthly Update Page 195

Memorandum, presented by Bryce Hosking, Group Manager - Property and Resource Recovery.

14. Work Schedule - June 2023 Page 201

15. 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
16.	Te Utanganui Central New Zealand Distribution Hub - Master Plan	Privacy, Third Party Commercial and Prevent Improper Gain or Advantage	s7(2)(a), s7(2)(b)(ii) and s7(2)(j)

This resolution is made in reliance on Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public as stated in the above table.

Also that the persons listed below be permitted to remain after the public has been excluded for the reasons stated.

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

17. Karakia Whakamutunga

PALMERSTON NORTH CITY COUNCIL

Minutes of the Economic Growth Committee Meeting Part I Public, held in the Council Chamber, First Floor, Civic Administration Building, 32 The Square, Palmerston North on 12 April 2023, commencing at 9.04am

Members Present: Councillor Leonie Hapeta (in the Chair), The Mayor (Grant Smith) and Councillors William Wood, Mark Arnott, Brent Barrett, Rachel Bowen, Vaughan Dennison, Roly Fitzgerald, Lorna Johnson, Debi Marshall-Lobb, Billy Meehan and Orphée Mickalad.

Non Members: Councillors Lew Findlay, Patrick Handcock, Karen Naylor and Kaydee Zabelin.

The Mayor (Grant Smith) was not present when the meeting resumed at 1.34pm. He entered the meeting again at 2.11pm during consideration of clause 13. He was not present for clause 13.

Councillor Lew Findlay was not present when the meeting resumed at 1.34pm. He was not present for clauses 13 to 17 inclusive.

Karakia Timatanga

Councillor Fitzgerald opened the meeting with karakia.

9-23 Confirmation of Minutes

Moved William Wood, seconded Rachel Bowen.

The COMMITTEE RESOLVED

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

Clause 9-23 above was carried 15 votes to 0, with 1 abstention, the voting being as follows:

For:

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

Abstained:
Councillor Leonie Hapeta.

REPORTS

10-23 **Palmerston North Airport Limited - Interim Report for 6 months to 31 December 2022**

Memorandum, presented by Cameron McKay, Chief Financial Officer, and Murray Georgel, Palmerston North Airport Ltd Chair and Jonathan Baker, Palmerston North Airport Ltd Chief Financial Officer.

In discussion the Mayor mentioned the heritage of aviation in Palmerston North and acknowledged the attendance of Lindsay Elston who is a relative of Len Mangham a past contributor to our regions aviation history.

Moved Leonie Hapeta, seconded William Wood.

The **COMMITTEE RESOLVED**

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

Clause 10-23 above was carried 16 votes to 0, the voting being as follows:

For:

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

11-23 **Palmerston North Airport Limited - Draft Statement of Intent for 2023/24 to 2025/26**

Memorandum, presented by Cameron McKay, Chief Financial Officer, and Murray Georgel, Palmerston North Airport Ltd Chair and Jonathan Baker, Palmerston North Airport Ltd Chief Financial Officer.

In discussion an additional two motions were passed requesting inclusion of a 10 year financial outlook and an expectation to commence dividend payments from 24/25 (Y2).

The meeting adjourned at 10.37am.
The meeting resumed at 10.57am.

Moved Grant Smith, seconded Leonie Hapeta.

The **COMMITTEE RESOLVED**

1. That the Committee receive the Palmerston North Airport Ltd (PNAL) draft Statement of Intent for 2023/24 to 2025/26, presented to the

Economic Growth Committee on 12 April 2023.

Clause 11-23 above was carried 15 votes to 1, the voting being as follows:

For:

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

Against:

Councillor Karen Naylor.

Moved Grant Smith, seconded Leonie Hapeta.

The **COMMITTEE RESOLVED**

2. That Palmerston North Airport Limited be advised:

- a. Council supports the proposed direction and implementation strategy;
- b. PNAL adjusts the target for tangible net worth from \$50m to \$80m;
- c. Council recognises the projected requirement for loans totalling \$31.7m by 30 June 2024 and that Palmerston North Airport Limited will be seeking to utilise the loan facility provided by the Council to fund a significant portion of this.

Clause 11-23 above was carried 12 votes to 4, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Leonie Hapeta, William Wood, Rachel Bowen, Vaughan Dennison, Roly Fitzgerald, Debi Marshall-Lobb, Billy Meehan, Orphée Mickalad, Lew Findlay, Patrick Handcock and Kaydee Zabelin.

Against:

Councillors Mark Arnott, Brent Barrett, Lorna Johnson and Karen Naylor.

Moved Lorna Johnson, seconded Leonie Hapeta.

2. That Palmerston North Airport Limited be advised:

- d. that the SOI 2023/24 to 2025/26 includes a 10 year financial outlook to provide shareholder confidence in the ability of the airport to manage its debt.

Clause 11-23 above was carried 16 votes to 0, the voting being as follows:

For:

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

Moved William Wood, seconded Karen Naylor.

2. That Palmerston North Airport Limited be advised:

- e. that the SOI 2023/24 to 2025/26 include an expectation of a dividend of 10% of net profit after tax to be paid in 24/25 (Y2) and 20% in 25/26 (Y3).

Clause 11-23 above was carried 9 votes to 7, the voting being as follows:

For:

Councillors William Wood, Mark Arnott, Brent Barrett, Rachel Bowen, Lorna Johnson, Debi Marshall-Lobb, Lew Findlay, Karen Naylor and Kaydee Zabelin.

Against:

The Mayor (Grant Smith) and Councillors Leonie Hapeta, Vaughan Dennison, Roly Fitzgerald, Billy Meehan, Orphée Mickalad and Patrick Handcock.

The meeting adjourned at 11.58am.

The meeting resumed at 12.04pm.

12-23

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

Memorandum, presented by David Murphy, Chief Planning Officer, Bobbie O'Fee, CEDA Chairperson, Jerry Shearman, CEDA Chief Executive, Jacqui Middleton, CEDA Finance and Operations Manager, and Janet Reynolds, CEDA Marketing and Communications Manager.

Moved Leonie Hapeta, seconded William Wood.

The **COMMITTEE RESOLVED**

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

Clause 12-23 above was carried 16 votes to 0, the voting being as follows:

For:

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

The meeting adjourned at 12.37pm.

The meeting resumed at 1.34pm.

The Mayor (Grant Smith) and Councillor Lew Findlay were not present when the meeting resumed.

13-23

College Street and Botanical Road Intersection

Report, presented by Chris Lai, Activities Manager – Transport, and Kathy Dever-Tod, Acting Chief Infrastructure Officer.

Officers corrected an error in the report under Option 1 which should read “Install the right turn phases” and not “Install the right turn bay and phases”.

Moved Leonie Hapeta, seconded William Wood.

The **COMMITTEE RESOLVED**

1. That the Committee refer an additional Capital New Programme of \$120,000 to the 2023/24 Annual Budget deliberations to enable the right turn infrastructure and phases change work to be implemented at the College St/ Botanical Road intersection (Option 1).

Clause 13-23 above was carried 12 votes to 2, the voting being as follows:

For:

Councillors Leonie Hapeta, William Wood, Mark Arnott, Brent Barrett, Rachel Bowen, Vaughan Dennison, Roly Fitzgerald, Lorna Johnson, Debi Marshall-Lobb, Billy Meehan, Orphée Mickalad and Kaydee Zabelin.

Against:

Councillors Patrick Handcock and Karen Naylor.

Moved Leonie Hapeta, seconded William Wood.

2. That the Committee refer the cycleway improvement work at the College Street/ Botanical Road intersection for consideration to the 2024-34 Long Term Plan process (Option 1).

Clause 13-23 above was carried 14 votes to 0, the voting being as follows:

For:

Councillors Leonie Hapeta, William Wood, Mark Arnott, Brent Barrett, Rachel Bowen, Vaughan Dennison, Roly Fitzgerald, Lorna Johnson, Debi Marshall-Lobb, Billy Meehan, Orphée Mickalad, Patrick Handcock, Karen Naylor and Kaydee Zabelin.

14-23

Vogel Street Safety Improvements

Report, presented by Chris Lai, Activities Manager – Transport, and Kathy Dever-Tod, Acting Chief Infrastructure Officer.

The Mayor (Grant Smith) entered the meeting at 2.11pm.

Moved Leonie Hapeta, seconded William Wood.

The **COMMITTEE RESOLVED**

1. That the Committee note that public engagement will be undertaken to seek community feedback on Vogel St safety improvement packages.

Clause 14-23 above was carried 15 votes to 0, the voting being as follows:

For:

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

15-23

6-monthly report on International Relations and Education Activities

Memorandum, presented by Gabrielle Loga, International Relations Manager.

Moved Leonie Hapeta, seconded William Wood.

The **COMMITTEE RESOLVED**

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

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

For:

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

16-23

Palmerston North Quarterly Economic Update - March 2023

Memorandum, presented by Stacey Bell - City Economist.

Moved Leonie Hapeta, seconded William Wood.

The **COMMITTEE RESOLVED**

1. That Committee receives the following reports for information:
 - a. Palmerston North Quarterly Economic Update – March 2023; and the,
 - b. Palmerston North electronic card spending report – December quarter 2022

Clause 16-23 above was carried 15 votes to 0, the voting being as follows:

For:

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

17-23 Work Schedule - April 2023

Moved Leonie Hapeta, seconded Kaydee Zabelin.

The **COMMITTEE RESOLVED**

1. That the Committee receive its work schedule for April 2023.

Clause 17-23 above was carried 15 votes to 0, the voting being as follows:

For:

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

Karakia Whakamutunga

Councillor Fitzgerald ended the meeting with karakia.

The meeting finished at 2.42pm

Confirmed 21 June 2023

Chair

MEMORANDUM

TO: Economic Growth Committee

MEETING DATE: 21 June 2023

TITLE: Palmerston North Airport Limited - Final Statement of Intent for 2023/24 to 2025/26

PRESENTED BY: Steve Paterson, Strategy Manager - Finance

APPROVED BY: Cameron McKay, Chief Financial Officer

RECOMMENDATION TO ECONOMIC GROWTH COMMITTEE

That the Committee agree the Statement of Intent for Palmerston North Airport Limited for 2023/24 to 2025/26 (Attachment 2)

1. ISSUE

1.1 Palmerston North Airport Ltd (PNAL) has provided its final version of the Statement of Intent (SOI) for 2023/24 to 2025/26 and this is attached for acceptance by the Committee.

2. BACKGROUND

2.1 PNAL provided a first draft of its SOI for 2023/24 to 2025/26 in February 2023. This was considered by the Economic Growth Committee on 12 April 2023 and its proposed direction and implementation strategy endorsed.

2.2 The Committee requested the final SOI include the following:

- An increase in the target for net tangible worth from \$50m to \$80m
- A 10-year financial outlook to provide shareholder confidence in the ability of the Company to manage its debt
- An expectation of a dividend of 10% of net profit after tax to be paid in 2024/25 (relating to the 2023/24 year) and 20% in 2025/26 (relating to the 2025/26 year).

2.3 The Local Government Act requires that the final versions of SOIs adopted by the Boards of council-controlled organisations be delivered to the shareholder by 30 June 2023. PNAL has met that requirement.

2.4 The **final version of the SOI** and a letter from the Chief Executive Officer explaining the changes from the draft is **attached**. The final version addresses each of the issues requested by the Committee.

2.5 The 10-year financial projection provided comes with a number of caveats (i.e. relies on a number of significant assumptions) and will need to be updated each year as circumstances change and/or once particular decisions are made. The projections assume a dividend of 20% paid after the second year and show that although paying dividends and reducing debt levels should be possible it comes at the expense of the ability to invest further in Council's income diversification objectives for PNAL.

3. NEXT STEPS

3.1 The SOI will be published on websites of the Council and PNAL.

4. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide?	Yes
Are the decisions significant?	No
If they are significant do they affect land or a body of water?	No
Can this decision only be made through a 10 Year Plan?	No
Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these actions?	Yes
Are the recommendations inconsistent with any of Council's policies or plans?	No
The recommendations contribute to Goal 1: An Innovative and Growing City	
The recommendations contribute to the achievement of action/actions in Economic Development	
The action is: Work with the airport company to ensure the airport's strategic intent aligns with the City's aspirations	
Contribution to strategic direction and to social, economic, environmental and cultural well-being	The airport is a key strategic gateway to the City.

ATTACHMENTS

1. Cover letter from Chief Executive Officer [↓](#)
2. Final Statement of Intent 2023/24 to 2025/26 [↓](#)
3. 10 year financial projection [↓](#)



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25th May 2023

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

Dear Waid,

FINAL STATEMENT OF INTENT 2024-2026

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

The SOI has been reviewed and approved by the PNAL Board of Directors and has been updated following the presentation to PNCC's Economic Growth Committee on Wednesday 12th April 2023.

Updates have been made to reflect the latest changes to forecasts and anticipated revenue and expenditure over the SOI period. These changes have had minimal impact on the overall forecast profit (\$0.19m higher in FY24 compared to the draft SOI).

Forecast capital spend has also been adjusted, with total capex over the three-year SOI increasing by \$3.6m to \$55.9m. This is largely the result of deferred capital spend from FY23 (current year) being added to the SOI period (i.e. a timing difference), together with adjustments to airside expenditure in Year 3 (FY26 of the SOI) to reflect additional critical works.

Total debt in Year 1 and Year 2 (FY24 and FY25) has decreased compared to the draft budget, while total debt in Year 3 has increased by \$1.2m to \$55.1m. This additional debt is partly required to meet the shareholder expectation of paying a dividend from FY24.

As mentioned above, the final SOI now includes an expectation of a return to dividends from Year 1 (FY24) of the SOI. This was requested by the shareholder on 12th April 2023. We note that payment of any dividend will be subject to evaluation against PNAL's dividend policy and liquidity position at the time.

Key metrics remain largely unchanged from the draft SOI presented.

LONG TERM PROJECTION 2024-2034

Also enclosed is a 10-year financial model, including PNAL's estimated Statements of Financial, Performance and Key Metrics. This was requested by the Shareholder on 12th April 2023.

We note that a 10-year projection requires significant judgements to be made and as such, is subject to change. The final results will vary from those presented here. Key judgements to bring to your attention include an assumption that PNAL will not reinvest available debt in Ruapehu Aeropark but will instead focus on repaying debt. An assumed dividend of 20% of Net Profit After Tax (excluding fair value gains) has also been included from Year 2 (FY25).

We understand that the key driver of wanting this model is to illustrate PNAL's ability to service debt into the future. As such, this model has been prepared on a debt reduction basis in order to illustrate that PNAL could, if required, reduce debt and pay a dividend. The alternative scenario is this debt capacity will be reinvested in Ruapehu Aeropark over the next decade, in order to pursue income diversification and Te Utanganui development objectives.

Highlights of this 10-year model include:

MEMORANDUM

TO: Economic Growth Committee

MEETING DATE: 21 June 2023

TITLE: Central Economic Development Agency (CEDA) - Final Statement of Intent 2023/24

PRESENTED BY: David Murphy, Chief Planning Officer

APPROVED BY: David Murphy, Chief Planning Officer

RECOMMENDATION TO ECONOMIC GROWTH COMMITTEE

1. That the Committee agree the final Statement of Intent 2023/24 submitted by the Central Economic Development Agency (Attachment 1).
-

1. ISSUE

- 1.1 The Central Economic Development Agency (CEDA) has provided its final Statement of Intent (SOI) for 2023/24. This is included as Attachment 1 for agreement by the Committee.

2. BACKGROUND

- 2.1 CEDA provided a first draft of its SOI for 2023/24. This was considered by the Economic Growth Committee on 12 April 2023 and its proposed direction and content was supported by Council.
- 2.2 As joint shareholders of CEDA, Palmerston North City Council and Manawatu District Council (MDC) sought minor changes to the draft SOI. CEDA has included the following minor changes in the final SOI:

Section / page number	Minor change
Front cover	2023-26 title changed to 2023-24, and word 'Draft' removed
Page 10	Palmerston North Integrated Transport Initiative (PNITI) reference added to the commentary on Te Utanganui
Page 11	Sentence on Māori business and tourism sectors added to Sector Development commentary
Pages 15 and 27	'Unified positioning' language changed to 'collective voice' in Statement of Service Performance outcomes

	for profiling the region
Page 15	Additional sentence on featuring key business and visitor attractions in collaboration with PNCC and MDC added under Featuring the Region Through Media commentary
Page 23	Thought Leaders changed to Innovators (about us)
Page 28-29	MDC priorities changed to first in order under Alignment with our Shareholders
Page 43	's' added to Feilding and District Promotions

2.3 The Local Government Act requires that the final version of SOIs adopted by the Boards of council-controlled organisations be delivered to the shareholder by 30 June 2023. CEDA has met that requirement.

3. NEXT STEPS

3.1 The SOI will be published on the websites of Council and CEDA.

3.2 The current CEDA funding agreement finishes on 30 June 2024. The councils will need to initiate discussions with CEDA alongside the preparation of their 2024-34 Long Term Plans in order to provide CEDA with a level of certainty regarding future funding as we work towards 30 June 2024. One option may be to provide CEDA with a funding agreement extension, or written funding commitment, prior to the adoption of 2024-34 Long Term Plans. This commitment could note that the final funding arrangements beyond 30 June 2024 will be confirmed as part of the 2024-34 Long Term Plans and it is anticipated that the total funding will be no less than the 2023/24 year.

4. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide? If Yes quote relevant clause(s) from Delegations Manual	Yes
Are the decisions significant?	No
If they are significant do they affect land or a body of water?	No
Can this decision only be made through a 10 Year Plan?	No
Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these actions?	Yes
Are the recommendations inconsistent with any of Council's policies or plans?	No

The recommendations contribute to Goal 1: An Innovative and Growing City	
The recommendations contribute to the achievement of action/actions in Economic Development	
The action is:	
<ul style="list-style-type: none"> • Agree a Statement of Intent with CEDA • Carry out regular performance monitoring and reporting for CEDA 	
Contribution to strategic direction and to social, economic, environmental and cultural well-being	<p>The Innovative and Growing Strategy includes the following:</p> <p>Increasing economic wellbeing will depend on Council working well with businesses, support agencies, central government and other local authorities. The Central Economic Development Agency (CEDA) will support business development and retention and will promote a diverse economy. CEDA will focus on helping young people develop the skills they need for the changing jobs market.</p>

ATTACHMENTS

1. CEDA Final Statement of Intent 2023/24 [↓](#) 

MEMORANDUM

TO: Economic Growth Committee

MEETING DATE: 21 June 2023

TITLE: Palmerston North Strategic Networks 2023

PRESENTED BY: James Miguel, Senior Transport Planner

APPROVED BY: David Murphy, Chief Planning Officer

RECOMMENDATION TO ECONOMIC GROWTH COMMITTEE

1. That the Committee lift the report “Palmerston North Strategic Networks 2023” from the table.

RECOMMENDATION TO COUNCIL

2. That Council endorse the Palmerston North Strategic Networks 2023 (Attachments 1 & 2) to inform future Council decision-making on transport matters, including the 2024-2034 Long Term Plan and supporting documents
-

1. ISSUE

- 1.1 On 22 February 2023, the Economic Growth Committee was presented a memorandum titled “[Palmerston North Strategic Transport Networks](#)” with an accompanying recommendation to adopt the Strategic Networks as a key strategic document.
- 1.2 Following concerns expressed regarding certain components of the Palmerston North Strategic Networks 2023 (Strategic Networks) documentation, and the insufficient time to consider the material, the Economic Growth Committee resolved to lie the report on the table so that a workshop could be scheduled with elected members.
- 1.3 Two workshops with Elected Members were held in May 2023.
- 1.4 Endorsement of the Strategic Networks will assist Council in working with Waka Kotahi and Horizons Regional Council to align work programmes and investment proposals in order in order to maximise co-funding opportunities.

2. BACKGROUND

- 2.1 The Strategic Networks represents a natural progression of the Palmerston North transport planning work programme. The Strategic Networks seeks to

summarise traditional internal-facing technical documents and present a simple public-facing plan, in the interests of transparency and accountability.

- 2.2 The Strategic Networks is the culmination of a number of pieces of work, including the Palmy Transport System Improvement Plan (PTSIP) and the Network Operating Plan (NOP), which is a Waka Kotahi requirement. PTSIP was the first action within Palmerston North Integrated Transport Initiative (PNITI).
- 2.3 There are two key components of the Strategic Networks:
 - a) The Strategic Networks summary document. This is included as attachment 1.
 - b) The priority routes web-maps. This is included as Attachment 2.
- 2.4 Figure 1 below outlines the links between Strategic Networks and other transport planning documents.

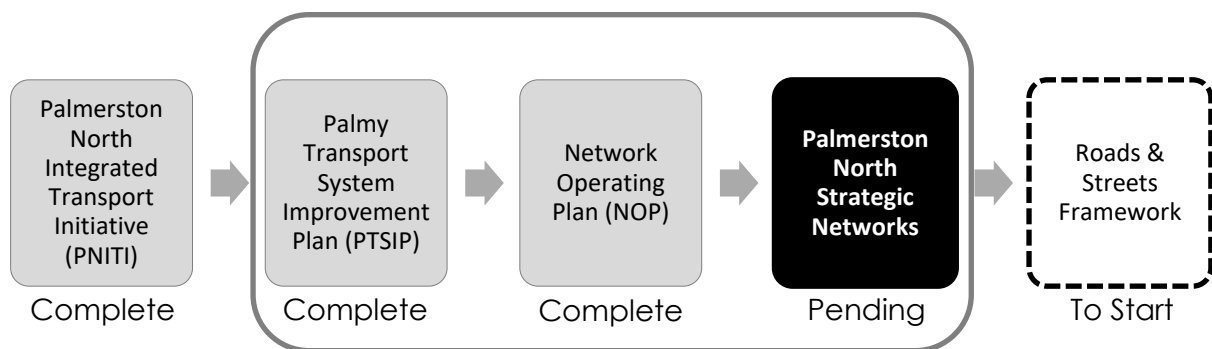


Figure 1 - Where the Strategic Networks fit within council's work programme

- 2.5 Strategic Networks will be a primary input into the development of the Roads and Streets Framework, an action within the Strategic Transport Plan within the current Long-Term Plan (LTP).

3. DISCUSSION

- 3.1 Following the decision to lie the Strategic Networks report on the table, Council officers arranged two workshops with elected members. The workshops were held on 10 May 2023 and 17 May 2023. Fifteen elected members attended one or both of workshops.
- 3.2 At the workshops Council officers provided elected members with further background on the Strategic Networks, including its relationship to the PNITI and subsequent PNITI work programmes. The slides presented at the workshop have been included as Attachment 3. Representatives of Waka Kotahi and Horizons Regional Council also attended the workshops and helped prepare and present the material.

- 3.3 The Strategic Networks seeks to support good decision-making and help Council prioritise and coordinate investment in the transport network. For example, supporting investment that directs the right mode of transport to the most appropriate route. This is integral to Council securing funding from Waka Kotahi for its future work programmes.
- 3.4 Some of the concerns raised by elected members at the 22 February 2023 Economic Growth Committee meeting and the subsequent workshops with elected members related to specific comments regarding parking and speed limits contained in the NOP and PTSIP.
- 3.5 The NOP alongside PTSIP are technical reference documents. The NOP is consistent with the Waka Kotahi One Network Framework and is designed to be a starting point for the identification of the priority routes. The NOP uses a holistic and network-wide approach to consolidate the long-term transport vision detailed in PNITI. It identifies steps that can be taken in the short term towards achieving PNITI. The purpose of the PTSIP is to form an integrated multi-modal view of place and movement priorities as we transition to the outcomes detailed in PNITI.
- 3.6 Both the NOP and PTSIP are guidance documents intended to support the material represented in the Strategic Networks. They help inform, as opposed to direct, future Council decision-making. As detailed in the workshop material, included as Attachment 3, key decisions on matters such as parking and speed limits will continue to require Council input and formal Council decisions. For example, the proposed Parking Framework and the current speed management proposals.




4. NEXT STEPS

- 4.1 Upon the endorsement of the Strategic Networks, the following actions will be undertaken:
 - Mayor/Chief Executive to provide the foreword for the Strategic Networks.
 - A communications plan will be prepared to socialise the Strategic Networks and help clarify public comments and concerns regarding the future management of parking, particularly in the city centre.
 - The priority routes web-map and Strategic Networks document will be uploaded onto the Council website.
 - Provide an explicit link between the Strategic Networks document and the priority routes web-map so the public can easily navigate between both documents.
 - Work with Waka Kotahi and Horizons Regional Council to align work programmes and investment proposals with the Strategic Networks in order to maximise co-funding opportunities.

5. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide? If Yes quote relevant clause(s) from Delegations Manual	No
Are the decisions significant?	No
If they are significant do they affect land or a body of water?	No
Can this decision only be made through a 10 Year Plan?	No
Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these actions?	Yes
Are the recommendations inconsistent with any of Council's policies or plans?	No
The recommendations contribute to Goal 1: An Innovative and Growing City	
The recommendations contribute to the achievement of action/actions in Transport	
The action is: Complete the Streets and Roads Framework to replace the Street Design Manual	
Contribution to strategic direction and to social, economic, environmental and cultural well-being	<p>The Strategic Networks 2023 have been developed in order to give effect to higher order transport planning documents and present a simple public-facing plan, in the interests of transparency and accountability.</p> <p>Endorsement of the Palmerston North Strategic Networks 2023 gives effect to all the actions within the Transport Plan, and is a key element in future co-funding decision-making with Waka Kotahi.</p>

ATTACHMENTS

1. Strategic Networks 2023 - Summary Document [↓](#) 
2. Strategic Networks 2023 - Priority Routes [↓](#) 
3. Transport Planning, Strategic Networks & Priority Routes Workshop Slides [↓](#) 

REPORT

TO: Economic Growth Committee

MEETING DATE: 21 June 2023

TITLE: Central City Transformation - Streets for People Project

PRESENTED BY: Hamish Featonby, Group Manager - Transport & Development

APPROVED BY: Bryce Hosking, Acting Chief Infrastructure Officer

RECOMMENDATIONS TO COUNCIL

1. That Council adopt the Terms of Reference for the Central City Transformation Project Steering Group (Attachment 1).
 2. That Council approve the Mayor's recommendation for membership of the Central City Transformation Project Steering Group: The Mayor, Councillors Hapeta, Bowen, Dennison, and Handcock.
 3. That Council receive the 60% Detail Design Plans (developed design) for the entire Central City Transformation (streets for people) project area (Attachment 2).
 4. That Council delegate authority to the Chief Executive to vary the GST exclusive contract sum of Contract 3923 (Professional Services Design for City Centre Streetscape Upgrade) by \$254,000. Noting that this will increase the contingency of the project from \$96,000 to \$350,000 and that this increase can be accommodated within the existing budget within Programme 2122.
-

1. ISSUE

- 1.1 The Streets for People Programme for improvements to the Central Business District streets is funded through Programme 2122 (CBD Streets for People).
- 1.2 The Streets for People Programme aligns with the city's strategic aspiration for the road network and is one of the key work activities of the Palmerston North Integrated Transport Initiative (PNITI).
- 1.3 The purpose of this paper is to:
 - Seek approval of the proposed Terms of Reference for a new Central City Transformation Project Steering Group.
 - Provide an update on the Streets for People Programme and seek approval to vary the design contract value to enable the completion of the design phase. Noting that the increase of funding required can be accommodated within existing budgets.

2. BACKGROUND AND PREVIOUS COUNCIL DECISIONS

Background

- 2.1 In 2010 Council commenced a new urban design journey for the City, including the city centre. This resulted in the development of both the City Centre Framework 2013 and City Centre Streetscape Plan 2016 to inform and guide future city centre urban and streetscape development. The Framework and Plan outline the steps for making the city centre a vibrant place that locals are proud of and that leaves a lasting positive impression on visitors.
- 2.2 The Streets for People Programme was put in place to implement the City Centre Streetscape Plan and was incorporated into Council's 2018-28 Long Term Plan. The objective of the programme is to invest into the public realm resulting in the following benefits:
 - Improved vitality in the city centre, more people, more often, more interaction with the streetscape.
 - Slow traffic speeds and decreased through traffic volumes – with pedestrians prioritised.
 - A range of population demographics actively using the streets; and
 - Improved multi-mode share for getting to and moving around the streets.
- 2.3 Enabling Streets for People in the central city is an early action arising from PNITI and one which Council has been delivering for a number of years through various projects and plans.
- 2.4 Currently, no overarching business case exists for our existing programme of transport-related capital works within the city centre. As a consequence, Council is unable to access co-funding from Waka Kotahi for the activities that are include within the Streets for People Programme. To address this issue, officers are currently initiating an Indicative Business Case for the city centre, which will align the Programme alongside other works to wider transport goals for the city and the region.
- 2.5 A map of Streets for People Programme (2122) is outlined in red dashed lines below, noting that the portion that is in faded red is the already completed portion.



2.6 The first stages of the programme, Square East (Stages 1 and 2) between Church Street and Main Street, were completed in June 2020. This resulted in new wider footpaths, reduction of on street parking and improved street amenity, including trees and seating. These stages were tendered publicly with Higgins Construction Limited being awarded both contracts.

Previous Council Decisions

2.7 The following previous decisions were made by Council:

Date	Committee	Decision
Jun. 2020	Council	Procurement process approved for the design of the entire Streets for People project.
Dec. 2021	Council	Endorsement to directly engage a construction contractor for Square East Stages 3 and 4 (Main Street to Broadway Avenue). The Contractor was engaged to provide buildability and risk input through the design phase prior to delivery of the work.
Oct. 2022	Council	Presentation of the final design plan for Square East Stage 3 and 4.
Nov. 2022	Council	Request made to establish a new Streets for People Steering Group.

Design Contract – Beca Limited

- 2.8 In November 2020, Council awarded a contract to Beca Limited to undertake design services for the CBD Streetscape Upgrade. Bundling the design for the entire CBD streetscape upgrade project into a single design contract enabled price efficiencies, and ensured the coordinated development a comprehensive, cohesive, and connected streetscape plan.
- 2.9 As an added benefit, a complete set of detail design drawings would also allow Council to undertake early contractor engagement to explore delivery options such as construction contract bundling, which in turn could decrease construction costs and enable efficiencies in construction programming to reduce the overall length of disruption to the public, retailers and other stakeholders.

3. TERMS OF REFERENCE – CENTRAL CITY TRANSFORMATION STEERING GROUP

- 3.1 In [November 2022](#), as part of the report Appointment of Council representatives to external bodies, the Mayor recommended the creation of a new Steering Group for the Programme.
- 3.2 The Mayor also nominated the appointment of the following elected members to the Central City Transformation Steering Group: The Mayor, Councillors Hapeta, Bowen, Dennison, and Handcock. As this was a new group, these appointments are being brought in parallel with the proposed Terms of Reference for the Steering Group (Attachment 1).

4. PROJECT UPDATE

- 4.1 The detailed design for the Square East (Stages 3 and 4) portion of the project is now complete, and the design phase for the overall project now 60% completed.
- 4.2 Beca issued the '60% Detail Design Package' to seek feedback from both internal and key external stakeholders such as Rangitāne and the Disability Reference Group. Please refer to Appendix 2: Developed Design Plans for a high-level version of this design package.

- 4.3 Below is a summary of some of the key features of, and inputs into, the design:

Design Intent

- 4.4 The design has sought to provide a balance between all street user requirements and aesthetics. Some of the key focuses to date have been:
 - Completing the principal north-south retail spine linking The Plaza to Broadway Avenue with the consistent arrangement and alignment of the recently completed Square East Stage 1 & 2 works.
 - Facilitate easy interaction for pedestrians with The Square and to support outdoor street occupation.

- Provide wider pavements, frequent crossings, and pedestrian amenity.
- To enhance, create and sustain green Infrastructure in the city centre.
- To express culture and creativity throughout the city centre and ensure all public projects in the city centre include creative elements.
- To acknowledge the spatial layout, including placement of street furniture, garden beds and materiality acknowledges the circulation of pedestrians and vehicles around Te Marae o Hine, as well as the wider city context.

Rangitāne o Manawatū Co-Design

- 4.5 Rangitāne and officers have continued to work closely through a series of co-design sessions which have focused on integrating cultural artwork within the design in the form Pouwhenua art structures, and specialised pavement design arrangements at the corners and the crossing points to Te Marae o Hine were a focus in these sessions. This is particularly evidenced through pavement design of the project.

Street Layout

- 4.6 The street layout, footpath widths, vehicular travel lane widths and geometry have been designed to continue the form of Square East Stage 1 and 2. The carriageways are narrowed at intersections. This is to provide a visual and functional continuity around Te Marae o Hine The Square.
- 4.7 Footpaths: The footpaths have been spilt into two public space zones using different size paving units.
- The larger unit paver (Pavement Type 1) runs along the pedestrian thoroughfare zone. The large unit paver is the key linking material between Stage 1 and 2 and the rest of the streets.
 - The smaller unit paver (Pavement Type 2) will reinforce the contrast between the retail spill out zones and pedestrian thoroughfare zone.
- 4.8 The footpath on the Te Marae o Hine side of the street has been changed from granite paver units, as used in Stage 1, to in-situ poured concrete with exposed aggregate finish.
- This design will ensure a similar aesthetic whilst using a lower cost material which will have lower cleaning requirements. This was a learning from Stage 1.
- 4.9 Street Furniture and Materiality: Continuation of the Stage 1 and 2 street furniture type throughout the streets.
- There is the opportunity to customise, through colour, the different retail zones within the project area.

- Modifications will be made to furniture from the learnings from the earlier stages, including engaging with local suppliers to facilitate manufacture and installation.

4.10 Cycle facilities: The design provides for cycle storage racks giving an increase over the current allocation. Grouping stands together will enable the installation of e-charging stations.

4.11 Lighting and Utilities: Preliminary lighting design was undertaken by Council and incorporated into the streetscape lighting and electrical design with upgraded poles matching the style used in Square East Stage 1 & 2 style.

Parking

4.12 Vehicular parking types, sizes and alignments are also reflective of those adopted in the Stage 1 and 2 works. The main change will be the removal of the parking in the centre of the street in:

- Square East (Stages 3 and 4).
- Square North.
- Square West.

4.13 The changes to the parking are as follows:

Parking Type	Current	Proposed	Change
Accessible	11	22	Increase by 11
Parallel	48	46	Decrease by 2
Angled	255	140	Decrease by 115
Loading	15	9	Decrease by 6
Motorcycles	6	8	Increase by 2
Electric	2	4	Increase by 2
Total	337	229	Decrease by 108

4.14 The main reduction is in the amount of angled parking provided. Angled parking on the south side of Broadway (the sunny side of the street) will be replaced by parallel parking to enable the widening on of the footpath. The reduction in on-street parking will enable the creation of wider pedestrian thoroughfare zones that along with retail spill out zones to attract retailers and customers, and the ability to successfully invest into green infrastructure.

Rain Gardens and Planting

- 4.15 An important feature in the 2016 City Centre Masterplan is the inclusion of rain gardens in the city centre where possible. Through the co-design process, Rangitāne expressed their interest in rain garden infrastructure as an important stormwater treatment method.
- The detailed design for Square East Stage 3 and 4 provides rain garden infrastructure that manages and treats stormwater from the carriageway and footpaths. The details developed for this stage will be used throughout the rest of the project.
 - It is acknowledged that there is an increase in the operational costs to maintain the additional gardens over and above the existing operational requirements in this section.
 - The selection of planting species for the project is subject to the Council's Vegetation Framework which is currently in development.
 - In addition, Rangitāne have expressed interest in specific planting species that commemorate and acknowledge traditional uses. Work with Rangitāne, Urban Design and Parks is ongoing to finalise the species selection for this area and align it with the Vegetation Framework.

Street Edge Canopy

- 4.16 The design includes the installation of one street edge canopy. The purpose of the canopy is to encourage greater use of the street. The seating areas in Stage 1 and 2 are well used when the weather is suitable. The proposed canopy would increase the time that retail spill out zone would be able to be used, increasing the attractiveness of the area to retailers and customers.

Traffic Modelling

- 4.17 The consultant is currently preparing a traffic modelling report. This is expected to be complete and with Council by mid-June. The report will cover the impacts on traffic movement within the inner ring, because of the proposed changes to the intersection.

5. FINANCIAL

5.1 The Programme has the following budget:

Programme 2122 (CBD Streets for People)								
	22/23	23/24	24/25	25/26	26/27	27/28	28/29	Total
Capital Cost (000s)	600	403	5,973	6,602	7,118	3,920	696	25,083
Inflation		0	149	341	570	428	97	1,586
Total	600	403	6,123	6,944	7,688	4,348	793	26,669

5.2 A cost review has been undertaken on the 60% Detail Design and this indicates a circa construction cost of \$48M.

Variation to the Contract Sum Required

5.3 When entering the contract with Beca a 10% contingency was approved in addition to the contract sum. This equated to circa \$96K.

5.4 However, the decision to commence sole source negotiations with a contractor for construction for Square East Stages 3 and 4 in December 2021, meant that the consultant focused output on the Detail Design for this section and halted design work on the other streets.

5.5 The change to the delivery of the design impacted the consultant's resourcing allocation, sequencing of works and the need to pause the design process while Council implemented the Stage 3 & 4 procurement process. This resulted in increased costs of circa \$350K for the design phase of the programme.

5.6 Using the \$96K contingency, this leaves circa \$254K of costs that need to be covered.

5.7 Whilst there is sufficient budget in the Programme to accommodate the \$254K difference, as the overall sum of the contract is over the Chief Executive's delegation, approval must be sought from Council to increase the contingency amount.

5.8 No additional variations are anticipated for the design, so approval to increase the contingency from \$96K to \$350K will enable the completion of the project by 30 June 2023.

6. CONCLUSION

- 6.1 Overall, the design work is proceeding as planned and is due for completion by 30 June 2023.
- 6.2 A variation to the contingency for the Streets for People project is required to cover the additional costs incurred through changing the delivery plan of the design project. This can be accommodated within existing budgets in Programme 2122.
- 6.3 Once the Terms of Reference are approved the Steering Group will be established for the remainder of the project.

7. NEXT ACTIONS



- 7.1 Complete the detailed design for the entire project by 30 June 2023.
- 7.2 Establish the Project Steering Group and begin regular meetings which will work on next steps such as public consultation and project milestone timings.

COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide? If Yes quote relevant clause(s) from Delegations Manual	No
Are the decisions significant?	No
If they are significant do, they affect land or a body of water?	No
Can this decision only be made through a 10 Year Plan?	No
Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these actions?	Yes
Are the recommendations inconsistent with any of Council's policies or plans?	No
The recommendations contribute to Goal 2: A Creative and Exciting City	
The recommendations contribute to the achievement of action/actions in City Shaping	
The action is:	
<ul style="list-style-type: none"> • The city centre contributes positively to the perception of Palmerston North. • Visible public life and pedestrian counts increase. • There is increased demand for floor space. • The city centre has a series of places with a strong place identity; and • The City Centre Streetscape Plan is delivered, with Square East the initial priority. 	
Contribution to	A vibrant city centre will make Palmerston North even more

<p>strategic direction and to social, economic, environmental, and cultural well-being</p>	<p>attractive for work and play, provide more opportunities for locals and visitors to connect with the city and the people who live here, and bring significant benefits for the local economy.</p> <p>The Streets for People programme provides for investment in the public space to ensure our roads are places for people, not just vehicles. It emphasises pedestrian friendly public spaces, cultivating a lively economy after 5pm, and attracting more private investment in the city centre.</p>
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ATTACHMENTS

1. Terms of Reference - Central City Transformation Project Steering Group [↓](#) 
2. Developed Design General Arrangement Plans [↓](#) 

MEMORANDUM

TO: Economic Growth Committee

MEETING DATE: 21 June 2023

TITLE: Update on Infill Lighting Required to Achieve Compliance in P and V Categories

PRESENTED BY: Hamish Featonby, Group Manager - Transport & Development

APPROVED BY: Bryce Hosking, Acting Chief Infrastructure Officer

RECOMMENDATION TO ECONOMIC GROWTH COMMITTEE

1. That the Committee receive the report titled 'Update on Infill Lighting Required to Achieve Compliance in P and V Categories' presented on 21 June 2023.
-

1. ISSUE

- 1.1 Programme 1367 (Streetlight Infill Improvements) was included in the 2018-28 LTP with a total budget of \$5.73M spread over seven (7) years. This programme funded the upgrading of lighting across the city to address any non-compliance in terms of the light levels provided by the current pedestrian (P) and vehicle (V) category streetlights.
- 1.2 Elected members requested regular updates on programme progress through the implementation of the programme of work. Council officers presented the first of these updates to the Finance & Performance Committee in August 2019, and then to the Infrastructure Committee in September 2020 and March 2022. For clarity, the change in which committee the updates were presented to was guided by the committee terms of reference at that time.
- 1.3 This report provides a list of the streets that have been addressed in 2022/23 along with the streets planned to be addressed in 2023/24 and beyond until the compliance programme is complete. Please refer to the attachment of this report for this list.

2. BACKGROUND

- 2.1 Please refer to the [report](#) presented to the Infrastructure Committee on 16 March 2022 for detail on the history of the programme and the works undertaken in previous financial years.
- 2.2 The programme of work started in the 2018/19 financial year and is currently scheduled to be completed in 2024/25, delivered through a separate

contractor and contract from the Fulton Hogan led Street Light component of the Road Maintenance Renewal & Capital Improvements Contract.

3. PROGRESS UPDATE

- 3.1 The 2022/23 financial year utilised the budget of \$720k to make good progress on 28 streets from the list of non-compliant streets within the city.
- 3.2 The 2023/24 financial year includes work on up to 29 streets. The first 11 are designed already and construction will begin during July. The remainder will be designed in the time up to Christmas and then delivered during the remainder of the year depending on budget levels following the design and cost estimation process.
- 3.3 Noting that cost escalations since the programme's inception have slowed the implementation progress and meant fewer streets were able to be addressed within the existing budgets over the last few years. Any outstanding works in the programme at the end of the 2023/24 financial year will be proposed through the 2024-34 LTP. For reference the 7th year of the originally forecasted programme equates to year 1 of the 2024-34 LTP.

4. NEXT STEPS

- 4.1 The list of streets for 2023/24 outlined in the attached document will be progressed for infill lighting.
- 4.2 Officers will report to the Economic Growth Committee in June 2024 with what has been achieved in the financial year.

5. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide? If Yes quote relevant clause(s) from Delegations Manual	Yes
Are the decisions significant?	No
If they are significant do, they affect land or a body of water?	No
Can this decision only be made through a 10 Year Plan?	No
Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these actions?	Yes
Are the recommendations inconsistent with any of Council's policies or plans?	No
The recommendations contribute to Goal 1: An Innovative and Growing City	
The recommendations contribute to the achievement of action/actions in Transport	

The action is: Prioritise transport programmes that deliver on the Council goals, the purpose of this plan and the Government Policy Statement on Transport.

Contribution to strategic direction and to social, economic, environmental and cultural well-being

Continuation of the infill lighting programme ensures areas of the network where lighting has been identified as being inadequate are addressed, improving the safety for night-time users.

ATTACHMENTS

1. Street Light Infill Programme [↓](#) 

MEMORANDUM

TO: Economic Growth Committee

MEETING DATE: 21 June 2023

TITLE: Palmerston North Quarterly Economic Update - June 2023

PRESENTED BY: Stacey Bell City Economist

APPROVED BY: David Murphy, Chief Planning Officer

RECOMMENDATION TO ECONOMIC GROWTH COMMITTEE

- 1. That the Committee receive the following reports for information:**
 - a. Palmerston North Quarterly Economic Update – June 2023**
 - b. Palmerston North electronic card spending report – March quarter 2023**
-

1. ISSUE

- 1.1 This memorandum presents a summary of the key themes in the Palmerston North Quarterly Economic Update to June 2023, and the Palmerston North City Centre Quarterly electronic card spending (retail and selected tourism sectors) for the March quarter 2023.
- 1.2 The quarterly economic update is prepared in-house, utilising data from a range of sources to provide the most up-to-date information available on the city economy. This includes national and global data, where appropriate, to inform of broader conditions that are impacting on local economic conditions.
- 1.3 The attached quarterly economic update is designed so that the first and final pages provide an overview of economic conditions in the city, with greater detail included in the body of the report. We take this approach to ensure the main points are conveyed concisely, while retaining detailed analysis on aspects of economic performance that are of interest. The contents of this report will continue to be developed over time to meet the needs of Committee.
- 1.4 The Palmerston North City Centre Quarterly electronic card spending report is also prepared in-house and provided as a resource to the city retail sector. This report includes information on retail spending across the city and by precinct, as well as data on retail flows, customer loyalty, and the origin of customers that are spending in Palmerston North. For this reason, it is now included within quarterly economic reporting to Committee to provide more detailed information of retail spending trends in the city.

2. PALMERSTON NORTH QUARTERLY ECONOMIC UPDATE – JUNE 2023

- 2.1 Economic performance in the city has exceeded national performance over the five-years to March 2023, with GDP growing by 20.5% compared with 14.4% nationally.
- 2.2 Over the year to March 2023, GDP increased by 2.8 percent in Palmerston North to reach a total value of \$6.34b. The national economy grew by 2.9 percent over the year.
- 2.3 The number of city residents in employment increased by 384 in March 2023 compared with the March quarter 2022. This is an increase of 1.1 percent from the March quarter 2022. Over the same period, earnings increased by 8.5 percent in the city. This compares with a 2.8 percent increase in jobs nationally and an 8.7 percent increase in earnings.
- 2.4 Tight labour market conditions continue with annual average unemployment in the city equal to the historically low national unemployment rate of 3.4 percent. This compares with regional unemployment of 3.5 percent over the same period.
- 2.5 The number of people receiving the Jobseeker benefit fell by 4.3 percent over the year to March 2023. Numbers fell across all age groups with jobseeker numbers in the city now below pre-pandemic levels. This bucks the national trend with national jobseekers rising by 11.0 percent since March 2020.
- 2.6 Retail spending increased by 7.6 percent over the year to April 2023. Spending on tourism-related expenditure drove the increase. Comparing the April quarter 2023 with the same quarter in 2022, accommodation spending was up 58.8 percent, spending on arts, recreation and visitor transport rose 24.5 percent, and spending at bars, cafes and restaurants increased 24.1 percent.
- 2.7 While aggregate spending held up over the year, discretionary spending fell over the April quarter as higher mortgage interest rates and living costs weighed on non-essential spending. Other consumer spending, which includes cars and motorcycles, fell by 37.2 percent in the April quarter 2023 compared with the April quarter 2022, while home and recreational retail spending fell by 3.7 percent over the same period.
- 2.8 Tourism spending increased by 13.1 percent in Palmerston North over the year to March 2023. Domestic spending was up by 8.0 percent over the year, while international tourism spending increased by 135.9 percent.
- 2.9 New dwelling consents have strengthened in 2023 after a weaker 2022. Consents for new dwellings in the city peaked over the year to July 2020, with a record 572 consents for new dwellings issued over the year:

- a. There was a total of 443 consents for new dwellings issued in the city over the year to April 2023. Activity has been particularly strong in 2023 with 161 new dwellings consented in the first four months of the year. This compares with 114 new dwelling consents issued over the first four months of 2022.
 - b. A total of \$410.4m in consents were issued over the year to April 2023, an increase of 10.0 percent compared with the year ended April 2022. Residential consent values fell 2.0 percent versus the previous year, while non-residential construction values increased by 28.2 percent over the same period. The increase in consent values was driven by central government investment in health facilities at Te Whatu Ora Te Pae Hauora o Ruahine o Tararua MidCentral.
- 2.10 The Palmerston North housing market is showing signs of stabilisation, as median house prices remain relatively unchanged over the first four months of 2023. While house sales volumes continue to be suppressed due to higher interest rates and tougher financial conditions, the fall in sales in Palmerston North over the year to April 2023 is significantly less than the fall in national sales volumes.
- a. Sales volumes fell 15.8 percent in Palmerston over the year to April 2023, compared with 26.6 percent nationally.
 - b. The average number of days to sell fell to 46 days in the Manawatū-Whanganui Region compared to 45 days nationally.
 - c. The average house price in Palmerston North was \$637,370 in April 2023. Average house prices in the city fell 13.5 percent over the year to April 2023. This compares with a national fall of 10.9 percent. Average prices in the city remain 27.3 percent above the pre-pandemic average price of \$500,702¹.
 - d. The median house price in Palmerston North was \$606,000 in April 2023. Median house prices in the city fell 12.0 percent over the year to April 2023. This compares with a national fall of 10.9 percent. Median house prices in the city remain 15.4 percent above the pre-pandemic median price of \$525,000².
- 2.11 The number of families awaiting public housing in the city fell by 18.9 percent over the year to March 2023. This trend is emerging across the country with a 10.4 percent annual decline in families on the public housing register, nationally.
- 2.12 Rental prices continue to rise but at a slower rate. The number of rental properties formally rented in Palmerston North increased by 276 over the year to March, to a total of 7,839.

¹ February 2020 average price.
² February 2020 median price.

2.13 Domestic inflation remains elevated, however the outlook is improving as interest rates appear to stabilise and supply pressures ease. Treasury now anticipates inflation will fall back within range by late 2024 with unemployment peaking lower than previously anticipated. Net international migration and the recovery in tourism is helping to sustain business activity amidst the pullback in demand from New Zealand households. There will be hard times however for families and businesses vulnerable to higher interest rates and living costs.

2.14 The Palmerston North Quarterly Economic Update - June 2023 is attached as Appendix 1.

3. PALMERSTON NORTH ELECTRONIC CARD SPENDING REPORT – MARCH 2023

3.1 Total electronic card spending was \$354.9 million in Palmerston North in the March quarter 2023. Of this total, 55.7 percent was spent in the city centre.

3.2 Spending increased 7.8 percent in Palmerston North over the year to March 2023. This compares with an 8.3 percent increase in spending in the city centre and a 10.6 percent increase across New Zealand. The strong lift in national spending is due to recovery from Covid restrictions that had a greater impact on national spending over the year to March 2022.

3.3 The annual inflation rate to March 2023 was 6.7 percent, indicating real spending is holding up in the city.

3.4 The loyalty rate, explained as the percentage of spending by Palmerston North residents at local retailers was 81.4 percent over the year to March 2023. This compares with 81.9 percent the previous year.

3.5 There was a \$302.8m net gain from spending flowing into the city, compared with spending flowing out of the city over the year to March 2023. This is a 14.4 percent increase in retail spending flowing into the city, compared with the previous year.


3.6 Spending in the Palmerston North City Centre increased by 8.3 percent over the year to March 2023. Spending across the rest of Palmerston North increased by 9.2 percent over the same period while spending at Terrace End fell by 1.2 percent over the same period. The rest of Palmerston North covers all locations outside Terrace End, the CBD and Broadway Avenue.

3.7 Spending on arts, recreation and visitor transport, accommodation and fuel and automotive increased the most over the year to March 2023. As previously indicated, other consumer spending fell in the April 2023 quarter compared with the April 2022 quarter, indicating the more recent impact of rising costs on discretionary spending.

3.8 The Quarterly Economic Card Spending Report for March 2023 is attached as Appendix 2.

Does the Committee have delegated authority to decide? If Yes quote relevant clause(s) from Delegations Manual: To receive city economic performance data	Yes
Are the decisions significant?	No
If they are significant, do they affect land or a body of water?	No
Can this decision only be made through a 10 Year Plan?	No
Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these actions?	Yes
Are the recommendations inconsistent with any of Council's policies or plans?	No
The recommendations contribute to Goal 1: An Innovative and Growing City	
The recommendations contribute to the achievement of action/actions in Economic Development	
The action is: Implement Inward Investment Strategy	
Contribution to strategic direction and to social, economic, environmental and cultural well-being	Reporting on economic trends in the city and Manawatū region and the longer-term outlook for growth, is important for encouraging local business to invest in growing their business and attracting new businesses to the city.

ATTACHMENTS

1. Palmerston North Quarterly Economic Update - June 2023 [↓](#) 
2. Palmerston North City Centre Quarterly Electronic card spending report - March 2023 [↓](#) 

MEMORANDUM

TO: Economic Growth Committee

MEETING DATE: 21 June 2023

TITLE: Tamakuku Terrace Six Monthly Update

PRESENTED BY: Bryce Hosking, Group Manager - Property and Resource Recovery

APPROVED BY: Bryce Hosking, Acting Chief Infrastructure Officer

RECOMMENDATION TO ECONOMIC GROWTH COMMITTEE

1. That the Committee receive the memorandum titled 'Tamakuku Terrace Six Monthly Update', presented on 21 June 2023.

1. ISSUE

- 1.1 During the last term of Council, the Infrastructure Committee requested six-monthly updates be provided throughout the duration of the project. These updates will now be presented to the Economic Growth Committee.

2. BACKGROUND

- 2.1 Tamakuku Terrace is a new 114-section subdivision within the Whakarongo Growth Area. Section sizes within the subdivision range from 275m² (a couple) through to 810m², with the average section size being 463m².
- 2.2 The development is being delivered through two stages:
 - Stage 1 – 79 sections; and
 - Stage 2 – The balance of 35 sections.
- 2.3 Construction of Stage 1 was completed in October 2022 with titles issued in December 2022.
- 2.4 Stage 2 is subject to the approval of the comprehensive discharge consent (CDC) for the entire Whakarongo Growth Area by Horizons Regional Council.

3. STAGE 1 UPDATE – 30 APRIL 2023

- 3.1 Construction of Stage 1 was completed in October 2022 with titles issued in December 2022. An official opening of Stage 1 was held on 28 November 2022.

- 3.2 In February 2023 temporary speed humps were added within the development to assist with deterring street racing within the development. These will be removed once enough housing is built within the development.
- 3.3 Housing construction is underway from the private purchasers and group builders on the first of the sections that were sold.

Sales

- 3.4 Below is a summary of the situation:
 - Stage 1 of the development has 79 sections.
 - 20 sections are either under contract or settled.
 - 6 purchasers (in addition to the above) had to be released from their contracts due to not being able to settle.
- 3.5 For context we need to sell around 45-50 sections to breakeven on Stage 1, so around 25-30 more needed.
- 3.6 Homes for People are yet to formally commit to purchase any sections.

Marketing

- 3.7 The project team met with agents and the build partners to get an understanding of the market situation. The feedback was:
 - The consensus was that the market is a challenging environment at present, and this is unlikely to improve in the next six months.
 - Section enquiry remains low and infrequent throughout the city.
 - House and land enquiry are also down but there is more enquiry for new builds than there are for sections.
 - Buyers are taking longer to commit, and financing is the largest barrier.
 - Tamakuku Terrace is seen as a superior development in the market.
- 3.8 The marketing strategy over the next six (6) months will include:
 - Continuing to work with the current real estate agency and continuing with a base marketing effort which includes advertising on key websites and in publications.
 - Schedule open day on site with agents and build partners which could be focused around the build partners completing their first homes/residents moving in.
 - Investigate what assistance can be provided to assist build partners to convert interest and enable sales rather than reducing the price of sections.
 - Work with build partners to advertise different typologies of homes such as two-bedroom and duplexes and leverage their respective marketing channels to reach these potential buyers.

Financial

- 3.9 Stage 1 of the project was delivered within budget with all construction variations being accommodated within the approved project contingency.
- 3.10 A high-level financial summary of the project costs is provided in the table below:

Stage 1 Only	\$ (excl. GST)
Budgeted total development cost	\$15.2M
Forecasted total development cost	\$14.2M
Potential total sale proceeds (79 sections at Jan. 2022 valuation figures)	\$23.2M
Completed settlements at 30 April 2023	\$4.95M

- 3.11 Overall Tamakuku Terrace is a development the city and Council can be proud of, despite it taking longer for the sections to sell than anticipated 12-18 months ago as the market has changed. Given current growth projections, officers are still confident the sections will be sold.

4. STAGE 2 WORKSTREAMS – 2023/24 FINANCIAL YEAR

- 4.1 The neighbouring property owner is seeking a road connection by March 2025 to connect to their development. To facilitate this some workstreams need to be undertaken in 2023/24. These are:

Workstream	Commencement	Comments
Stage 2 detailed design and consent	July 2023	<ul style="list-style-type: none"> Completing this workstream will provide construction flexibility. The Stage 2 resource consent is reliant on the wider Whakarongo consent. Once this consent is granted, the Stage 2 consent will follow.
Culvert bypass construction	November 2023	<ul style="list-style-type: none"> Recommend commencing in parallel with the oxbow construction to achieve efficiencies with the downstream infrastructure. Needs to be completed before Stage 2 earthworks can commence.

4.2 The workstreams above have the following budget provision in 2023/24:

Item	\$ (excl. GST)
Detailed design and consent	\$150K
Culvert bypass construction	\$1.21M
Project and cost management	\$150K
Marketing of current sections	\$60K
Total	\$1.57M

Stage 2 Subdivision Construction

4.3 There are two (2) key variables that may potentially impact when Stage 2 progresses:

1. The market and the Stage 1 sell down period. A decision will need to be made in respect to what level of sales within Stage 1 will enable Stage 2 construction.
2. The downstream oxbow construction programme. The commencement is reliant on the oxbow infrastructure being completed and the culvert bypass being operational.

4.4 Earthworks will need a full summer earthworks season (Oct-Apr) to complete which means a tentative targeted works start in October 2024 to allow road access for the neighbouring property in (or near) March 2025.

5. NEXT STEPS

5.1 Council officers will continue to sell the sections within Stage 1 of the development.

5.2 The detailed design and consent for Stage 2 be commenced in July 2023.

5.3 The construction on the culvert bypass, from the pond to the oxbow, be planned for late 2023 alongside the oxbow construction works.

6. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide?	Yes
Are the decisions significant?	No
If they are significant do, they affect land or a body of water?	No
Can this decision only be made through a 10 Year Plan?	No

Does this decision require consultation through the Special Consultative procedure?		No
Is there funding in the current Annual Plan for these actions?		Yes
Are the recommendations inconsistent with any of Council's policies or plans?		No
The recommendations contribute to Goal 1: An Innovative and Growing City		
The recommendations contribute to the achievement of action/actions in City Growth The action is: Housing development is initiated at Whakarongo.		
Contribution to strategic direction and to social, economic, environmental, and cultural well-being	<p>Progressing with the Tamakuku Terrace subdivision development within the Whakarongo Growth Area will:</p> <ul style="list-style-type: none"> • Provide additional sections to the marketplace to help reduce the supply vs. demand shortfall. • Provide choice to purchasers through a variety of section sizes and provide them the freedom to choose their preferred house builder. • Provide a best practice example to the private development community showcasing the opportunities and benefits of working closely with local iwi, urban designers, territorial authorities, and local experts to achieve excellent outcomes. • Support local contractors and the employment market. 	

ATTACHMENTS

Nil

COMMITTEE WORK SCHEDULE

TO: Economic Growth Committee

MEETING DATE: 21 June 2023

TITLE: Work Schedule - June 2023

RECOMMENDATION TO ECONOMIC GROWTH COMMITTEE

1. That the Economic Growth Committee receive its Work Schedule dated June 2023.

COMMITTEE WORK SCHEDULE 2023/2024

	Estimated Report Date	Subject	Officer Responsible	Current Position	Date of Instruction & Clause no.
1	21 June	Update on infill lighting required to achieve compliance in P and V categories (update for Programme 1367)	Chief Infrastructure Officer		16 March 2022 Clause 3-22
2	21 June	Te Utanganui Master Plan	Chief Planning Officer	Work in progress	Terms of Reference
3	21 June 2023	Palmerston North Strategic Transport Networks	Chief Planning Officer	laid on the table	
4	21 June 2023	Streets for People Update (6 monthly)	Chief Infrastructure Officer		Terms of Reference
5	21 June 2023	Presentation of Square East Stage 3 and 4 final design plan	Chief Infrastructure Officer		17 Aug 2022 Clause 17-22
6	21 June 2023	Quarter 3 Economic Report Jan-March 2023	Chief Planning Officer		Terms of Reference
7	21 June 2023	Streets for People - Options for delivery of the construction stage of the programme (Square East Stage 3+4).	Chief Infrastructure Officer		Council 5 Oct 2022 Clause 119-22

	Estimated Report Date	Subject	Officer Responsible	Current Position	Date of Instruction & Clause no.
8	21 June 2023	Tamakuku Terrace Six Monthly Update	Chief Infrastructure Officer		Terms of Reference
9	21 June 2023	PNAL—Final Statement of Intent for 2023/26	Chief Financial Officer		Terms of Reference
10	21 June 2023	CEDA—Final Statement of Intent for 2023/26	Chief Planning Officer		Terms of Reference
11	21 June 30 Aug 2023	Road Maintenance Contract (six-monthly report on work programme and performance)	Chief Infrastructure Officer		16 March 2022 Clause 4-22
12	30 Aug 2023	Quarter 4 Economic Report April-June 2023	Chief Planning Officer		Terms of Reference
13	25 Oct 2023	PN Airport – Annual Report for 2022/23	Chief Financial Officer		Terms of Reference
14	25 Oct 2023	CEDA – Annual Report for 2022/23	Chief Planning Officer		Terms of Reference
15	25 Oct 2023	PN Airport –Statement of Expectation for 2024/25	Chief Financial Officer		Terms of Reference
16	25 Oct 2023	Streets for People Update (6 monthly)	Chief Infrastructure Officer		Terms of Reference
17	25 Oct 2023	International Relations and Education Activities – 6 month update	Chief Planning Officer		Terms of Reference
18	25 Oct 2023	Vogel Street Safety improvements – community feedback and analysis.	Chief Infrastructure Officer		12 April 2023 Clause 14-23
19	6 Dec 2023	Quarter 1 Economic Report July-Sept 2023	Chief Planning Officer	Present to Council	Terms of Reference
20	6 Dec 2023	Tamakuku Terrace Six Monthly Update	Chief Infrastructure	Present to Council	Terms of Reference

	Estimated Report Date	Subject	Officer Responsible	Current Position	Date of Instruction & Clause no.
			Officer		
21	April 2024	CEDA – Six Month Report and draft SOI	Chief Planning Officer		Terms of Reference
22	April 2024	PN Airport – Six Month Report and draft SOI	Chief Financial Officer		Terms of Reference
23	April 2024	International Relations and Education Activities – 6 month update	Chief Planning Officer		Terms of Reference
24	April 2024	Quarter 2 Economic Report Jan-March 2023	Chief Planning Officer		Terms of Reference
25	TBC	Sector Profiles: Construction (full and summary) Agriculture (full and summary) Manufacturing (full and summary) Education (full and summary) Defence (summary) Non-Profit (summary) Research, Science & Innovation (full and summary)	Chief Planning Officer	Future of sector profiles to be reported back to committee	