PAPAIOEA PALMERSTON NORTH CITY

PALMERSTON NORTH CITY COUNCIL

AGENDA

ECONOMIC GROWTH COMMITTEE

9AM, WEDNESDAY 25 OCTOBER 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

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Chief Executive | PALMERSTON NORTH CITY COUNCIL

Te Marae o Hine | 32 The Square
Private Bag 11034 | Palmerston North 4442 | New Zealand
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ECONOMIC GROWTH COMMITTEE MEETING

25 October 2023

ORDER OF BUSINESS

Karakia Timatanga

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.)

5. Presentation - Palmy BID Page 7

6. Presentation - The Factory Page 9

7. Confirmation of Minutes Page 11

"That the minutes of the Economic Growth Committee meeting of 30 August 2023 Part I Public be confirmed as a true and correct record."

8. Confirmation of Minutes Page 17

"That the minutes of the extraordinary Economic Growth Committee meeting of 9 October 2023 Part I Public be confirmed as a true and correct record."

9. Palmerston North Airport Limited - Annual Report for 12 months ended 30 June 2023 Page 25

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

10. Central Economic Development Agency (CEDA) Annual Report 2022-23 Page 85

Memorandum, presented by David Murphy, Chief Planning Officer.

11. Proposed Bus Shelter - 742 Pioneer Highway Page 163

Memorandum, presented by Frances Duffin, Intermediate Project Manager and Bryce Hosking, Acting Group Manager - Transport and Development.

12. Bunnythorpe Infrastructure Update Page 171

Memorandum, presented by Bryce Hosking, Acting Group Manager - Transport and Development and Mike Monaghan, Group Manager - Three Waters.

13. Road Maintenance Contract Six Monthly Update Page 177

Memorandum, presented by Bryce Hosking, Acting Group Manager - Transport and Development.

14. Streets for People 6 Monthly Update Page 185

Memorandum, presented by Bryce Hosking, Acting Group Manager - Transport and Development.

15. 6-monthly report on International Relations and Education Activities Page 189

Memorandum, presented by Gabrielle Loga, International Relations Manager.

16. Work Schedule - October 2023 Page 209

Karakia Whakamutunga

17. Exclusion of Public

To be moved:

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

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

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

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

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

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

PRESENTATION

TO: Economic Growth Committee

MEETING DATE: 25 October 2023

TITLE: Presentation - Palmy BID

RECOMMENDATION TO ECONOMIC GROWTH COMMITTEE

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

SUMMARY

Matthew Jeanes, General Manager and Rob Campbell, Chair from Palmy BID will update the Committee on various BID projects.

ATTACHMENTS

NIL

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ITEM 6

PRESENTATION

TO: Economic Growth Committee

MEETING DATE: 25 October 2023

TITLE: Presentation - The Factory

RECOMMENDATIONTO ECONOMIC GROWTH COMMITTEE

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

SUMMARY

Nick Gain, Chief Executive from The Factory will update the Committee on their work.

ATTACHMENTS

NIL

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 30 August 2023, commencing at 9.00am.

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

The Mayor (Grant Smith) entered the meeting at 9.47am during consideration of clause 34. He was not present for clauses 30 to 33 inclusive.

Karakia Timatanga

Councillor Roly Fitzgerald opened the meeting with karakia

30-23 Apologies

Moved Leonie Hapeta, seconded William Wood.

The **COMMITTEE RESOLVED**

That the Committee receive apologies from Councillor Vaughan Dennison, the Mayor Grant Smith for late arrival.

Clause 30-23 above was carried 13 votes to 0, the voting being as follows:

For:
Councillors Leonie Hapeta, William Wood, Mark Arnott, Brent Barrett, Rachel Bowen, Roly Fitzgerald, Lorna Johnson, Debi Marshall-Lobb, Billy Meehan, Orphée Mickalad, Lew Findlay, Patrick Handcock and Kaydee Zabelin.

31-23 Petition - Judder Bars on Puriri Terrace

Chris Morgan, resident of Puriri Terrace presented a petition (signed by 33 residents) requesting that Council install judder bars on Puriri Terrace to improve the safety of the road.

Mr Morgan made the following comments:

- Puriri Terrace is a straight narrow street that links directly to Vaultier Park, netball and tennis courts and Fryberg Swimming Pool. The carpark and street are used daily by teachers, hospital staff and students to park on and is often full.
- Residents are concerned with poor vision when leaving properties, (due to the number of parked cars and the high volume of traffic) and the high speed being travelled by many cars on the narrow road. Particularly on Saturday mornings – with the school sport and at nights by street racers.
- High speed has caused some very near misses, damage to parked vehicles and made the street unsafe for residents and pedestrians
- Would like to see Council install judder bars on Puriri Terrace to slow the speed of the traffic and make the road safer for all users.

An additional recommendation was moved seeking a further report on solutions to improve the safety of Puriri Terrace. This would ensure that all options are considered rather than just installing judder bars.

Moved Lorna Johnson, seconded Debi Marshall-Lobb.

The **COMMITTEE RESOLVED**

1. That the Committee receive the petition for information.
2. That the Chief Executive report back on solutions for improving safety on Puriri Terrace

Clause 31-23 above was carried 13 votes to 0, the voting being as follows:

For:
Councillors Leonie Hapeta, William Wood, Mark Arnott, Brent Barrett, Rachel Bowen, Roly Fitzgerald, Lorna Johnson, Debi Marshall-Lobb, Billy Meehan, Orphée Mickalad, Lew Findlay, Patrick Handcock and Kaydee Zabelin.

32-23 Presentation - Manawatū Business Chamber

Presentation, by Amanda Linsley, Chief Executive and Steve Davey, Chair of the Manawatū Business Chamber.

Amanda Linsley and Steve Davey updated the Committee on the work the Chamber does particularly around advocacy, networking and building capacity for the business community of Palmerston North. They also outlined their vision and aspirations for the next five year.

Moved Leonie Hapeta, seconded William Wood.

The **COMMITTEE RESOLVED**

That the Committee receive the presentation for information.

Clause 32-23 above was carried 13 votes to 0, the voting being as follows:

For:
Councillors Leonie Hapeta, William Wood, Mark Arnott, Brent Barrett, Rachel Bowen, Roly Fitzgerald, Lorna Johnson, Debi Marshall-Lobb, Billy Meehan, Orphée Mickalad, Lew Findlay, Patrick Handcock and Kaydee Zabelin.

33-23 Confirmation of Minutes

Moved Leonie Hapeta, seconded William Wood.

The **COMMITTEE RESOLVED**

That the minutes of the Economic Growth Committee meeting of 21 June 2023 Part I Public and Part II Confidential be confirmed as a true and correct record.

Clause 33-23 above was carried 11 votes to 0, with 2 abstentions, the voting being as follows:

For:
Councillors Leonie Hapeta, William Wood, Mark Arnott, Brent Barrett, Rachel Bowen, Roly Fitzgerald, Debi Marshall-Lobb, Orphée Mickalad, Lew Findlay, Patrick Handcock and Kaydee Zabelin.

Abstained:
Councillors Lorna Johnson and Billy Meehan.

34-23 Palmerston North Quarterly Economic Update - August 2023

Memorandum, presented by Stacey Bell, City Economist.

The Mayor (Grant Smith) entered the meeting at 9:47am

Moved Leonie Hapeta, seconded William Wood.

The **COMMITTEE RESOLVED**

That the Committee receive the following reports for information:

a. Palmerston North Quarterly Economic Update – August 2023 (Attachment 1)
b. Palmerston North electronic card spending report – June Quarter 2023 (Attachment 2)

Clause 34-23 above was carried 14 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, Roly Fitzgerald, Lorna Johnson, Debi Marshall-Lobb, Billy Meehan, Orphée Mickalad, Lew Findlay, Patrick Handcock and Kaydee Zabelin.

Meeting adjourned at 10.00am
Meeting resumed at 10.27am

35-23 **Economic Reporting Work Schedule (2023-2027)**
Memorandum, presented by Stacey Bell, City Economist.

Moved Leonie Hapeta, seconded William Wood.

The **COMMITTEE RESOLVED**

That the Committee receive the report titled Economic Reporting Work Schedule (2023-2027) dated 30 August 2023.

Clause 35-23 above was carried 14 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, Roly Fitzgerald, Lorna Johnson, Debi Marshall-Lobb, Billy Meehan, Orphée Mickalad, Lew Findlay, Patrick Handcock and Kaydee Zabelin.

36-23 **Overseas mission to the United States of America and the Netherlands 2023**
Memorandum, presented by Gabrielle Loga, International Relations Manager and Jerry Shearman, Chief Executive, Central Economic Development Agency (CEDA).

Moved Leonie Hapeta, seconded William Wood.

The **COMMITTEE RESOLVED**

That the Committee receive the report titled "Overseas mission to the United States of America and the Netherlands 2023" presented on 30 August 2023.

Clause 36-23 above was carried 13 votes to 0, with 1 abstention, the voting being as follows:

For:
Councillors Leonie Hapeta, William Wood, Mark Arnott, Brent Barrett, Rachel Bowen, Roly Fitzgerald, Lorna Johnson, Debi Marshall-Lobb, Billy Meehan, Orphée Mickalad, Lew Findlay, Patrick Handcock and Kaydee Zabelin.

Abstained:
The Mayor (Grant Smith).

37-23 **Work Schedule - August 2023**
The Chief Planning Officer asked that the CEDA's Statement of Expectation be added to the work schedule for December 2023.

Moved Leonie Hapeta, seconded William Wood.

The **COMMITTEE RESOLVED**

That the Committee receive its Work Schedule dated August 2023.

Clause 37-23 above was carried 14 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, Roly Fitzgerald, Lorna Johnson, Debi Marshall-Lobb, Billy Meehan, Orphée Mickalad, Lew Findlay, Patrick Handcock and Kaydee Zabelin.

Karakia Whakamutunga

Councillor Roly Fitzgerald closed the meeting with karakia.

The meeting finished at 11.18am

Confirmed 25 October 2023

Chair

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PALMERSTON NORTH CITY COUNCIL

Minutes of the Extraordinary Economic Growth Committee Meeting Part I Public, held in the Council Chamber, First Floor, Civic Administration Building, 32 The Square, Palmerston North on 09 October 2023, commencing at 10am.

Members Present:	Councillors Leonie Hapeta (in the Chair), William Wood, Mark Arnott, Brent Barrett, Rachel Bowen, Vaughan Dennison, Lorna Johnson and Orphée Mickalad.
Non Members:	Councillors Patrick Handcock and Kaydee Zabelin.
Apologies:	Councillor Orphée Mickalad (early departure)

Councillor Debi Marshall-Lobb entered the meeting at 2.43pm during consideration of clause 49-23. She was not present for clauses 38-23 to 48-23 inclusive.

Councillor Orphée Mickalad left the meeting at 3.35pm after consideration of clause 50-23. He was not present for clauses 51-23 to 52-23 inclusive.

Karakia Timatanga
Councillor Kaydee Zabelin opened the meeting with karakia

38-23 Apologies

Moved Leonie Hapeta, seconded William Wood.

The **COMMITTEE RESOLVED**

1. That the Committee receive the apologies.

Clause 38-23 above was carried 9 votes to 0, the voting being as follows:

For:
Councillors Leonie Hapeta, William Wood, Mark Arnott, Brent Barrett, Vaughan Dennison, Lorna Johnson, Orphée Mickalad, Patrick Handcock and Kaydee Zabelin.

Note: Councillor Bowen's vote was not recorded due to technical difficulties

39-23 Objections Received - Bus Shelters 2023

Moved Leonie Hapeta, seconded William Wood.

The **COMMITTEE RESOLVED**

1. That the Committee hear objections from presenters who indicated their wish to be heard in support of their objection.
2. That the Committee note the Procedure for Hearing of Objections (Attachment 1).

Clause 39-23 above was carried 10 votes to 0, the voting being as follows:

For:
Councillors Leonie Hapeta, William Wood, Mark Arnott, Brent Barrett, Rachel Bowen, Vaughan Dennison, Lorna Johnson, Orphée Mickalad, Patrick Handcock and Kaydee Zabelin.

40-23 Transport Choices, Bus Stops - Summary of Submissions for Bus Shelters
Memorandum, presented by Sue Kelly, Manager Project Management Office, Frances Duffin, Intermediate Project Manager and Michael Bridge, Activity Manager – Active Transport.

Moved Leonie Hapeta, seconded William Wood.

The **COMMITTEE RESOLVED**

1. That the Committee receive the memorandum titled 'Transport Choices, Bus Stops – Summary of Submissions for Bus Shelters,' presented to the Economic Growth Committee on 9 October 2023.

Clause 40-23 above was carried 10 votes to 0, the voting being as follows:

For:
Councillors Leonie Hapeta, William Wood, Mark Arnott, Brent Barrett, Rachel Bowen, Vaughan Dennison, Lorna Johnson, Orphée Mickalad, Patrick Handcock and Kaydee Zabelin.

41-23 Proposed Bus Shelter: 201 John F Kennedy Drive
Memorandum, presented by Frances Duffin, Intermediate Project Manager and Michael Bridge, Activity Manager – Active Transport.

Representatives from Turners Cars spoke to their objection but made no additional comments.

Moved William Wood, seconded Brent Barrett.

The **COMMITTEE RECOMMENDS**

That the Council dismiss the objection and the Chief Executive proceed with the installation of a bus shelter at this stop.

Clause 41-23 above was carried 9 votes to 1, the voting being as follows:

For:
Councillors William Wood, Mark Arnott, Brent Barrett, Rachel Bowen, Vaughan Dennison, Lorna Johnson, Orphée Mickalad, Patrick Handcock and Kaydee Zabelin.

Against:
Councillor Leonie Hapeta.

42-23 **Proposed Bus Shelter: 128 Pacific Drive**
Memorandum, presented by Frances Duffin, Intermediate Project Manager and Michael Bridge, Activity Manager – Active Transport.

The resident spoke to their objection but made no additional comments.

Moved Brent Barrett, seconded Leonie Hapeta.

The **COMMITTEE RECOMMENDS**

That the Council dismiss the objection and the Chief Executive proceed with the installation of a bus shelter at this stop.

Clause 42-23 above was carried 6 votes to 4, the voting being as follows:

For:
Councillors Leonie Hapeta, Brent Barrett, Rachel Bowen, Lorna Johnson, Orphée Mickalad and Patrick Handcock.

Against:
Councillors William Wood, Mark Arnott, Vaughan Dennison and Kaydee Zabelin.

43-23 **Proposed Bus Shelter: 742 Pioneer Highway**
Memorandum, presented by Frances Duffin, Intermediate Project Manager and Michael Bridge, Activity Manager – Active Transport.

The Property Manager of Pioneer Bakery spoke to their client's objection but made no additional comments.

The Committee lay the report on the table, to give officers time to consider alternative sites for either the bus stop or the loading zone.

Moved Leonie Hapeta, seconded William Wood.

The **COMMITTEE RESOLVED**

That the Committee lie the report on the table until the Committee meeting on 25 October 2023.

Clause 43-23 above was carried 8 votes to 2, the voting being as follows:

For:

Councillors Leonie Hapeta, William Wood, Mark Arnott, Rachel Bowen, Lorna Johnson, Orphée Mickalad, Patrick Handcock and Kaydee Zabelin.

Against:
Councillors Brent Barrett and Vaughan Dennison.

44-23 **Proposed Bus Shelter: 739 Tremaine Avenue**

Memorandum, presented by Frances Duffin, Intermediate Project Manager and Michael Bridge, Activity Manager – Active Transport.

The Operations Manager of Advantage Tyre Solutions spoke to the objection but made no additional comments.

Officers agreed to work with the Operations Manager to make sure the bus shelter does not obstruct the business' sign.

Moved Leonie Hapeta, seconded William Wood.

The **COMMITTEE RECOMMENDS**

That the Council dismiss the objection and the Chief Executive proceed with the installation of a bus shelter at this stop.

Clause 44-23 above was carried 9 votes to 1, the voting being as follows:

For:
Councillors Leonie Hapeta, William Wood, Brent Barrett, Rachel Bowen, Vaughan Dennison, Lorna Johnson, Orphée Mickalad, Patrick Handcock and Kaydee Zabelin.

Against:
Councillor Mark Arnott.

45-23 **Proposed Bus Shelter: 278 Featherston Street**

Memorandum, presented by Frances Duffin, Intermediate Project Manager and Michael Bridge, Activity Manager – Active Transport.

This objection was taken on the papers.

Moved Vaughan Dennison, seconded Patrick Handcock.

The **COMMITTEE RECOMMENDS**

That the Council dismiss the objection and the Chief Executive proceed with the installation of a bus shelter at this stop.

Clause 45-23 above was carried 9 votes to 1, the voting being as follows:

For:
Councillors William Wood, Mark Arnott, Brent Barrett, Rachel Bowen, Vaughan Dennison, Lorna Johnson, Orphée Mickalad, Patrick Handcock and Kaydee Zabelin.

Against:
Councillor Leonie Hapeta.

46-23 **Proposed Bus Shelter: 82 Te Awe Awe Street**

Memorandum, presented by Frances Duffin, Intermediate Project Manager.

This objection was taken on the papers.

Moved Leonie Hapeta, seconded Brent Barrett.

The **COMMITTEE RECOMMENDS**

That the Council dismiss the objection and the Chief Executive proceed with the installation of a bus shelter at this stop.

Clause 46-23 above was carried 10 votes to 0, the voting being as follows:

For:
Councillors Leonie Hapeta, William Wood, Mark Arnott, Brent Barrett, Rachel Bowen, Vaughan Dennison, Lorna Johnson, Orphée Mickalad, Patrick Handcock and Kaydee Zabelin.

47-23 **Proposed Bus Shelter: 593 Ferguson Street**

Memorandum, presented by Frances Duffin, Intermediate Project Manager, Michael Bridge, Activity Manager – Active Transport and James Miguel, Senior Transport Planner.

This objection was taken on the papers.

Moved Patrick Handcock, seconded Lorna Johnson.

The **COMMITTEE RECOMMENDS**

That the Council dismiss the objection and the Chief Executive proceed with the installation of a bus shelter at this stop.

Clause 47-23 above was carried 10 votes to 0, the voting being as follows:

For:
Councillors Leonie Hapeta, William Wood, Mark Arnott, Brent Barrett, Rachel Bowen, Vaughan Dennison, Lorna Johnson, Orphée Mickalad, Patrick Handcock and Kaydee Zabelin.

The meeting adjourned at 12.45 pm.
The meeting returned 2.00 pm.

48-23 **Proposed Bus Shelter: 550 Ruahine Street**

Memorandum, presented by Frances Duffin, Intermediate Project Manager and Michael Bridge, Activity Manager – Active Transport.

The residents spoke to their objection and made the following additional comments.

- The resident queried what the purpose of the LED lights on the bus

shelter were for – how can they discourage vandalism if they are switched off after the last bus of the night?.
- Why had the council officers not considered placing the bus shelter 100 metre up the road outside the school field?.

Councillor Wood took the Chair 2.18pm
Councillor Hapeta returned to the Chair 2.21pm

The Committee considered that there were more appropriate locations in the area for a bus shelter. They asked that officers review the alternative location (outside the school field) 100m up the road.

Moved Leonie Hapeta, seconded William Wood.

The **COMMITTEE RECOMMENDS**

That the Council decide not to proceed with the proposal for a bus shelter.

Clause 48-23 above was carried 6 votes to 4, the voting being as follows:

For:
Councillors Leonie Hapeta, William Wood, Mark Arnott, Vaughan Dennison, Lorna Johnson and Kaydee Zabelin.

Against:
Councillors Brent Barrett, Rachel Bowen, Orphée Mickalad and Patrick Handcock.

49-23 **Proposed Bus Shelter: 296 Ruahine Street**
Memorandum, presented by Frances Duffin, Intermediate Project Manager and Michael Bridge, Activity Manager – Active Transport.

The resident spoke to their objection and made the following additional comments.

- The proposed bus shelter would cause a loss of privacy, as the bedrooms are at the front of the house.
- A condition of the resource consent for a sub-division of the property restricts the height of the fence.

Councillor Debi Marshall-Lobb entered the meeting at 2:43pm

The Committee considered that because of the potential loss of privacy, this site was not suitable for a bus shelter.

Moved Leonie Hapeta, seconded Lorna Johnson.

The **COMMITTEE RECOMMENDS**

That the Council not proceed with the proposal for a bus shelter.

Clause 49-23 above was carried 8 votes to 3, the voting being as follows:

For:
Councillors Leonie Hapeta, William Wood, Mark Arnott, Rachel Bowen, Vaughan Dennison, Lorna Johnson, Debi Marshall-Lobb and Kaydee Zabelin.

Against:
Councillors Brent Barrett, Orphée Mickalad and Patrick Handcock.

50-23 Proposed Bus Shelter: 64 Clarke Avenue

Memorandum, presented by Frances Duffin, Intermediate Project Manager and Michael Bridge, Activity Manager – Active Transport.

The resident spoke to their objection but made no additional comments.

The Committee considered that because of the potential loss of privacy, and the potential road safety issues of having a bus stopping on a bend in the road this site was not suitable for a bus shelter.

Moved Lorna Johnson, seconded Leonie Hapeta.

The **COMMITTEE RECOMMENDS**

That the Council not proceed with the proposal for a bus shelter.

Clause 50-23 above was carried 11 votes to 0, the voting being as follows:

For:
Councillors Leonie Hapeta, William Wood, Mark Arnott, Brent Barrett, Rachel Bowen, Vaughan Dennison, Lorna Johnson, Debi Marshall-Lobb, Orphée Mickalad, Patrick Handcock and Kaydee Zabelin.

The meeting adjourned at 3.35pm.
The meeting resumed at 3.50pm.
Councillor Orphée Mickalad was not present when the meeting resumed at 3.50pm.

51-23 Proposed Bus Shelter: 48 Holdsworth Avenue

Memorandum, presented by Frances Duffin, Intermediate Project Manager and Michael Bridge, Activity Manager – Active Transport.

The resident spoke to their objection and made the following additional comment.

- The proposed bus shelter would cause a loss of privacy, as a bedroom and living room are at the front of the house and there is no fence.
- There are more suitable properties with fences on the same street.

The Committee considered that because of the potential loss of privacy, this site was not suitable for a bus shelter.

Moved Leonie Hapeta, seconded William Wood.

The **COMMITTEE RECOMMENDS**

That the Council dismiss the objection and the Chief Executive proceed with the installation of a bus shelter at this stop.

Clause 51-23 above was carried 8 votes to 2, the voting being as follows:

For:
Councillors Leonie Hapeta, William Wood, Mark Arnott, Brent Barrett, Vaughan Dennison, Lorna Johnson, Debi Marshall-Lobb and Kaydee Zabelin.

Against:
Councillors Rachel Bowen and Patrick Handcock.

52-23 Proposed Bus Shelter: 61 Albert Street

Memorandum, presented by Frances Duffin, Intermediate Project Manager and Michael Bridge, Activity Manager – Active Transport.

Objection taken on the papers.

Moved Brent Barrett, seconded Patrick Handcock.

The **COMMITTEE RECOMMENDS**

That the Council dismiss the objection and the Chief Executive proceed with the installation of a bus shelter at this stop.

Clause 52-23 above was carried 8 votes to 2, the voting being as follows:

For:
Councillors William Wood, Brent Barrett, Rachel Bowen, Vaughan Dennison, Lorna Johnson, Debi Marshall-Lobb, Patrick Handcock and Kaydee Zabelin.

Against:
Councillors Leonie Hapeta and Mark Arnott.

Karakia Whakamutunga

Councillor Kaydee Zabelin closed the meeting with a karakia.

The meeting finished at 4.27pm

Confirmed 25 October 2023

Chair

MEMORANDUM

TO: **Economic Growth Committee**

MEETING DATE: **25 October 2023**

TITLE: **Palmerston North Airport Limited - Annual Report for 12 months ended 30 June 2023**

PRESENTED BY: **Steve Paterson, Strategy Manager - Finance**

APPROVED BY: **Cameron McKay, Chief Financial Officer**

RECOMMENDATIONS TO COMMITTEE

1. **That the Committee receive the Annual Report and Financial Statements of Palmerston North Airport Limited for the year ended 30 June 2023.**

RECOMMENDATIONS TO COUNCIL

2. **That Council**

EITHER

Increase the total remuneration for directors of Palmerston North Airport Limited from $135,000 per annum to an amount that Council decides;

OR

Leave the total remuneration unchanged at $135,000 per annum.

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1. ISSUE

1.1 Palmerston North Airport Ltd (PNAL) as a Council controlled trading organisation has prepared its Annual Report for the year ended 30 June 2023. This report provides a brief commentary on PNAL's results for the year.

1.2 The report also shares information about an independent review of Directors' Fees. Council as the shareholder must approve the total remuneration payable to Directors.

1.3 Company representatives will be available at the meeting to respond to any questions.

2. BACKGROUND

2.1 PNAL's Annual Report for the year ended 30 June 2023 is attached. The report gives a comprehensive assessment of company performance with key matters highlighted in the joint report of the Chair and Chief Executive. Performance is evaluated against the Statement of Intent agreed by the Council in June 2022.

2.2 PNAL's interim report to 31 December 2022 was considered during April 2023. That report highlighted the pleasing growth in passenger numbers and in net revenue during the period, relative to the assumptions in the Statement of Intent. The report predicted a favourable year end result based on continued recovery.

2.3 Operating results for the year are summarised in the following table:

Table 1 Operating Results

Actual 2020/21	**Actual 2021/22**		**Actual 2022/23**	**Budget 2022/23 SOI**
8,345,705	9,485,265	Revenue	12,585,130	9,919,610
4,747,290	6,427,698	Operating Expenditure (incl. PFAS related extra-ordinary items)	6,482,263	6,572,138
3,598,416	3,057,567	Operating Surplus (before interest, depreciation & tax)	6,102,867	3,347,472
1,862,757	1,804,457	Depreciation	2,173,143	1,624,118
477,679	533,993	Finance Costs	594,399	688,539
1,393	4,545	Impairment & loss on sale of assets	(261,348)	0
(846,114)	545,772	Revaluation (loss)/gain – Investment properties	415,741	0
410,472	1,260,344	Operating Surplus (before tax)	4,012,414	1,034,815
437,875	(119,158)	Taxation	1,061,993	289,748
(27,403)	**1,379,502**	**Net Surplus/(deficit) after tax for year**	**2,950,421**	**745,067**

2.4 A selection of PNAL's results, compared with the targets set in the Statement of Intent are shown in the following table:

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ITEM 9

Table 2 – Results compared with targets set in Statement of Intent

Actual 2021/22		Actual 2022/23	SOI Target
2.8%	Surplus, before interest/tax/depreciation/ revaluations to Total Assets	6.0%	3.0%
1.7%	Surplus, after interest/tax/revaluations to Shareholders' funds	3.5%	1.0%
5.7	Surplus, before interest & tax to Interest ≥ 2.5: 1	10.3	4.9
$83.0m	Tangible net worth (total tangible assets minus total liabilities) ≥ $50m	$84.3m	$69.7m
76%	Ratio of consolidated shareholders' funds to total assets ≥ 40%	79%	69%
30	Maintain a Net Promotor score of 30 or above, measured on an annual basis	45	30
323,615	No. of passengers served through airport terminal	534,651	459,000
Zero	Achieve zero lost time injuries to those who work within our airport community	One day lost to injury	Zero
Maintained	Maintain Civil Aviation Rule part 139 certification	Maintained	Maintain
Level 2 Achieved	Achieve Airport Carbon Accreditation level 4	Underway	Achieve
Certified	Safety Management System audited & certified	Adopted	Audit recommend-ations adopted

More detailed analysis of performance for each of PNAL's five key strategic objectives can be found on pages 13-17 of the Annual Report.

2.5 The Company applied $2.0m during the period to the purchase of fixed assets ($2.9m in the previous year) and $0.1m in relation to investment property. This compares with the budgetary provision for capital expenditure of $12.7m.

2.6 The Annual Report advises that a dividend is not planned, and the Company intends to reinvest retained funds in capital projects. This is consistent with the expectations contained in the Statement of Intent and is notwithstanding the positive performance against the financial targets for the year.

2.7 The Company's debt/equity ratio as at 30 June 2023 was 21:79 (24:76 at 30 June 2022).

Annual Meeting of Shareholders

2.8 The Company must hold an Annual Meeting of shareholders within six months of its balance date i.e. no later than 31 December 2023. As the Council is the sole shareholder it is planned (as in recent years) to hold the Annual Meeting by way of entry in the minute book rather than to hold a physical meeting.

2.9 The Company will need to prepare a notice of the Annual Meeting containing the draft resolutions to be entered into the minute book. The resolutions include the total remuneration payable to Directors. The Company's Constitution provides that the shareholders must approve the total remuneration payable to Directors. Accordingly, this report seeks Council approval of the total remuneration so that the appropriate resolution can be drafted.

Review of Directors' Fees

2.10 In December 2021 the Council agreed to increase the maximum number of directors from five to six and approved total remuneration of $135,000 per annum. Following the subsequent resignation of one of the directors, the Company advised that they would not be seeking a replacement and would continue with the five remaining Board members. In September 2022, Council confirmed that the total remuneration was to remain the same irrespective of whether there are five or six directors.

2.11 The Company recently engaged Strategic Pay to review its Directors' Fees. A summary of that review is attached, and the recommended fees from the review are shown in table 3 below. In Strategic Pay's view, the current fees are lower than the recommended market range of $148,380 to $160,380.

Table 3 – Director Fees recommended by Strategic Pay

Role/Committee	**Current Fees**	**Recommended Fees Range**		**% Increase**	
Chair of Board	$41,540	$46,000	$50,000	10.74% - 20.37%	
Directors x 4	$20,770	$23,000	$25,000	10.74% - 20.37%	
Committee Chair of Audit and Risk Committee	$5,190	No change			
Committee Chair of Terminal & Property Development Committee	$5,190	No change			
Total Directors Fee Pool	$135,000	$148,380	$160,380	9.91%	18.8%

2.12 Officers have obtained the Directors' Fees Report 2022/23 from the Institute of Directors in order to provide some commentary around the above advice. The table below shows the remuneration for all CCOs who took part in the Institute of Directors survey, regardless of size.

Table 4 – Annual Remuneration for Non-Executives of a CCO – Institute of Directors' Fees Report 2022

	Sample Size	Lower Quartile	Median	Upper Quartile	Average
Non-Executive Chair – CCO	19	$30,000	$47,500	$86,400	$57,398
Non-Executive Director – CCO	47	$28,120	$39,111	$53,100	$40,083

2.13 When compared to all CCOs in the Institute of Directors' survey, Strategic Pay's recommended remuneration for the Chair ($46,000 to $50,000) is close to the median and below the average. The recommended directors' remuneration ($23,000 to $25,000) is in the lower quartile.

2.14 Tables 5 and 6 below summarise the results from the Institute of Directors' survey based on comparable factors including industry and organisation size:

Table 5 – Summary Results for Non-Executive Chair – Institute of Directors' Fees Report 2022

	Sample Size	Lower Quartile	Median	Upper Quartile	Average
Industry: Transport, Postal and Warehousing	41	$46,000	$70,000	$93,500	$76,682
Revenue: $10.1 – $20m	48	$40,900	$55,000	$72,603	$59,437
Assets: $100.1 - $200m	54	$50,000	$70,500	$100,000	$75,630
Shareholder Funds: $50.1 - $100m	57	$48,000	$69,000	$95,000	$72,337
Headcount: 20 - 49	74	$40,000	$55,000	$69,375	$62,734

2.15 Table 5 shows that Strategic Pay's recommended remuneration for the Chair ($46,000 to $50,000) is placed towards the lower quartile and below average for comparable organisations in the Institute of Directors' survey.

2.16 **Table 6 – Summary Results for Non-Executive Director – Institute of Directors' Fees Report 2022**

	Sample Size	Lower Quartile	Median	Upper Quartile	Average
Industry: Transport, Postal and Warehousing	139	$35,687	$52,000	$78,525	$56,833
Revenue: $10.1 – $20m	98	$30,000	$35,000	$45,000	$38,679
Assets: $100.1 - $200m	126	$32,500	$40,000	$55,000	$45,018
Shareholder Funds: $50.1 - $100m	139	$28,000	$38,915	$53,000	$43,168
Headcount: 20 - 49	121	$30,000	$40,000	$55,000	$52,090

2.17 Table 6 shows that Strategic Pay's recommended remuneration for the Directors ($23,000 to $25,000) is placed in the lower quartile and below average for comparable organisations in the Institute of Directors' survey.

2.18 The Council is obliged to receive the report but can choose whether to increase the total directors' remuneration or leave it unchanged. The Board is responsible for allocating the total remuneration among all the directors in the manner they determine. Directors' remuneration is funded by the Company out of their operating budget so there is no financial implication for Council.

3. NEXT STEPS

3.1 PNAL will prepare a notice of the Annual Meeting containing the resolutions to be entered into the Company's minute book including directors' remuneration. The resolutions will be reported to Council in December in preparation for the Annual Meeting.

3.2 PNAL's Annual Report will be published on the Company's and Council's websites.

3.3 In June 2023 the Economic Growth Committee agreed to PNAL's Statement of Intent for 2023/24. The next update on performance will be in the interim report for the period to 31 December 2023 that will be provided early in 2024. The Airport Company is signalling a possible loss for the 2023/24 financial year due to the write-off of the existing terminal via accelerated depreciation. The timing, quantum and method of the write-off was not known at the time the Statement of Intent was agreed and therefore was not included. This is a non-cash loss and the Company remains committed to commencing dividend payments from 2023/24. Company representatives will provide further details on this at the meeting.

3.4 A Statement of Expectations setting out Council's expectations of PNAL for the 2024/25-2026/27 period will be reported to Council in December 2023. This will inform PNAL's draft Statement of Intent for 2024/25 which is due by the end of February 2024.

4. COMPLIANCE AND ADMINISTRATION

<table>
<tr><td colspan="2">Does the Committee have delegated authority to decide?</td><td>No</td></tr>
<tr><td colspan="2">Are the decisions significant?</td><td>No</td></tr>
<tr><td colspan="2">If they are significant do they affect land or a body of water?</td><td>No</td></tr>
<tr><td colspan="2">Can this decision only be made through a 10 Year Plan?</td><td>No</td></tr>
<tr><td colspan="2">Does this decision require consultation through the Special Consultative procedure?</td><td>No</td></tr>
<tr><td colspan="2">Is there funding in the current Annual Plan for these actions?</td><td>Yes</td></tr>
<tr><td colspan="2">Are the recommendations inconsistent with any of Council's policies or plans?</td><td>No</td></tr>
<tr><td colspan="3">The recommendations contribute to Goal 1: An Innovative and Growing City</td></tr>
<tr><td colspan="3">The recommendations contribute to the achievement of action/actions in Economic Development

The action is: operating a key gateway for people and freight to and from the city and the wider region; grow passenger numbers and freight using the airport</td></tr>
<tr><td>Contribution to strategic direction and to social, economic, environmental and cultural well-being</td><td colspan="2">PNAL is playing an active part in growing the City.</td></tr>
</table>

ATTACHMENTS

1. PNAL Annual Report for the year ended 30 June 2023
2. Summary of Directors Fees Review


2023
ANNUAL
REPORT
PALMERSTON NORTH
AIRPORT LIMITED

2023 ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

REPORTS

FINANCIALS

CONTENTS

JOINT REPORT

The Chair and Chief Executive's Joint Report

For the year ended 30 June 2023

Overview

The Directors and Management team are pleased to present the 2023 Annual Report.

Airport activity rebounded in the year ended 30th June 2023 with 534,651 passengers carried, 16% ahead of the Statement of Intent (SOI). The strong rebound in passenger movements translated into an income result (excluding revaluations) which was 27% ahead of the SOI.

Cost control remained a focus of the team with total operating costs limited to $6.5 million, 1% below the SOI.

The Airport continued to focus on health & safety and the maintenance of all Civil Aviation Act (CAA) Rule Part 139 requirements during the financial year. The Airport's focus on asset management continued with airside apron and roadway upgrades, and upgrades on Airport Drive taking place.

The Terminal Development Plan moved into detailed design stage after approval was received from the Shareholder to proceed with the planned $40 million facility.

The EBITDA result of $6.1 million was 82% ahead of the SOI with the rebound in aeronautical revenue the primary contributor to the strong performance.

Shareholder equity increased to $84.3 million driven by the net profit after tax of $2.9 million and net revaluation loss on buildings of $1.6 million.

Financial

Income (excluding revaluations) of $12.6 million exceeded the SOI by 27%.

Aeronautical revenue of $8.2 million for the full year was 34% ahead of the SOI and 78% ahead of the prior year. Passenger volume growth of 65% compared with the prior year, and 16% versus the SOI was the driver of this strong performance.

Income from all other sources of $4.4 million was 15% above the SOI. The positive variance was primarily due to the rebound in passenger volumes impacting positively on carparking volumes and revenue.

Total operating expenditure of $6.5 million, represented a positive 1% variance to the SOI. Ongoing poor weather conditions resulted in the involuntary deferral of non-critical runway maintenance and this was a primary driver of the positive variance, along with a reduction in tactical marketing spend.

The revaluation of investment property resulted in an overall fair value gain of $0.4 million while the revaluation of buildings resulted in a net fair value loss of $1.6 million. This was largely a result of a write down relating to the terminal redevelopment. We anticipate further costs associated with the write down of the existing terminal in future years.

Net Profit After Taxation of $2.9 million, was pleasing and driven by the rebound in passenger volumes.

PNAL's balance sheet remains strong with shareholder's equity of $84.3 million, and debt of $10.8 million ($14.7 million last year).

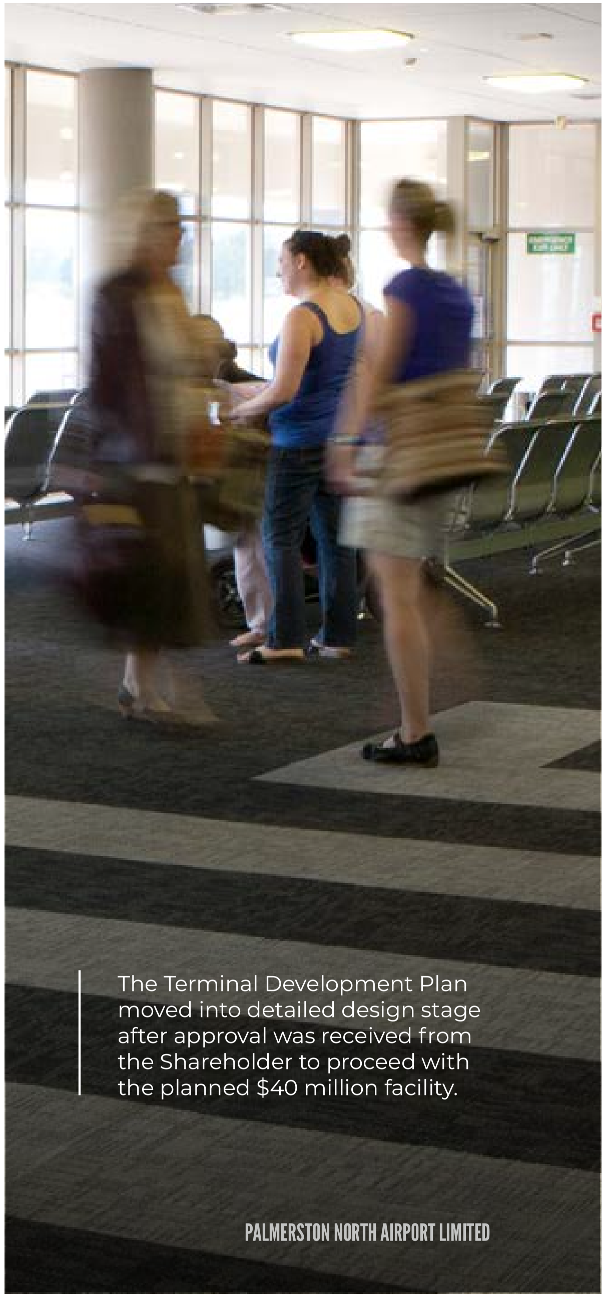
Net cash flow from operating activities was $5.5 million compared to $1.9 million last year.

As previously agreed with the Shareholder, a dividend is not planned to be declared for the financial year notwithstanding the positive performance against SOI targets. Retained funds will be reinvested at a time of unprecedented capital spend associated with the Terminal Development Plan.

Compliance

PNAL continued to maintain all Civil Aviation Act (CAA) Rule Part 139 requirements during the financial year.

PNAL continued to execute against its Asset Management Plan. Airside apron and roadway upgrades were completed, with upgrades on Airport Drive also taking place. The re-coating of the runway surface was again deferred due to weather interruptions during the planned resurfacing period, resurfacing is now planned for Q2 for the new financial year with no impact on runway performance anticipated.



ITEM 9 - ATTACHMENT 1

A Memorandum of Understanding was also signed with Hiringa who will commence production of green hydrogen onsite at Palmerston North Airport from 2024. Hiringa and the Airport Company will be jointly exploring potential renewable energy initiatives.

By year end a full complement of Rescue Fire Officers had been recruited with plans for integration with the Terminal Security team progressing.

Both refurbished Rosenbauer rescue fire vehicles also entered into service during the financial year after extensive delays associated with part shortages and a lack of qualified Rosenbauer technicians. Notwithstanding this, PNAL managed to maintain continuous 24/7 rescue fire operations throughout FY23.

It was disappointing that one team member sustained a minor workplace injury on the last day of the financial year which resulted in a single lost time injury being recorded for the year.

Culture

The Board and Chief Executive again acknowledge the PNAL team for their ongoing dedication in a year of significant activity associated with the rebound in passenger volumes and airport activity in general.

Team engagement continued to benefit from ongoing investment in the Company's Whanau Kotahi / One Team wellness program. The annual team engagement survey resulted in an increase in engagement score to 81% (up from 71%), a tremendous result and testament to the work undertaken by our wellness champions.

During the year the Company welcomed a new Safety & Operations Manager, Marketing & Business Support Co-ordinator, and Customer Service Executive. In addition, two new Rescue Fire Officers commenced in early July 2023. Corporate team departures included Customer Services Executive and a Rescue Fire Officer.

The Company also farewelled long-serving Board Director Gerard Gillespie, after fifteen years of dedicated service. Gerard will be sorely missed by fellow Directors and Management.

Customer

With the rebound in passenger volumes underway during the year the Company re-commenced a number of customer facing projects which had previously been deferred due to Covid-19 impacts.

Projects included the commencement of construction of the much-awaited semi-covered pick-up and drop-off area. Wayfinding signage upgrades along Airport Drive and the terminal loop road were also completed.

Terminal development planning also gathered pace with Architects Studio Pacific completing concept design for the 5,200m^2 new build, with an estimated cost of $40 million. The new terminal will ensure operational and seismic resilience while also future proofing the terminal to accommodate the projected growth in passenger volumes and to facilitate security screening if required.

The Company also became a member of the hidden disabilities Sunflower Lanyard programme during the year. Participants are able to be identified discreetly by airport team members and enabling the provision of additional assistance if necessary.

A Net Promoter Score of 45 was achieved for the year, which represented a significant increase on the SOI target of 30.

It was also pleasing to be the first airport in New Zealand to be awarded the Qualmark Gold certification, an acknowledgement of the airport teams focus on sustainable business practices and focus on customers and community.

Community

Sustainability initiatives again remained a key focus for the Company. Having achieved Level 2 – Reduction accreditation in the prior year by year-end the Company had lodged an application for certification at Level 4 - Transformation of the Airports Council International Airport Carbon Accreditation (ACA) Program.

The Company has redefined its environmental objectives, transitioning from an initial 2°C target to a more stringent net zero emissions by 2035 commitment. PNAL's net zero commitment represents an ambitious pledge to actively reduce its greenhouse gas emissions to a net level of zero. This strategy includes adopting energy-efficient technologies and investing in renewable energy sources. In a net-zero scenario, any remaining emissions would need to be offset by an equivalent amount of carbon removal from the atmosphere.

To support this, a range of initiatives continued which are designed to reduce the Company's greenhouse gas emissions, waste to landfill, and water consumption. During the year the terminal heating and cooling system was converted from natural gas to electricity, after Covid related delays had impacted on the project. Alongside other projects, the Company achieved a 37% reduction in Scope 1 (to 72 tonnes of CO_2-e) and a 93% reduction in Scope 2 emissions (to 5 tonnes of CO_2-e) for the FY23 year. This is a tremendous result.

A Memorandum of Understanding was also signed with Hiringa who will commence production of green hydrogen onsite at Palmerston North Airport from 2024. Hiringa and the Airport Company will be jointly exploring potential renewable energy initiatives.

The involvement of Warren Warbrick and Peter Te Rangi of Rangitāne on the Terminal Development Plan has greatly enhanced the concept design and narrative associated with the proposed terminal facility, whilst bringing the relationship between Rangitāne and the Airport closer.

Commercial

Passenger movements rebounded strongly to 534,651, 16% ahead of the SOI and 65% ahead of the prior year. Passenger volume targets were exceeded in all months of the financial year. Scheduled services continued to be operated to Auckland, Christchurch, Hamilton and Nelson.

Overnight dedicated airfreight operations by Freightways Group and New Zealand Post also continued during the financial year.

A name change from Ruapehu Business Park to Ruapehu Aeropark ensured that the Company's business park could be differentiated from activity occurring within the wider Te Utanganui multi-modal freight & logistics hub.

During the year Waitomo Group opened a refuelling facility on Airport land on the corner of Setters Line and Railway Road, while a CleanCo Truck Wash facility also in Setters Line and United Truck Parts within Wairaka Place were also opened.

Work also progressed on the design of a 6,000m^2 warehouse facility adjacent to the airfreight precinct on the McGregor Street extension.

The Future Outlook

The Terminal Development Plan (TDP) is an intergenerational investment with long-lasting and widereaching impacts on the Company, the Shareholder and the wider community and region. With an estimated price tag of $40 million the TDP will ensure the Company can continue to offer our city and region an appropriate and resilient air gateway and continue to sustainably grow air services as we play our role in facilitating regional economic growth and prosperity.

The TDP is consequently an unavoidable spend that severely constrains the Company's ability to deliver against broader Shareholder financial and capital expectations in the short-medium term. Available debt capacity will be absorbed by the TDP and investment in critical airside infrastructure meaning Company investment in commercial activity within Ruapehu Aeropark, and the ability to contribute positively to the growth of Te Utanganui will be constrained. To alleviate this, the Company will continue to explore opportunities to attract external investment as a means of facilitating these important commercial projects.

Notwithstanding this backdrop of significant capital investment the Company recognises the desire of the Shareholder for dividend payments to be reinstated. As a consequence the Company is planning for dividends to be reinstated from FY24 subject to the Company's financial performance.

Underpinning all activity the Company will maintain its focus on the wellbeing of our highly valued airport team, regulatory compliance and keeping all airport users safe.

Murray Georgel
Chair

David Lanham
Chief Executive

PALMERSTON NORTH AIRPORT LIMITED

ITEM 9 - ATTACHMENT 1

CORPORATE REPORT

For the year ended 30 June 2023

ITEM 9 - ATTACHMENT 1

Palmerston North Airport Limited is a 'Council-Controlled Organisation' pursuant to the Local Government Act 2002.

Principal Activities

The principal activities of the Company during the year were:

- To provide airport facilities and services to airlines, air freight operators and airport users (both commercial and non-commercial) through the ownership and operation of Palmerston North Airport.
- The development of non-aeronautical revenue streams including Ruapehu Aeropark and other commercial property.

Ownership

Palmerston North Airport Limited (PNAL) is a Limited Liability Company incorporated and registered under the Companies Act 1993 and is 100% owned by the Palmerston North City Council (PNCC).

Financial Report

Here are the financial results for the year under review. Details of these financial results are shown on pages 18 to 21.

	2023 Actual	***2023 SOI***	***2022 Actual***
Performance			
Passengers	534,651	459,000	323,615
Revenue	12,585,130	9,919,610	9,485,265
EBITDA & Valuation of Investment Property	6,102,867	3,347,472	3,057,567
Net Profit After Tax	2,950,421	745,067	1,379,502
Financial Position			
Cash & Cash Equivalents	63,379	56,254	110,229
Current Assets	1,106,713	1,464,301	1,495,191
Property, Plant & Equipment	90,347,374	87,448,364	92,713,643
Shareholder Funds	84,338,404	69,654,975	82,990,345

Company's Affairs

The Directors regard the state of the Company's affairs to be satisfactory. Details of the year under review are included in the joint Chair's and Chief Executive's Report and the statutory accounts of the Company published herewith.

Directors

Reappointments
Chris Cardell retired by rotation and was reappointed to the Board by the Shareholder in October 2022.

Appointments
There were no new appointments during the year ended 30 June 2023.

Retirements
Gerard Gillespie retired from the Board, effective June 2023. As at 30 June 2023, a replacement director was yet to be appointed.

Kerri Sterling, a director intern (non-voting), completed her 12 month term in December 2022.

Directors' Remuneration

For the year ended 30 June 2023, the amount of $135,000 ($112,088: 2022) for Director Remuneration was paid, or due and payable, to members of the Board as authorised by the shareholder as follows:

	2023 Actual	***2022 Actual***
Georgel M	41,540	35,420
Mitchell-Jenkins S	25,960	3,630
Cardwell C	25,960	18,310
Gillespie G	20,770	18,310
Laurence S	20,770	15,310
Nichols J	0	5,100
Vining S	0	16,008
	135,000	**112,088**

No other remuneration or benefits, other than reimbursement of expenses, have been paid or given to Directors.

Directors’ Interests

As at 30th June 2023, Directors declared interests in the following entities:

Interest	Nature of Interest	Relationship to PNAL
Mr M Georgel		
Director	The Factory New Zealand Ltd	None
Director	Manawatu Investment Group Ltd	None
Director	MIG Nominee No.1 Ltd	None
Director	MIG GP Ltd	None
Trustee	Sir Patrick Higgins Charitable Trust	None
Trustee	Arohanui Hospice Service Trust	None
Trustee	Arohanui Hospice Foundation	None
Director	Levno Ltd	None
Director	Levno Group Ltd	None
Director	Levno IP Holdings Ltd	None
Director & Shareholder	CH Management Ltd	None
Trustee	PN Theatre Trust (Centre Point Theatre)	Sponsor ($10k FY23)
Trustee	Central Energy Trust	None
Director	Gary Douglas Engineers Limited	None
Mr C Cardwell		
Director of Facilities	Waitemata District Health Board	None
Director & Shareholder	Australis Property Ltd	None
Director & Shareholder	Laurent Investments Ltd	None
Director	Nga Maunga Whakahii O Kaipara Whenua Hoko Holdings Ltd	None
Director	Te Uru Ltd	None
Director	Nga Maunga Whakahii O Kaipara Commercial Development Ltd	None
Director	Pitoitoi Ltd	None
Director	Nga Maunga Whakahii O Kaipara Ngahere Ltd	None
Wife	Lawyer in Procurement team - BNZ	Bank
Mr G Gillespie		
Shareholder	Re-Leased Software Company Limited	None
Shareholder	Skyline Aviation Limited	Customer

Interest	Nature of Interest	Relationship to PNAL
Ms S Laurence		
Deputy Chair	Swimming Manawatu	None
General Manager	DCPower Ltd	Supplier
Minority Shareholder	Air New Zealand	Customer
Ms S Mitchell-Jenkins		
Director	Electra Ltd	None
Director	Electra Services Ltd	None
Director	Four non-trading subs of Electra	None
Director	Web Genius Central NZ Ltd	None
Director	The Web Genius Limited (non-trading)	None
Director & Shareholder	Colbert Cooper Ltd	None
Director & Shareholder	Cobert Cooper Trustees Ltd	None
Director & Shareholder	Colbert Cooper Trustees (2015) Ltd	None

Details of the related party transactions made during the year are shown in Note 15 of the Notes to the Financial Statements.

Directors’ Indemnity and Insurance

The Company is responsible for the payment of the Directors’ indemnity insurance premiums. All Directors are indemnified under the Directors and Officers Liability Insurance Policy.

Use of Company Information by Directors

There were no notices from Directors of the Company requesting to use Company information received in their capacity as Directors that would not otherwise have been available to them.

Shareholding by Directors

During the year there were no shareholding transactions involving the Directors.

Schedule of Board Meeting Attendance

Director	***Number of meetings held***	***Number of meetings attended***
Georgel M	11	10
Mitchell-Jenkins S	11	11
Cardwell C	11	10
Gillespie G	11	8
Laurence S	11	11

Schedule of Committee Meeting Attendance

Director	***Audit & Risk Committee meetings held***	***Audit & Risk Committee meetings attended***	***Terminal & Property Development Committee meetings held***	***Terminal & Property Development Committee meetings attended***
Georgel M	3	3	3	3
Mitchell-Jenkins S	3	3	n/a	n/a
Cardwell C	n/a	n/a	3	3
Gillespie G	n/a	n/a	3	2
Laurence S	3	3	n/a	n/a

Remuneration of Employees

The number of employees, who are not Directors, whose total remuneration and benefits exceeded $100,000 in the financial year were:

	2023 Actual	***2022 Actual***
$100,000 - $110,000	1	0
$110,000 - $120,000	0	1
$120,000 - $130,000	1	0
$130,000 - $140,000	2	0
$140,000 - $150,000	0	2
$150,000 - $160,000	1	0
$190,000 - $200,000	2	0
$280,000 - $290,000	0	1
$310,000 - $320,000	1	0

Variances in the table arise from independent market remuneration reviews and the timing of employee resignations and appointments.

Auditors

As provided for by Section 70 of the Local Government Act 2002, Audit New Zealand, on behalf of the Auditor-General, is hereby re-appointed as Auditor to the Company.

Auditor's remuneration of $75,421 (GST exclusive) for the 2023 annual financial statements audit and $30,000 for the 2023 disclosure accounts audit are reflected in the financial statements as due and payable.

Donations

The Company made no donations this year (2022: $0).

Airport Authorities (Airport Companies Information Disclosure) Regulations 1999

A separate set of audited financial statements have been prepared as the disclosure financial statements for the purposes of, and in accordance with, the above Regulations.

Audit and Risk Committee

The Company has an Audit and Risk Committee comprised of three directors of the PNAL Board. The Committee is responsible for overseeing the financial accounting and audit activities of the Company, including reviewing the adequacy and effectiveness of internal controls, meeting with and reviewing the performance of the external auditors, reviewing the financial statements and making recommendations on financial and accounting policies.

Terminal and Property Development Committee

The Company established a Terminal and Property Development Committee (TPDC), comprised of three directors of the PNAL Board, in September 2022. The Committee has a board-approved Terms of Reference, outlining its membership, authority and purpose.

The TPDC acts as a steering group to PNAL's Board, reviews feasibility studies and business cases, and provides oversight of PNAL's vertical and horizontal property development in Ruapehu Aeropark, as well as the redevelopment of the terminal. This Committee was set up to provide adequate governance over PNAL's increasing capital expenditure and increasing complexity of commercial development and the terminal.

ITEM 9 - ATTACHMENT 1

PASSENGERS IN 2023	534,651	65%	323,615	2022
			400,467	2021
REVENUE	$12,585,130	33%	$9,485,265	2022
			$8,345,705	2021
EBITDA	$6,102,867	100%	$3,057,567	2022
			$3,598,416	2021
TOTAL COMPREHENSIVE REVENUE	$1,348,061	91%	$14,724,944	2022
			$1,145,838	2021
SHAREHOLDER FUNDS	$84,338,404	1.6%	$82,990,345	2022
			$68,265,401	2021

SERVICE PERFORMANCE

For the year ended 30 June 2023

STATEMENT OF SERVICE PERFORMANCE

The Company's Statement of Intent, against which FY23 performance is judged, is dated 26 May 2022.

The Company is trading as Palmerston North Airport Limited.

The Board of Directors believe that the statements contained in this report accurately reflect the overall performance of Palmerston North Airport Limited for the year ended 30 June 2023.

The below report contains an appropriate and meaningful mix of performance measures for the reporting period, as judged by the Directors. These have been assessed against Palmerston North Airport Limited's Statement of Intent for FY23 and adequately cover the five strategic objectives of the Company. These strategic objectives are considered the most appropriate categories to ensure a full reflection of the Company's performance, highlighting both quantitative and qualitative measures.

In reflecting on future metrics and anticipated performance, the Company refers readers to the FY24-FY26 Statement of Intent, available on its website.

ANNUAL REPORT 2023

STRATEGIC OBJECTIVES

Compliance

We maintain a safe and secure operation.

- The safety and security of all airport users is our critical concern. We have a Zero Harm approach to those who visit and work within our airport community.
- We will continue to meet our regulatory and statutory obligations including Civil Aviation Rule Part 139, Resource Management Act, Palmerston North and Manawatu District Plans.

Culture

We empower our team members and work as one-team.

- Our People are the key to our success. We will care for each other's well-being, and develop skills, commitment, engagement and resourcefulness across our team recognising achievement.
- Our one-team ethos is supported by the five pillars of Leadership, Trust & Respect, Communication, Empowerment and Celebrating Success.

Customer

We continue to improve the customer experience for all airport users.

- Our customers include all airport users; contractors, tenants, staff, passengers, meeters and greeters, and other airport visitors.
- We lead the way in terms of delivering a high quality and efficient regional airport experience.
- We promote Palmerston North Airport as the gateway and Lower North Island commercial hub to our 90 minute drive market.

Community

We contribute to regional prosperity.

- We are kaitiaki for the environment by operating in a sustainable manner in all of our business activities.
- We recognise our community is multi-cultural and will engage with mana whenua and all ethnic groups.

Commercial

We are a financially sustainable business enabling long term success.

- We maintain and develop core infrastructure that is business critical.
- We diversify and grow revenue streams through a focus on both aeronautical and non-aeronautical income activities.
- We operate a successful enterprise that enables us to provide a return to our shareholder when we have surplus to our on-going investment and operating requirements.
- We facilitate regional economic development by growing passenger and airfreight volumes.

OUR VISION - WHAT WE ASPIRE TO BE

New Zealand's leading regional airport.

OUR PURPOSE

Launching our communities into a promising future.

COMPLIANCE

Activity	Measure	Result	Achieved	Comments
CAA Part 139 Compliance	Maintained	Maintained	●	The 5 yearly CAA Audit of PNAL's compliance with Civil Aviation Rule Part 139 was last conducted in July 2019, with the next scheduled for 2024. Monthly audits continue to be conducted by a third party provider covering the operating and SMS elements of PNAL's CAA Exposition documents. All five Exposition Manuals were updated in FY23, with further updates planned for FY24 to reflect PNAL's implementing new aviation software which will further enhance managing safety and compliance information with stakeholders, including CAA.
Ongoing Safety Management System (SMS) development	1. Audit recommendations adopted 2. Continual improvements made on safety culture	1. Adopted 2. Ongoing	● ●	The audit recommendations from the November 2021 audit have been adopted and where applicable incorporated into the Safety Management System Manual. Further work is being progressed to enhance Third Party Interfaces with key airport stakeholders. A Safety Culture Survey was conducted for PNAL staff in March 2023. The results of this survey were positive with a shift from an overall score in 2021 of 87% to 90% in the March 2023 survey. PNAL is transitioning to using OneReg software for Safety Management. This will include changes to how hazards and incidents are reported, so there will be training organised as part of the implementation process.
PFAS Management (Global consent, community engagement)	1. Global consent approved 2. Community Engagement Plan implemented	Underway	●	PNAL also have a PFAS (polyfluoroalkyl substances) Management Plan in place to manage day to day operations. To streamline future consenting PNAL have engaged a consultant to assist in the preparation of the global consent application to Horizons Regional Council.
Noise Management (Ground)	Noise Management Plan update completed	Underway	●	At year-end, PNAL had additional ground noise monitoring equipment in place to record and update ground noise emissions. A report on outcomes is expected in early FY24. No noise complaints were received during FY23.
Cyber Security	Zero down time due to cyber attacks	Zero down time	●	PNAL has continued to invest in its IT network and made further enhancements to its cyber security platform during FY23.

CUSTOMER	Carpark Forecort cover upgrade	Stage 1 complete	Underway	🟡	Construction on Stage 1 of the pick-up/drop-off shelters commenced in May 2023 and was still underway at year-end. This will see 94m of shelters constructed along the pick-up/drop-off area in the carpark to provide all weather protection to passengers.
	IT carparking systems and infrastructure	IT systems and infrastructure installed	Completed	🟢	All carpark servers were upgraded and digitised during FY23 replacing the end of life servers previously operating. This has provided enhanced reliability and improved reporting outcomes.
	Maintain a Net Promoter Score of 30 or above	Net Promoter Score of 30 or above achieved monthly	Average score of 45 for FY23	🟢	The Net Promotor score of 45 for the full year is based off 6,977 responses, a 1,497% increase in the number of responses compared to prior year. The number of responses has significantly increased as changes have been made to how surveys are collected from customers connecting to the terminal wi-fi, providing a much more accurate result and valuable insights. The target of 30 is based on average NPS scores for New Zealand aviation and tourism industries.
COMMUNITY	Sustainability - Achievement of Airport Carbon Accreditation (ACA) Level 4	1. ACA Level 4 achieved 2. Waste and water targets achieved	Underway	🟡	PNAL submitted its application for Level 4 for independent audit and verficiation in June 2023. At year-end, this verification was still underway. Confirmation that the requirements for Level 4 accreditation were satsified was subsequently received in July 2023. Waste and water outcomes are reflected as part of the Level 4 accreditation.
CULTURE	Wellness plan rollout	Improved team engagement scores	81%	🟢	PNAL conducted its third annual engagement survey in November 2022. The overall engagement score of 81% represented a 10% increase on the prior year score, reflecting PNAL's ongoing investment in its team and OneTeam programme.
	Continual improvement of safety culture	Zero lost time injuries	One day lost to injury	🔴	There was one single day lost time injury during FY23. This occurred when a team member tripped over a low table and badly bruised their shins.

COMMERCIAL

Ratio of net surplus before interest/tax/depreciation/ revaluations to Total Assets	3%	6%	●	The net surplus before interest/tax/depreciation/ revaluations exceeded expectations largely due to higher passenger numbers resulting in additional revenue, as well as a strong control and focus on costs.
Ratio of net surplus after tax to consolidated shareholders funds inclusive of revaluation reserve	1%	3.5%	●	Increase to the revaluation reserve was higher than budgeted, resulting in higher increase to equity than budgeted. This was more than offset by the net surplus after tax being higher than budgeted, which resulted in the proportion of net profit after tax to equity being higher than budgeted.
Maintain a ratio of consolidated shareholders funds to Total Assets of at least 40%	69%	79%	●	Increase to the revaluation reserve was higher than budgeted, resulting in higher increase to total assets than budgeted. This resulted in total assets as a proportion of consolidated shareholder funds being higher than budgeted.
Interest coverage ratio of EBITDA to interest of at least 2.5 as per BNZ loan covenants	4.9	10.3	●	Interest expenditure was lower than budgeted resulting from the deferral of a number of budgeted capital projects. EBITDA also exceeded budget for the reasons outlined above.
Maintain a tangible net worth (total tangible assets after revaluations less total liabilities) above $50m	$69.7m	$84.3m	●	Increase to the revaluation reserve was higher than budgeted, resulting in higher increase to assets than budgeted. This resulted in total assets being higher than budgeted.
Net Debt*/EBITDA less than 4.5 (long term target)	6.9	1.8	●	Net debt was less than anticipated due to capital expenditure being lower than budgeted as outlined above. EBITDA also exceeded budget for the reasons outlined above. Achievement of this target in future years is likely to be impacted in the short term by the planned terminal redevelopment.
Funds from Operations (FFO**)/Net Debt greater than 11% (long term target)	10%	42%	●	Funds from Operations exceeded budget and Net Debt was below budget for the reasons outlined above.
Passenger volumes	459,000	534,651	●	Strong passenger recovery versus budget in FY23 from the effects of Covid-19.
Airport Drive upgrade Massey to McGregor	Stage 2 complete	Completed	●	Stage 2 of the upgrade was completed in May 2023.

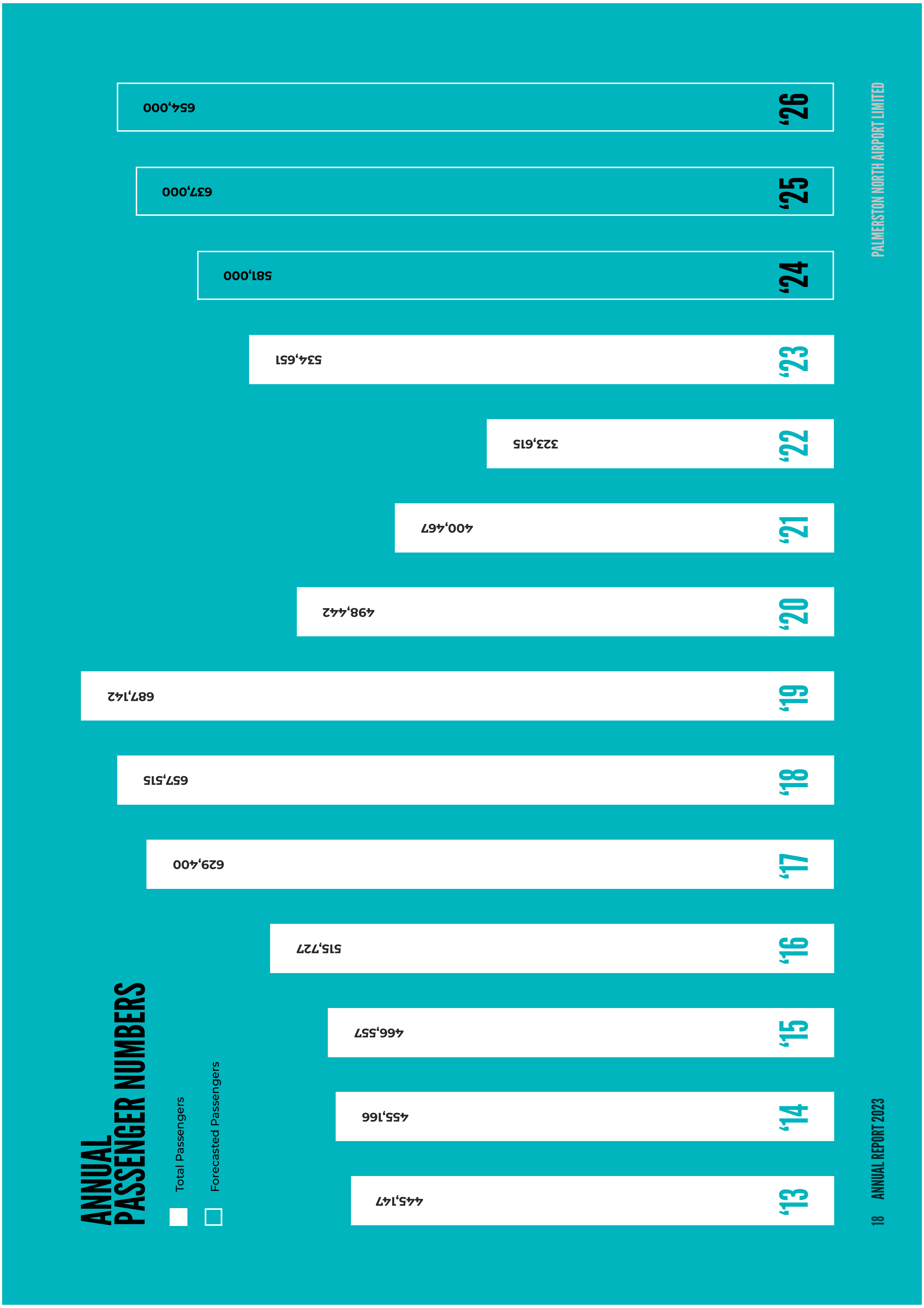
COMMERCIAL

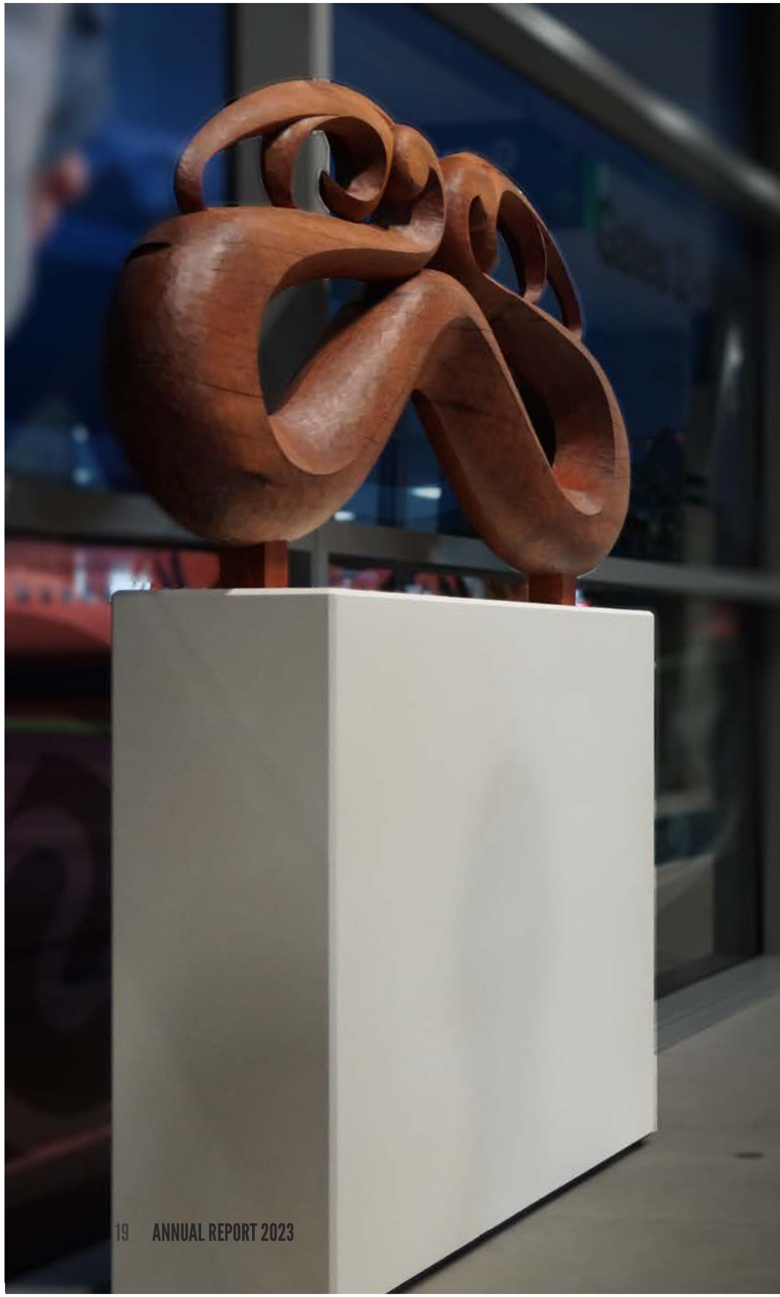
Ruapehu Aeropark Design - Build projects	Tenant(s) secured and construction underway	In progress	Yellow	The tender process for 6,000m² of warehousing in Zone D is complete together with concept design. At year end, lease negotiations with prospective tenants were underway prior to committing to construction. Discussions with strategic partners to assist in the funding of the development were also ongoing.
IT Finance systems upgrade (Castaway, Xero)	IT Finance systems upgraded	Completed	Green	PNAL's ERP system was replaced with Xero from 1 July 2022. Castaway was also introducted as PNAL's financial forecasting and reporting tool from 1 July 2022. This has provided more robust and reliable 'three way forecasting' for PNAL.
Air Service development strategy	Air Service development strategy completed	Completed	Green	Roadmap established for the introduction of A320 operations on the Auckland - Palmerston North route service from FY2026.
Asset Management Plan (Building, carpark, Airport Drive infrastructure and maintenance plan) version 1	Asset Management Plan version 1 complete	Ongoing	Green	An updated version of the Plan was completed in June 2023 with further revisions to occur in subsequent years.
Freight precinct feasibility	Freight precinct feasibility complete	Completed	Green	Internal feasibility completed with discussions to be held with potential tenants to further understand their commercial requirements.

* *Net debt equals total borrowing less cash on hand*
** *FFO equals EBITDA less interest less tax*

Key

Green: Meets or exceeds target
Yellow: Within 10% of target
Red: 10% or more below target


ANNUAL PASSENGER NUMBERS
Total Passengers
Forecasted Passengers
'13 445,147
'14 455,166
'15 466,557
'16 515,727
'17 629,400
'18 657,515
'19 687,142
'20 498,442
'21 400,467
'22 323,615
'23 534,651
'24 581,000
'25 637,000
'26 654,000
PALMERSTON NORTH AIRPORT LIMITED
18 ANNUAL REPORT 2023



PALMERSTON NORTH AIRPORT LIMITED

FINANCIAL STATEMENTS

CONTENTS

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the Year Ended 30 June 2023

Murray Georgel
Chair

Shelly Mitchell-Jenkins
Director

The accompanying accounting policies and notes form part of and are to be read in conjunction with these financial statements

	Note	30-Jun-23 Actual $	30-Jun-23 SOI $	30-Jun-22 Actual $
Revenue	1	**12,585,130**	**9,919,610**	**9,485,265**
Operating Expenses				
Operations and Maintenance				
Airfield Services	7a	516,945	560,088	578,808
Other Operating Expenses	11	2,404,768	2,972,546	1,813,308
Total Operations and Maintenance		**2,921,713**	**3,532,634**	**2,392,116**
Administration				
Audit Fees	12	105,421	54,576	52,159
Bad Debts Written Off		105	-	15
Expected Credit Loss Allowance for Receivables	4	9,654	5,000	-
Directors' Fees	15	135,000	157,752	112,087
Employee Expenses	7b	1,906,128	1,783,822	1,499,390
General Administration		1,404,242	1,038,354	1,118,747
Cost of Goods Sold	1	-	-	1,253,184
Total Administration		**3,560,550**	**3,039,504**	**4,035,582**
Total Operating Expenses		**6,482,263**	**6,572,138**	**6,427,698**
Earnings Before Interest, Taxation, Depreciation, Amortisation & Valuation of Investment Properties:		**6,102,867**	**3,347,472**	**3,057,567**
Finance Costs, Depreciation, Amortisation and Loss on Sale				
Finance Costs	9	594,399	688,539	533,993
Depreciation and Amortisation	2 & 3	2,173,143	1,624,118	1,804,457
Gain on Sale of Assets		(261,348)	-	4,545
Total Finance Costs, Depreciation		**2,506,194**	**2,312,657**	**2,342,995**
Revaluation (Loss)/Gain - Investment Properties	2a	415,741	-	545,772
Operating Surplus Before Taxation		**4,012,414**	**1,034,815**	**1,260,344**
Taxation Expense on Operating Surplus	6a	1,061,993	289,748	(119,158)
Net Surplus After Taxation Attributable to PNCC		**2,950,421**	**745,067**	**1,379,502**

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the Year Ended 30 June 2023

	Note	30-Jun-23 Actual $	30-Jun-23 SOI $	30-Jun-22 Actual $
Net Surplus After Taxation Attributable To PNCC		**2,950,421**	**745,067**	**1,379,502**
Other Comprehensive Revenue and Expense				
Gains (Losses) on Property, Plant and Equipment Revaluations	*13d*	(2,225,500)	-	16,983,720
Movement in Deferred Tax at Revaluation	*13d*	623,140	-	(3,638,278)
Total Comprehensive Revenue and Expense Attributable to PNCC		**1,348,061**	**745,067**	**14,724,944**

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2023

	Note	30-Jun-23 Actual $	30-Jun-23 SOI $	30-Jun-22 Actual $
Equity at the Beginning of the Year		**82,990,345**	**68,909,908**	**68,265,401**
Total Comprehensive Revenue and Expense for the Year		1,348,061	745,067	14,724,944
Transfer out of Asset Revaluation Reserves for Sale of Assets	*13d*	(118,727)	-	(172,329)
Transfer into Retained Earnings for Sale of Assets	*13d*	118,727	-	172,329
Distribution to Shareholder During the Year		-	-	-
Equity at the End of the Year Attributable to PNCC		**84,338,404**	**69,654,975**	**82,990,345**

The accompanying accounting policies and notes form part of and are to be read in conjunction with these financial statements

STATEMENT OF FINANCIAL POSITION

For the Year Ended 30 June 2023

	Note	30-Jun-23 Actual $	30-Jun-23 SOI $	30-Jun-22 Actual $
Current Assets				
Cash and Cash Equivalents	*5*	63,379	56,254	110,229
Trade Accounts Receivable	*4*	841,970	1,008,143	839,163
Sundry Receivables and Prepayments		201,364	399,904	545,799
Total Current Assets		**1,106,713**	**1,464,301**	**1,495,191**
Current Liabilities				
Revenue in Advance	*14*	62,371	103,284	107,426
Trade Accounts Payable	*14*	976,363	1,924,711	667,649
Other Creditors	*14*	1,158,826	5,018	431,413
Employee Benefit Liabilities	*7*	358,584	217,832	280,252
Borrowings	*10*	3,065,000	95,748	11,007,968
Total Current Liabilities		**5,621,144**	**2,346,593**	**12,494,708**
Working Capital		**(4,514,431)**	**(882,292)**	**(10,999,517)**
Non Current Assets				
Property, Plant and Equipment	*2*	90,347,374	87,448,364	92,713,643
Investment Property	*2a*	15,400,000	12,752,840	14,900,000
Intangible Assets	*3*	56,068	12,670	17,525
Total Non Current Assets		**105,803,442**	**100,213,874**	**107,631,168**
Less: Non Current Liabilities				
Deferred Tax Liability	*6b*	9,250,607	6,516,634	9,941,306
Borrowings	*10*	7,700,000	23,159,973	3,700,000
Total Non Current Liabilities		**16,950,607**	**29,676,607**	**13,641,306**
Net Assets		**84,338,404**	**69,654,975**	**82,990,345**
Represented by:				
Shareholders Equity				
Paid in Capital	*13a*	9,380,400	9,380,400	9,380,400
Retained Earnings	*13b*	27,044,380	23,812,977	23,975,234
Asset Revaluation Reserve	*13d*	47,913,624	36,461,598	49,634,711
Total Shareholder's Equity		**84,338,404**	**69,654,975**	**82,990,345**

For and on behalf of the Board

Murray Georgel
Chair

Shelly Mitchell-Jenkins
Director

The accompanying accounting policies and notes form part of and are to be read in conjunction with these financial statements

STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2023

	Note	30-Jun-23 Actual $	30-Jun-23 SOI $	30-Jun-22 Actual $
Cash Flows From Operating Activities				
Cash was provided from:				
Receipts from Customers		12,837,143	11,210,561	8,941,260
Interest Received		-	-	-
Income Tax Refund		-	-	18,056
		12,837,143	**11,210,561**	**8,959,316**
Cash was disbursed to:				
Payment to Suppliers and Employees		6,075,735	6,718,241	6,172,450
Tax Loss Payment to PNCC	15	43,105	-	18,266
Payment of Income Tax		649,355	284,608	341,118
Interest Payments		594,399	688,539	533,993
		7,362,595	**7,691,388**	**7,065,827**
Net Cash Flows from Operating Activities		**5,474,548**	**3,519,173**	**1,893,489**
Cash Flows From Investing Activities				
Cash was provided from:				
Sale of Property, Plant and Equipment		486,516	-	-
Cash was applied to:				
Acquisitions of Property, Plant and Equipment		1,980,685	12,668,319	2,892,453
Acquisitions of Investment Property		84,259	-	1,261,234
Net Cash Flow from Investing Activities		**(1,578,428)**	**(12,668,319)**	**(4,153,687)**
Cash Flow From Financing Activities				
Cash was provided from:				
Borrowings		5,000,000	9,455,000	3,500,000
Cash was applied to:				
Repayment of Borrowings		8,942,968	303,599	1,492,031
Payment of Dividends	13c	-	-	-
Net Cash from Financing Activities		**(3,942,968)**	**9,151,401**	**2,007,969**
Net Increase/(Decrease) in Cash, Cash Equivalents and Bank Overdrafts		**(46,848)**	**2,255**	**(252,229)**
Cash, Cash Equivalents and Bank Overdrafts at the Beginning of the year		110,229	53,999	362,458
Cash, Cash Equivalents and Bank Overdrafts Year End	5	**63,381**	**56,254**	**110,229**

The accompanying accounting policies and notes form part of and are to be read in conjunction with these financial statements

ITEM 9 - ATTACHMENT 1

ITEM 9 - ATTACHMENT 1

NOTES TO THE FINANCIAL STATEMENTS

Statement of Accounting Policies for the Year ended 30 June 2023

Reporting Entity

Palmerston North Airport Limited (PNAL) is a New Zealand company registered under the Companies Act 1993.

The Company has designated itself as a Public Benefit Entity (PBE) for financial reporting purposes.

The financial statements of the Company are for the year ended 30 June 2023. The financial statements were authorised for issue on 28 September 2023 by the Board.

Basis of Preparation

The financial statements have been prepared on the going concern basis. The Company has prepared a going concern assessment, including an assessment of the ongoing impact of Covid-19, and is satisfied the conditions for a going concern are met. The Company has prepared a three-year Statement of Intent for the FY24-FY26 income years, which is available on the Company's website. This illustrates the anticipated financial position and performance, and for the next three years the Company will be able to meet its financial obligations as they fall due. Assumptions underlying the going concern basis are documented throughout these financial statements.

Accounting policies have been applied consistently throughout the period.

Statement of Compliance
The financial statements of Palmerston North Airport Limited have been prepared in accordance with the requirements of the Airport Authorities Act 1966, Airport Authorities Amendment Act 2000, the Local Government Act 2002, Airport Authorities (Airport Companies Information Disclosure) Regulations 1999, the Companies Act 1993, and the Financial Reporting Act 2013. This includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

These financial statements have been prepared in accordance with Tier 2 PBE accounting standards.

The entity is eligible and has elected to report in accordance with Tier 2 PBE Standards RDR on the basis that the entity has no public accountability and has Expenses >$2m and ≤$30m.

These financial statements comply with PBE standards.

Presentation Currency and Rounding
The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar. The functional currency of Palmerston North Airport Limited is New Zealand dollars.

Significant Accounting Policies

Measurement Basis
The financial statements have been prepared on a historical cost basis, modified by the revaluation of land, buildings and airside infrastructure assets.

Changes in Accounting Policy
Changes due to the initial application of new, revised, and amended PBE Standards.

i) PBE IPSAS 41 Financial Instruments
In March 2019, the External Reporting Board (XRB) issued PBE IPSAS 41 *Financial Instruments*, which supersedes both PBE IFRS 9 *Financial Instruments* and PBE IPSAS 29 *Financial Instruments: Recognition and Measurement*.

PBE IPSAS 41 *Financial Instruments* is effective for periods beginning on or after 1 January 2022 and was adopted by the Company from 1 July 2022.

The main changes between PBE IPSAS 29 and PBE IPSAS 41 are:

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost.
- A new impairment model for financial assets based on expected credit losses, which may result in earlier recognition of impairment losses.
- Revised hedge accounting requirements to better reflect the management of risks.

Information about the transition to PBE IPSAS 41 is disclosed in Note 18.

1. Analysis Of Operating Revenue

	2023 Actual	***2022 Actual***
Aeronautical Charges	8,167,352	4,575,560
Car Park, Rent and Advertising	4,125,696	3,088,493
Wage Subsidies & Resurgence Support Payments*	-	247,582
Sale of Inventory**	-	1,306,605
Other	292,082	267,025
	12,585,130	**9,485,265**

* Government wages subsidies have been recognised at time of receipt of funds.

** During the 2022 financial year two lots of land in Zone B Stage 1 were transferred from Investment Property to Inventory. These lots were then sold during the year. Cost of Goods Sold ($1,253,184) relating to this inventory is shown separately on the Statement of Comprehensive Revenue and Expense.

Revenue Measurement and Recognition

Revenue is measured at the fair value of consideration received or receivable.

Landing, departure, facility fees and car park revenue are recognised when the facilities are used.

Interest received is recognised as it accrues using the effective interest rate method.

Lease revenue from operating leases is recognised as revenue on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which benefits derived from the leased asset is diminished.

ITEM 9 - ATTACHMENT 1

2. Property, Plant And Equipment

	Land	Buildings	Airside Infrastructure	Landside Infrastructure	Total Infrastructure	Plant and Equipment	Furniture and Fittings	Computer Equipment	Motor Vehicles	Total
Balances 1 July 2022										
Cost / Valuation	33,000,000	14,618,162	37,394,091	9,678,671	47,072,762	3,083,722	346,919	164,432	1,327,995	99,613,993
Accumulated Depreciation	-	(802,584)	(811,404)	(3,039,940)	(3,851,344)	(1,836,607)	(248,929)	(142,781)	(18,105)	(6,900,350)
Carrying Amount	**33,000,000**	**13,815,578**	**36,582,687**	**6,638,730**	**43,221,418**	**1,247,115**	**97,991**	**21,652**	**1,309,889**	**92,713,643**
Movements for the Year										
Reverse Prior Year Work in Progress	-	(1,012,581)	-	(482,304)	(482,304)	(161,743)	-	-	(620,118)	(2,276,746)
Additions & Current Year Work in Progress	-	1,159,155	344,969	1,515,086	1,860,054	664,492	5,744	16,952	829,802	4,536,199
Disposals - Cost / Valuation	(144,935)	-	-	(97,267)	(97,267)	(140,269)	-	(1,645)	-	(384,116)
Revaluation Surplus	-	(2,309,351)	-	-	-	-	-	-	-	(2,309,351)
Reclassification - Cost / Valuation	-	-	-	-	-	-	-	-	-	-
Reclassification - Accumulated Dep.	-	-	-	-	-	-	-	-	-	-
Disposals - Accumulated Dep.	-	-	-	29,740	29,740	102,197	-	1,645	-	133,582
Depreciation for the Year	-	(355,605)	(1,231,169)	(266,937)	(1,498,106)	(212,724)	(21,193)	(12,507)	(49,551)	(2,149,686)
Dep. Reversal on Revaluation	-	83,850	-	-	-	-	-	-	-	83,850
Closing Balances 30 June 2023										
Cost / Valuation	32,855,065	12,455,386	37,739,060	10,614,185	48,353,245	3,446,202	352,663	179,739	1,537,678	99,179,978
Accumulated Dep.	-	(1,074,339)	(2,042,573)	(3,277,138)	(5,319,711)	(1,947,134)	(270,122)	(153,642)	(67,657)	(8,832,604)
Carrying Amount	**32,855,065**	**11,381,047**	**35,696,487**	**7,337,047**	**43,033,534**	**1,499,069**	**82,541**	**26,096**	**1,470,022**	**90,347,374**
Capital Work in Progress Included at Cost										
30-Jun-23	-	1,150,049	344,972	1,055,062	1,400,034	18,117	-	-	829,802	3,398,002

	Land	Buildings	Airside Infrastructure	Landside Infrastructure	Total Infrastructure	Plant and Equipment	Furniture and Fittings	Computer Equipment	Motor Vehicles	Total
Balances 1 July 2021										
Cost / Valuation	29,010,130	14,059,596	26,071,772	9,262,493	35,334,265	2,815,357	333,398	148,191	1,068,040	82,768,977
Accumulated Depreciation	-	(704,517)	(2,781,942)	(2,774,762)	(5,556,704)	(1,634,660)	(222,650)	(120,865)	-	(8,239,396)
Carrying Amount	**29,010,130**	**13,355,079**	**23,289,831**	**6,487,730**	**29,777,561**	**1,180,697**	**110,749**	**27,326**	**1,068,039**	**74,529,582**
Movements for the Year										
Reverse Prior Year Work in Progress	-	(694,376)	(1,035)	(303,237)	(304,272)	(34,222)	-	-	(1,068,039)	(2,100,909)
Additions & Current Year Work in Progress	-	1,219,487	1,499,784	719,415	2,219,199	302,587	13,521	16,242	1,327,995	5,099,029
Disposals - Cost / Valuation	-	-	(22,001)	-	(22,001)	-	-	-	-	(22,001)
Revaluation Surplus	3,989,870	33,455	9,845,571	-	9,845,571	-	-	-	-	13,868,896
Reclassification - Cost / Valuation	-	-	-	-	-	-	-	-	-	-
Reclassification - Accumulated Dep.	-	-	-	-	-	-	-	-	-	-
Disposals - Accumulated Dep.	-	-	22,001	-	22,001	-	-	-	-	22,001
Depreciation for the Year	-	(363,504)	(900,850)	(265,178)	(1,166,028)	(201,947)	(26,279)	(21,916)	(18,105)	(1,797,779)
Dep. Reversal on Revaluation	-	265,437	2,849,386	-	2,849,386	-	-	-	-	3,114,824
Closing Balances 30 June 2022										
Cost / Valuation	33,000,000	14,618,162	37,394,091	9,678,671	47,072,762	3,083,722	346,919	164,432	1,327,995	99,613,993
Accumulated Dep.	-	(802,584)	(811,404)	(3,039,940)	(3,851,344)	(1,836,607)	(248,929)	(142,781)	(18,105)	(6,900,350)
Carrying Amount	**33,000,000**	**13,815,578**	**36,582,687**	**6,638,730**	**43,221,418**	**1,247,115**	**97,991**	**21,652**	**1,309,889**	**92,713,643**
Capital Work in Progress Included at Cost										
30-Jun-22	-	1,012,581	-	482,304	482,304	161,743	-	-	620,118	2,276,746

ITEM 9 - ATTACHMENT 1

Land, Buildings and Airside Infrastructure Fair Value

Land
Land is valued at fair value.

The most recent fair value assessment was performed by independent registered valuers, Morgan's Property Advisors. The assessment is effective as at 30 June 2023 and resulted in a suggested decrease in value of $3.0m. The Company has considered that this movement is not sufficiently material to warrant the recognition of any fair value adjustment for the year ended 30 June 2023.

Revaluations will continue to be undertaken at least three yearly in line with the current revaluation cycle of the Company.

As per Commerce Commission guidelines, fair value has been determined using the Market Value Alternative Use Highest and Best Use (MVAU) methodology. A discounted cashflow has been used to determine the MVAU.

In order to determine MVAU, the airport land has been split into five hypothetical areas based on location These include Rural, Lifestyle, Residential, Commercial and Industrial, to which MVAU valuations have then been applied.

The Company's zones (Airside, Commercial and Rural) have then been overlaid. Valuation of the Company's activity zones are therefore based on the MVAU values applied to the respective underlying hypothetical areas falling within each PNAL zone.

Key Assumptions
The independent valuation advice is based on the following key assumptions:

- The hypothetical areas determined
- Land sales and cost have been spread over a ten-year period
- Annual land inflation has been set at between 1.5% and 3.0% over the next ten years
- Basic development costs, i.e. servicing, earthworks etc. are estimated to be 20% of the sale price
- Discount rate of 20%

Sensitivity Analysis
Sensitivity analysis has been completed where changes in key inputs to assumptions would significantly change the fair value. The change to the fair value assessment from changing these inputs has been estimated as follows:

- Decreasing the discount rate to 17.5% would result in an increase in land value of $1.7m.
- Increasing the discount rate to 22.5% would result in a decrease in land value of $2.7m.
- If the land inflation rate was increased to 5.00% annually this would result in an increase of land value of $2.9m.
- No land inflation over the 10 years would result in a reduction in land value of $1.6m.
- An increase of Basic Development Costs by 10% would result in a reduction of $2.4m. This assumes a change in the Basic Development Costs from 25% to 27.5%.
- An increase of Basic Development Costs by 50% would result in a reduction of $9.4m. This assumes a change in the Basic Development Costs from 25% to 37.5%

Buildings
Buildings are valued at fair value using depreciated replacement cost. Where appropriate, the value of the improvements have then been reconciled against the investment method which capitalises the actual, or potential, market rental income having regard for yields as derived from sales of comparable property from which deduct the underlying value.

The most recent valuation was performed by independent registered valuers Morgan's Property Advisors. The valuation is effective as at 30 June 2023 and resulted in a decrease of $0.23m. This has been recognised in the 2023 annual accounts.

Key judgements have been made in respect of the terminal building relating to the Detailed Seismic Assessment rating and potential consequences relating to tenancies. These judgements have driven a reduction in the fair value of the terminal by $0.24m. This reduction has been recognised in the 2023 annual accounts as a major component of the valuation movement outlined above.

Revaluations will continue to be undertaken at least three yearly in line with the current revaluation cycle of the Company.

Airside Infrastructure
Airside Infrastructure is valued at fair value based on Depreciated Replacement cost in accordance with PBE IPSAS 17.

Fair value has been determined calculating the replacement cost of the asset based on current construction costs to recreate the asset with current legislative requirements. Assets have then been adjusted for physical Obsolescence using a straight-line depreciation approach. From there an estimated percentage of remaining life of the asset is applied, based on the condition of the asset, to calculate the current replacement cost.

Construction prices have increased substantially since the completion of FY22. However, escalation has begun to 'stabilise' or 'slow down' in the final quarter of FY23 though remains high when comparing to the 20-year average escalation rate. This can be attributed to the following factors:

- Material prices such as steel and concrete stabilising compared to FY22.
- Labour recruitment and retention remaining a persistent issue across New Zealand, following on from FY22, with a shortage of skilled construction workers; and
- A strong pipeline of future infrastructure projects, indicating a steady pipeline of future works. New Zealand continues to recover from the effect of Covid-19 on the construction industry.

The most recent fair value assessment was performed by independent consultant engineers and valuers AECOM New Zealand Limited. The valuation is effective as at 30 June 2023 and resulted in a weighted average increase of $3.2m compared to FY22. The Company has considered that this movement is not sufficiently material to warrant the recognition of any fair value adjustment for the year ended 30 June 2023.

Revaluations will continue to be undertaken at least three yearly in line with the current revaluation cycle of the Company.

Landside Infrastructure
Landside Infrastructure has been valued at fair value based on cost less depreciation.

Impairment
Impairment for Property, Plant and Equipment for 2023 was nil (2022: nil).

Property, Plant and Equipment Pledged as Security on Borrowings

There is a general Debenture held by the BNZ of the Company assets and undertaking of the airport. Additionally, the BNZ also hold first mortgages over land at 230, 289 and 296 Milson Line (CT WN48A/146, CT WN55B/574 and CT 242875), 320 Milson Line (CT 716768), and Railway Road (CT 480423 and CT 503654), RD10, Roslyn, Palmerston North.

Property, Plant and Equipment

Property Plant and Equipment consists of:

Operational Assets
These include land, buildings, furniture and fittings, computer equipment, motor vehicles and various plant and equipment.

Infrastructure Assets
Infrastructure Assets consist of Airside and Landside Infrastructure. Airside Infrastructure assets include runways, aprons, taxiways, and underground reticulated systems. Landside infrastructure assets include pavements, car parking and roading outside the secure areas of the airport.

Measurement of Property, Plant, Equipment and Intangible Assets

Property plant and equipment and landside infrastructure are measured at cost less accumulated depreciation and impairment losses with the following exceptions:

- Land is measured at fair value
- Buildings and airside infrastructure are measured at fair value less accumulated depreciation.

Revaluations
Land, buildings and airside infrastructure are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and are revalued at least every three years. The carrying values of revalued items are reviewed at each balance date to ensure that those values are not materially different to fair value. If there is a material difference, then the off-cycle asset classes are revalued.

Accounting for Revaluations
Palmerston North Airport Limited accounts for revaluations on a class of assets basis.

The net revaluation results are credited or debited to 'Other Comprehensive Revenue and Expense' and are accumulated to an asset revaluation reserve in equity for that class-of-asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in Other Comprehensive Revenue and Expense but is recognised in the Surplus or Deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the Surplus or Deficit will be recognised first in the Surplus or Deficit up to the amount previously expensed, and then recognised in Other Comprehensive Revenue and Expense.

Additions
The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that future economic benefit or service potential associated with the item will flow to the Company and the cost can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

Disposals
Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposal are included in the surplus and deficit account.

When revalued assets are sold, the amount included in revaluation reserve in respect of those assets is transferred to retained earnings.

Subsequent cost
Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Company and the cost of the item can be measured reliably.

The costs of day to day servicing of property, plant and equipment are recognised in the surplus and deficit account as they are incurred.

Depreciation

Depreciation is provided on a straight-line basis on all items of property, plant & equipment (other than land) at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives.

The useful lives and associated depreciation rates of the major categories have been estimated as follows:

Land Improvements	99 years
Roading and Carparks (Landside Infrastructure)	2 - 99 years
Buildings and Building Services	8 - 99 years
Runway, Taxiways, Aprons (Airside Infrastructure)	2 - 80 years
Plant and Equipment	2 - 50 years
Furniture and Fittings	3 - 99 years
Computer Equipment	3 - 6 years
Motor Vehicles (including Fire Appliances)	5 - 15 years

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

Impairment of Property, Plant, Equipment and Intangible Assets

Property, plant, equipment and intangible assets subsequently measured at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

If an asset's carrying amount exceeds its recoverable amount the asset is impaired and the carrying amount is written down to the recoverable amount.

The total impairment loss is recognised in the surplus and deficit account.

Value in use for non-cash-generating assets
Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return. For non-cash generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Value in use for cash-generating assets
Cash-generating assets are those assets that are held with the primary objective of generating a commercial return. The value in use for cash-generating assets and cash-generating units is the present value of expected future cash flows.

Non-current Assets Held for Sale

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of non-current assets held for sale are recognised in the surplus or deficit.

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are held for sale.

Critical Accounting Estimates and Assumptions

In preparing these financial statements the Company has made estimates and assumptions concerning the future. These estimates and assumptions may differ from subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Property, plant and equipment useful lives and residual values
At each balance date the Company reviews the useful lives and residual values of its property, plant and equipment. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires the Company to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by the Company, and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will impact on the depreciable amount of an asset, therefore impacting on the depreciation expense recognised in the Statement of Comprehensive Revenue and Expense and carrying amount of the asset in the Statement of Financial Position. The Company minimises the risk of this estimation uncertainty by:

- Physical inspection of assets;
- Asset replacement programmes;
- Review of second-hand market prices for similar assets; and
- Analysis of prior asset sales.

The Company has not made significant changes to past assumptions concerning useful lives and residual values.

The Company has assessed the impact of the planned terminal redevelopment on the remaining useful life of the Terminal Building. As the redevelopment is yet to be committed to, the Company considers there to be no impact on remaining useful life at 30 June 2023.

2a. Investment Property

	2023 Actual	**2022 Actual**
Opening Balance	14,900,000	13,786,000
Additions and Acquisitions	84,259	1,261,234
Depreciation	-	-
Reclassification from PPE	-	-
Reclassification from Assets Held for Sale	-	-
Reclassification to Inventory	-	(693,006)
Fair Value Gains/(Losses) on Valuation	415,741	545,772
Closing Balance	**15,400,000**	**14,900,000**

Investment Property consists of the following:

- Land and improvements associated with one property at 100 Airport Drive, occupied by two tenants;
- Land and improvements associated with the Massey University School of Aviation Facility;
- Land and improvements associated with the Zone B Stage 1 subdivision which are available for lease (design/build); and
- Land and improvements associated with three lots on Zone H.

Investment Property is valued annually at 30 June at fair value. The valuation was performed by independent valuers Morgan's Property Advisors as at 30 June 2023. The valuer holds the recognised and relevant qualifications of MPINZ NZIV BBS (VMP) and has significant valuation experience in the local region and for the category of investment property.

The valuation resulted in an increase in value of $0.42m.

Rental income for the year was $0.7m (2022: $0.6m). There were no expenses from Investment Property generating income. There are no outstanding contractual obligations relating to Investment Property.

Valuation methodology and significant assumptions

One of the lots within the Zone B Stage 1 was subject to sale and purchase agreements as at 30 June 2023. The Company has determined that there was significant uncertainty as at 30 June 2023 as to whether this lot would ultimately be sold. As such, this lot has been classified as Investment Property (instead of Inventory).

In determining the fair value, the valuer has relied on the following methodologies and significant assumptions:

Investment Property	*Valuation Methodologies*	*Significant Assumptions*
Massey School of Aviation	· Cost Approach via a Replacement Cost Method (RCM) · Income Approach via a Discounted Cash Flow (DCF) · Market Approach via looking at comparable sales	· Depreciation and saleability condition of the assets · Costs to subdivide the land · Various capitalisation rates
100 Airport Drive	· Cost Approach via an RCM · Income Approach via a Capitalisation Rate Method · Market Approach via looking at comparable sales	· Depreciation and saleability condition of the assets · Costs to subdivide the land · Various capitalisation rates · Market rentals for similar types of improvements (workshop, offices, carparks)
Zone B Stage 1	· Hypothetical Subdivision Method	· Lot sizes as specified in the Zone B Stage 1 subdivision plan · Costs to subdivide the land
Three lots on Zone H	· One or more methods including: · Income Approach via a DCF · Market Approach via looking at comparable sales	· Costs to subdivide the land · Various capitalisation and discount rates

3. Intangible Assets

	Website	Software	Total
Balance as at 1 July 2022	21,500	36,599	58,099
Accumulated Amortisation	(4,032)	(36,541)	(40,574)
Carrying Amount	**17,468**	**57**	**17,525**
Movement for the Year			
Reverse Prior Year Work in Progress	-	-	-
Additions and Current Year Work in Progress	-	62,000	62,000
Reclassification - Cost	-	-	-
Reclassification - Accumulated Amortisation	-	-	-
Disposals	-	3,500	3,500
Disposal - Accumulated Amortisation	-	(3,500)	(3,500)
Amortisation for the Year	(5,375)	(18,082)	(23,457)
Closing Balance 30 June 2023			
Cost / Revaluation	21,500	102,099	123,599
Accumulated Amortisation	(9,407)	(58,124)	(67,531)
Carrying Amount	**12,093**	**43,975**	**56,068**
Capital Work in Progress Included at Cost	-	1,920	1,920
Balance as at 1 July 2021	43,428	37,952	81,380
Accumulated Amortisation	(15,733)	(36,895)	(52,627)
Carrying Amount	**27,695**	**1,057**	**28,752**
Movement for the Year			
Reverse Prior Year Work in Progress	(21,500)	-	(21,500)
Additions and Current Year Work in Progress	21,500	-	21,500
Reclassification - Cost	-	-	-
Reclassification - Accumulated Amortisation	-	-	-
Disposals	(21,928)	(1,353)	(23,281)
Disposal - Accumulated Amortisation	17,925	806	18,732
Amortisation for the Year	(6,225)	(453)	(6,678)
Closing Balance 30 June 2022			
Cost / Revaluation	21,500	36,599	58,099
Accumulated Amortisation	(4,032)	(36,541)	(40,574)
Carrying Amount	**17,468**	**57**	**17,525**
Capital Work in Progress Included at Cost	-	-	-

Intangible Assets

Internally Generated Intangible Assets
Costs associated with the development of the Company's website are recognised as an intangible asset and are capitalised on the basis of the cost incurred to bring to use the intangible asset. The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Website Development	4 years:	25%
Software	2.5 years:	40%

ITEM 9 - ATTACHMENT 1

4. Trade Accounts and Other Receivables

	2023 Actual	2022 Actual
Debtors and Other Receivables	859,259	846,598
Receivables from Related Party	-	200
Allowance for Credit Losses	(17,289)	(7,635)
Total	**841,970**	**839,163**

Trade and Other Receivables

Short-term receivables are recorded at the amount due, less an allowance for expected credit losses (ECL).

The Company applied the simplified ECL model of recognising lifetime ECL for short-term receivables.

In measuring ECLs, receivables have been grouped based on days past due. A provision matrix is then established based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Other receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the debtor being in liquidation or the receivable being more than one year overdue.

Previous accounting policy

Accounts Receivable are stated at face value less any provision for impairment.

5. Cash and Cash Equivalents

	2023 Actual	2022 Actual
Current Account	59,311	106,039
Cash on Hand	4,068	4,190
Total	**63,379**	**110,229**

Cash, Cash Equivalents and Bank Overdrafts

Cash, Cash Equivalents and Bank Overdrafts includes cash on hand; deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

6a. Taxation

	2023 Actual	2022 Actual
Operating Surplus (Deficit) Before Taxation	4,012,414	1,260,344
Tax at 28%	1,123,476	352,896
Plus (Less) Tax Effect of:		
- Permanent Differences / Non-deductible Expenditure	3,247	(255,348)
- Prior Year Under / (Over) Provision	-	102
- Loss on Sale of Land	-	(216,808)
- Deferred Tax Adjustment	(64,731)	-
Tax Charge for the Year	**1,061,992**	**(119,158)**
Tax expense for the year comprising:		
Current Tax Expense	1,129,551	94,346
Prior Year Adjustments	-	102
Deferred Tax Expense	(67,559)	(213,606)
	1,061,992	**(119,158)**

6b. Deferred Tax (Assets) / Liabilities

	Investment Property	*Property, Plant and Equipment*	*Employee Entitlements*	*Other Provisions*	*Total*
Balance at 1 July 2022	**156,460**	**9,846,929**	**(59,567)**	**(2,516)**	**9,941,306**
Transfer PPE to IP	-	-	-	-	-
Charged to Surplus and Deficit - Current Year	49,330	(97,562)	(16,601)	(2,726)	(67,559)
Charged to Other Comprehensive Income	-	(623,140)	-	-	(623,140)
Balance at 30 June 2023	**205,790**	**9,126,227**	**(76,169)**	**(5,242)**	**9,250,607**
Balance at 1 July 2021	**-**	**6,560,010**	**(40,167)**	**(3,209)**	**6,516,634**
Transfer PPE to IP	193,544	(193,544)	-	-	-
Charged to Surplus and Deficit - Current Year	(37,084)	(157,814)	(19,400)	693	(213,605)
Charged to Other Comprehensive Income	-	3,638,278	-	-	3,638,278
Balance at 30 June 2022	**156,460**	**9,846,929**	**(59,567)**	**(2,516)**	**9,941,306**

Income Tax

Income tax expense includes components relating to both current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax is measured at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

For deferred tax purposes, PNAL has not rebutted the recovery through sale presumption in respect of buildings held as investment property.

Current and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive revenue and expense or directly in equity.

Goods and Services Tax

All items in the financial statements are stated exclusive of Goods and Services Tax (GST) with the exception of receivables and payables, which are stated with GST included. Where GST is irrecoverable as an input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of Financial Position.

The net GST paid to, or received from, the IRD including the GST relating to investing and financing activities, is classified as an operating cash flow in the Statement of Cash Flows.

Commitments and contingencies are stated exclusive of GST.

7. Employee Benefit Liabilities

	2023 Actual	*2022 Actual*
Accrued Pay (inc bonus accrual)	153,095	119,012
Annual Leave	205,488	161,240
Total	**358,584**	**280,252**

7a. Airfield Service

	2023 Actual	2022 Actual
Salaries and Wages	434,282	365,424
Employer Contribution to Kiwi Saver	11,459	-
Movement in Employee Entitlements	43,822	31,145
Other Rescue Fire Costs	27,383	-
External Rescue Fire Contractor	-	182,240
Total	**516,945**	**578,809**

In October 2021, the Company insourced Rescue Fire Services (RFS) from a third party contractor. Airfield Service costs comprise those specifically relating to employee costs associated with RFS employees.

Airfield service costs reflect a vacancy for 11 months in 2023.

7b. Employee Expenses

	2023 Actual	2022 Actual
Salaries and Wages	1,774,355	1,351,938
Employer Contribution to Kiwi Saver	53,442	50,560
Movement in Employee Entitlements	78,332	96,892
Total	**1,906,128**	**1,499,390**
Full time equivalent	14	13

The above employee costs exclude Rescue Fire Services. Refer to Note 7a above.

Employee Entitlements

Employee benefits that the Company expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date and annual leave earned but not yet taken at balance date.

The Company recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

The Company does not provide for long service or retirement leave entitlements.

Salaries and wages are recognised as an expense as employees provide services.

Presentation of employee entitlements
Annual leave is classified as a current liability.

Superannuation schemes
Obligations for contributions to Kiwi Saver are accounted for as defined contributions superannuation schemes and are recognised as an expense in the surplus and deficit account when incurred.

8. Commitments

	2023 Actual	2022 Actual
Operating Commitments as Lessee		
Less than 1 Year	148,591	66,905
Between 1 and 5 Years	196,179	46,606
Over 5 Years	-	-
Total	**344,770**	**113,511**
Operating Commitments as Lessor		
Less than 1 Year	1,923,351	1,769,714
Between 1 and 5 Years	5,484,200	5,082,794
Over 5 Years	4,745,922	5,003,112
Total	**12,153,473**	**11,855,620**
On-going leases per month	**180,989**	**166,401**

Leases

Operating Leases
Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Payments under these leases are charged as expenses on a straight-line basis over the lease term. Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

Operating Commitments as Lessee

PNAL leases computer and electronic equipment, lift infrastructure, billing software, advertising and three motor vehicles. The unexpired terms of leases as at 30 June 2023 range from 3 to 45 months.

Operating Commitments as Lessor

PNAL leases land, buildings and advertising space in the normal course of its business. The future aggregate minimum lease payments under non-cancellable operating leases are as outlined.

2023 commitments have been calculated until the end of the current right of renewal, or end of the contract, whichever comes first. These commitments relate to property leases, advertising, and rental agency contracts and are GST exclusive.

There are other ongoing leases amounting to $2,403 per annum that are on a month to month basis (2022: $2,718). There are no contingent rents recognised as revenue in the period.

Capital Commitments

PNAL had capital commitments of $3.26m as at 30 June 2023 largely relating to a Surface Enrichment Spray Treatment for the runway, consultants in respect of the terminal redevelopment and committed costs in respect of the pick-up/drop off shelters in the general carpark (2022: $0.87m).

9. Finance Costs

	2023 Actual	2022 Actual
Interest on Secured Long Term Loans	594,399	533,993
	594,399	**533,993**

10. Borrowings

	2023 Actual	2022 Actual
Current Borrowings	3,065,000	11,007,968
Non-Current Borrowings	7,700,000	3,700,000
Total Borrowings	**10,765,000**	**14,707,968**

Borrowings and Borrowing Costs

Borrowings on normal commercial terms are initially recognised at the amount borrowed plus transaction costs. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities where the debt tranche is floating or fixed for less than 12 months after balance date. Otherwise borrowings are classified as non-current. PNAL's debt facility with Bank of New Zealand (BNZ) has a current maturity date of December 2025 which covers both the current and non-current debt specified above.

All borrowing costs are recognised as an expense in the period in which they are incurred.

Registered mortgage over property owned by the Company secure the $5.77m borrowings (2022: $14.7m) from BNZ. This includes existing perfected security interest in all present and after acquired property of Palmerston North Airport Limited. Refer to Note 2 for the carrying value of the secured assets at balance date. The Company had borrowing facilities available from BNZ but not yet drawn down of $9.9m at 30 June 2023 (2022: $1.9m).

The Company has an approved overdraft facility of $100,000.

The Company raises long term borrowings from BNZ predominantly at fixed rates under a Customised Average Rate Loan (CARL) facility. The Company's portfolio of debt is structured with a view to minimising interest rate risk and maximising certainty of the Company's debt servicing costs in the current financial year.

The Company also has an unsecured, subordinated loan agreement with the Shareholder. The balance of this loan at 30 June 2023 is $5m (2022: nil). The facility limit is subject to annual review and is set at the lesser of $50m or the Company's approved annual SOI debt plus 10%. The Company is charged an arms length fair market rate margin on any borrowings from the Shareholder. The debt facility with the Shareholder has a current maturity date of June 2033.

11. Other Operating Expenses

	2023 Actual	2022 Actual
Rates	433,807	430,056
Power and Insurance	519,930	449,737
Repairs and Maintenance	1,451,031	933,515
Total	**2,404,768**	**1,813,308**

12. Audit Fees

	2023 Actual	2022 Actual
Fees for Audit of Financial Statements	75,421	52,159
Fees for Audit of Disclosure Financial Statements	30,000	-
Disbursements	-	-
Audit Fees from Other Providers	-	-
Total	**105,421**	**52,159**

13. Equity

(a) Share Capital

	2023 Actual	2022 Actual
9,195,000 Ordinary Share Capital	9,380,400	9,380,400
Closing Balance	**9,380,400**	**9,380,400**

All shares carry equal voting rights and the right to any share in surplus on winding up of the Company. None of the shares carry fixed dividend rights.

(b) Retained Earnings

	2023 Actual	2022 Actual
Opening Balance	**23,975,233**	**22,423,403**
Net Operating Surplus	2,950,421	1,379,502
Dividends Paid During Year	-	-
Transfer from Asset Revaluation Reserve for Sale of Assets	118,727	172,329
Closing Balance	**27,044,380**	**23,975,233**

(c) Dividends

No dividend has been declared for the 12 months ending 30 June 2023 (2022: Nil).

(d) Asset Revaluation Reserve

	2023 Actual	2022 Actual
Opening Balance	**49,634,711**	**36,461,598**
Revaluation Movement		
- Land	-	3,989,870
- Buildings	(2,225,501)	298,892
- Airside Infrastructure	-	12,694,958
Less Deferred Taxation		
- Movement - Buildings	623,140	(83,690)
- Movement - Airside Infrastructure	-	(3,554,588)
- Transfer to Retained Earnings for Sale of Assets	(118,727)	(172,329)
Closing Balance	**47,913,624**	**49,634,711**
Asset Revaluation Reserve Consists of		
- Land	25,083,100	25,201,828
- Buildings	866,913	2,469,273
- Airside Infrastructure	21,963,610	21,963,610
	47,913,624	**49,634,711**

Equity

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

- Retained Earnings
- Paid in Capital
- Asset Revaluation Reserve

Asset Revaluation Reserves
This reserve relates to the revaluation of Land, Buildings and Airside Infrastructure to fair value.

Historic revaluation gains relating to land transferred to Investment Property from Property, Plant and Equipment during prior income years remain in the reserve until the land is disposed. Total historic revaluation gains reflected in reserves relating to Investment Property total $1.5m at 30 June 2023 (2022: $1.5m).

Critical judgments in applying accounting policies

Classification of property
The Company owns a number of properties as a land bank to cover possible future expansion of the runway and safety areas. The receipt of market-based rental from these properties is incidental to this purpose. The properties are held for service delivery objectives as part of the Airport's overall operating strategy. The properties are therefore accounted for as Property, Plant and Equipment rather than Investment Property.

14. Trade Accounts Payable

	2023 Actual	2022 Actual
Revenue in Advance from Exchange Transactions	62,371	107,426
Revenue in Advance from Non-Exchange Transactions	-	-
Total	**62,371**	**107,426**
Trade Accounts Payable from Exchange Transactions		
Trade Accounts Payable	495,845	731,233
Payables to Related Party	109,012	2,001
Trade Accounts Payable from Non-Exchange Transactions		
Income Tax Payable	371,506	(65,585)
Total	**976,363**	**667,649**
Other Creditors from Exchange Transactions		
Other Creditors	1,096,078	580,367
Other Creditors from Non-Exchange Transactions		
GST (Refundable) / Payable	62,748	(148,954)
Total	**1,158,826**	**431,413**

15. Related Party Transactions

Palmerston North City Council (PNCC) holds 100% of the issued shares of PNAL.

PNAL received services from PNCC during the 12 months ended 30 June 2023 for $451,696 (2022: $458,490). In addition, during the 2023 income year, PNAL utilised accumulated tax losses from PNCC totalling $153,948, resulting in a tax payment to PNCC of $43,105 for the 2022 tax year (2022: The tax losses utilised totalled $65,237 via a tax payment to PNCC of $18,266 for the 2021 tax year).

PNAL paid interest to PNCC of $115,530 during the year. A further $103,354 of interest was accrued but unpaid at 30 June 2023.

PNAL historically paid a dividend to PNCC each year equating to 40% of after-tax surplus (excluding Fair Value Gains/Losses on Investment Property). However, due to Covid-19, no dividends were declared for the year ended 30 June 2023 or 2022.

PNAL provided services to PNCC during the 12 months ended 30 June 2023 for $21,558 (2022: $30,037). Other than the tax loss, all transactions were conducted on normal commercial terms.

PNAL owed PNCC $109,012 inclusive of GST as at 30 June 2023 (2022: $2,001).

PNCC owed PNAL $ 0 inclusive of GST as at 30 June 2023 (2022: $200).

Key Personnel Remuneration

	2023 Actual	***2022 Actual***
Directors Remuneration	135,000	112,088
Number of Directors	5	5
Senior Management Team including the Chief Executive Remuneration	1,100,739	841,603
Full Time Equivalents	6	6

Variances in the table above arise from independent market remuneration reviews and the timing of employee resignations and appointments

Other Significant Policies

Statement of Cash Flows

Operating activities include cash received from all revenue sources of the Company and records the cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise the change in equity and debt capital structure of the Company.

16. Other Financial Assets

Other financial assets are initially recognised at fair value. They are then classified as, and subsequently measured under, the following categories:

- Amortised cost;
- Fair value through other comprehensive revenue and expense (FVTOCRE); and
- Fair value through surplus and deficit (FVTSD).

Transaction costs are included in the value of the financial asset at initial recognition unless it has been designated as FVTSD, in which case it is recognised in surplus or deficit.

The classification of a financial asset depends on its cash flow characteristics and the Company's management model for managing them.

A financial asset is classified and subsequently measured at amortised cost if it gives rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal outstanding and is held within a management model whose objective is to collect the contractual cash flows of the asset.

A financial asset is classified and subsequently measured at amortised cost if it gives rise to cash flows that are SPPI and held within a management model whose objective is achieved by both collection contractual cash flows and selling financial assets.

Financial assets that do not meet the criteria to be measured at amortised cost or FVTOCRE are subsequently measured at FVTSD. However, the Company may elect at initial recognition to designate an equity investment not held for trading as subsequently measured at FVTOCRE.

Subsequent measurement of financial assets at amortised cost
Financial assets classified at amortised cost are subsequently measured at amortised cost using the effective interest method, less any expected credit losses (ECL). Where applicable, interest accrued is added to the investment balance.

Expected credit loss allowance (ECL)
The Company recognises an allowance for ECLs for all debt instruments not classified as FVTSD. ECLs are the probability-weighted estimate of credit losses, measured at the present value of cash shortfalls, which is the difference between the cash flows due to the Company in accordance with the contract and cash flows it expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

ECLs are recognised in two stages. ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). However, if there has been a significant increase in credit risk since initial recognition, the loss allowance is based on losses possible for the remaining life of the financial asset (Lifetime ECL).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company considers a financial asset to be in default when the financial asset is more than 90 days past due. The Company may determine a default occurs prior to this if internal or external information indicates the entity is unlikely to pay its credit obligation in full.

If the ECL measured exceeds the gross carrying amount of the financial asset, the ECL is recognised as a provision.

Previous accounting policy
Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

Purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Financial assets are classified into the following categories for the purpose of measurement:

- fair value through surplus or deficit;
- loans and receivables;
- held-to-maturity investments; and
- fair value through Other Comprehensive Revenue and Expense.

The classification of a financial asset depends on the purpose for which the instrument was acquired.

The Company has the following relevant category:

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.

After initial recognition they are measured at amortised cost using the effective interest method less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus and deficit account.

Impairment of financial assets
Financial assets are assessed for evidence of impairment at each balance date. Impairment losses are recognised in the surplus or deficit.

Loans and receivables
Impairment is established when there is evidence that the Company will not be able to collect amounts due according to the original terms of the receivable.

Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership, or liquidation and default in payments are indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written-off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due). Impairment in term deposits are recognised directly against the instrument's carrying amount.

17. Major Variances Explained

Account	***Actual***	***Budget***	***Variance***	**Notes**
Operating Revenue	12,585,130	9,919,610	2,665,520	Passenger numbers of 534,651 was 75,651 ahead of budget. This resulted in aeronautical charges and carpark revenue exceeding budget.
Operations Expenditure	2,921,713	3,532,634	(610,921)	Careful management of expenditure through FY23, including the partial deferral of a Surface Enrichment Spray Treatment ($433k) on the runways until FY24.
Finance Costs	594,399	688,539	(94,140)	Total debt lower than budgeted resulted in lower finance costs.
Gain on Sale of Assets	(261,348)	-	(261,348)	Budget assumed no land sales to occur in FY23. Actuals included gain on sale of one land parcel (classed as Property, Plant & Equipment) offset by loss on disposal of some assets.
Revaluation (Loss) / Gain - Investment Properties	415,741	-	415,741	Revaluation movements are not budgeted.
Deferred Tax Liability	9,250,607	6,516,634	2,733,973	Largely relates to deferred tax implications arising on revaluation of land, buildings and airside infrastructure.
Current Assets	1,106,713	1,464,301	(357,588)	Year-end actual trade debtors balance lower than budgeted.
Current Liabilities (excluding bank overdraft and current borrowings)	2,556,144	2,250,845	305,299	Year-end accruals higher than budgeted.
Property, Plant, Equipment, Intangible Assets & Investment Property	105,803,442	100,213,874	5,589,568	Budget set prior to FY22 revaluation gains being recognised at year-end. FY23 actuals reflect both FY22 and FY23 revaluations gains/losses.
Total Borrowings	10,765,000	23,255,721	(12,490,721)	Capital spend below budget resulted in reduced debt requirements.

18. Financial Instruments

In accordance with the transitional provisions in PBE IPSAS 41, the Company has elected not to restate the comparative information. The comparative information continues to be reported under PBE IPSAS 29. Adjustments arising from the adoption of PBE IPSAS 41 are recognised in opening equity at 1 July 2022 (the date of initial application).

The accounting policies for the year ended 30 June 2023 have been updated to comply with PBE IPSAS 41. The main changes to the Company's accounting policies are:

- Note 4 – Trade Accounts And Other Receivables – This policy has been updated to reflect that the impairment of short-term receivables is now determined by applying the simplified expected credit loss model.
- Note 16 – Other Financial Assets – This policy has been updated to reflect:
  - The new classification categories;
  - The measurement and recognition of loss allowances;

PBE IPSAS 41 also amended the financial instruments disclosure of PBE IPSAS 30. This has resulted in new or amended disclosures, mostly in relation to hedge accounting and credit risk. These are not applicable to the Company.

On the date of initial application of IPSAS 41, the classification and carrying amounts of financial assets under PBE IPSAS 41 and PBE IPSAS 29 is outlined in the tables below.

	Measurement classification		*30 June 2022*	*1 July 2022*	*Adoption*
Financial Assets	***PBE IPSAS 29***	***PBE IPSAS 41***	***PBE IPSAS 29***	***PBE IPSAS 41***	***adjustment***
Cash and Cash Equivalents	Loans and receivables	Amortised cost	110,229	110,229	-
Trade Receivables	Loans and receivables	Amortised cost	839,163	839,163	-

The measurement categories and carrying amounts for financial liabilities have not changed on transition to PBE IPSAS 41.

Financial instrument categories
The following tables are comparisons of carrying amounts of the Company's financial assets and liabilities in each of the financial instrument categories:

Financial Assets - *Amortised Cost*	***Rating****	***2023 Actual***	***2022 Actual***
Cash and Cash Equivalents	AA-	63,379	110,229
Trade Receivables		841,970	839,163
Total Financial Assets at Amortised Cost		**905,349**	**949,392**

*Standard & Poor's Rating for BNZ

Financial Liabilities - *Amortised Cost*	***2023 Actual***	***2022 Actual***
Trade Accounts and Other Payable	1,700,935	1,099,062
Bank Overdraft	-	-
Borrowings - Secured Loans	10,765,000	14,707,968
Total Financial Liabilities at Amortised Cost	**12,465,935**	**15,807,030**

19. Events After Balance Date

There have been no significant events occurring after Balance Date.

20. Contingencies

The New Zealand Environmental Protection Agency commenced a review during 2018 into the use of PFOS foam in firefighting applications, including at airports. Investigations at Palmerston North Airport have since confirmed that this foam was used for firefighting training exercises at the airport up until the late 1980s.

All PFOS foam was successfully removed from the fire appliances and storage containers onsite during the 2019 financial year. No further testing and investigation has been completed during the 2023 financial year (2022: $56,127).

Future outflows associated with monitoring and treating PFOS are expected to be incurred in future accounting periods. However, the timing and value of outflows are not able to be reliably estimated at 30 June 2023.

ITEM 9 - ATTACHMENT 1

FINANCIAL HIGHLIGHTS

Statement of Financial Performance

Values in millions (000)

Year Ending	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total Revenue	12,585	9,485	8,346	9,137	10,202	8,483	7,313	5,523	4,943	4,818	4,590
Net Surplus Before Interest, Depn, Taxation & Reval of Investment Property	6,103	3,058	3,598	4,079	5,025	4,074	3,534	2,391	2,064	1,847	1,765
Net Surplus Before Taxation & Misc Items (*)	3,597	715	1,257	1,695	2,593	2,211	1,849	841	911	756	709
Net Surplus After Taxation Excluding Deferred Tax Adjustments (*)	2,535	834	819	2,024	1,713	1,609	1,299	805	662	544	492
Earnings Per $ of Paid Up Share Capital (excl. any Premium on Issue and Deferred Tax Adjustments) (*)	27.02c	8.89c	8.73c	21.58c	18.26c	17.50c	14.13c	8.75c	7.20c	5.92c	5.35c
Dividend Proposed or Paid Per $ of Paid Up Share Capital (excl. of any Premium on Issue)	0.00c	0.00c	0.00c	0.00c	7.31c	7.00c	5.65c	3.50c	2.88c	2.37c	2.14c

Statement of Financial Position

Values in millions (000)

Year Ending	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total Assets	106,910	109,126	89,416	86,468	89,617	77,894	73,588	62,946	61,543	44,904	43,727
Shareholders Funds	84,338	82,990	68,265	67,120	67,481	60,704	59,615	49,810	49,305	35,823	35,475
Share Capital Paid Up (excluding of any Premium on Issue)	9,195	9,195	9,195	9,195	9,195	9,195	9,195	9,195	9,195	9,195	9,195
Net Asset Backing Per Share	$9.17	$9.03	$7.42	$7.30	$7.34	$6.60	$6.48	$5.42	$5.36	$3.90	$3.86
Return On Shareholder Funds (excluding Deferred Tax Adjustments)*	3.01%	1.00%	1.20%	3.02%	4.10%	2.65%	2.18%	1.62%	1.34%	1.52%	1.39%

** Revaluation Gain on Investment Properties have been removed for comparabililty purposes.*

ANNUAL PASSENGER NUMBERS

Year Ending	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total Passengers	534,651	323,615	400,467	498,442	687,142	657,515	629,400	515,727	466,557	455,166	445,147

INDEPENDENT AUDITOR'S REPORT

To the readers of Palmerston North Airport Limited's financial statements and performance information

For the year ended 30 June 2023

Audit New Zealand
Mana Arotake Aotearoa

The Auditor-General is the auditor of Palmerston North Airport Limited (the Company). The Auditor-General has appointed me, Debbie Perera, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the Company on his behalf.

Opinion

We have audited:

- the financial statements of the Company on pages 19 to 39, that comprise the statement of financial position as at 30 June 2023, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance measures of the Company on pages 13 to 17.

In our opinion:

- the financial statements of the Company on pages 19 to 39:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2023; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards Reduced Disclosure Regime; and
- the performance information of the Company on pages 13 to 17 presents fairly, in all material respects, the Company's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Company's objectives for the year ended 30 June 2023.

Our audit was completed on 28 September 2023. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the financial statements and the performance information

The Board of Directors is responsible on behalf of the Company for preparing financial statements and performance information that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board of Directors is responsible on behalf of the Company for assessing the Company's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Local Government Act 2002.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the Company's statement of intent.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We evaluate the appropriateness of the reported performance information within the Company's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 1 to 12 and 45 but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the Company in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit, we will carry out an assurance engagement in relation to the Company's disclosure financial statements pursuant to the Airport Authorities (Airport Companies Information Disclosure) Regulations 1999, which are compatible with those independence requirements.

Other than the audit and this engagement, we have no relationship with or interests in the Company.

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Debbie Perera
Audit New Zealand

On behalf of the Auditor-General
Palmerston North, New Zealand

PALMERSTON NORTH AIRPORT LIMITED

COMPANY DIRECTORY

As at June 2023

DIRECTORS

Murray Georgel	Chair
Shelly Mitchell Jenkins	Chair of Audit & Risk Committee
Christopher Cardwell	Chair of Terminal & Property Development Committee
Sarah Laurence	
Gerard Gillespie	Retired June 2023

MANAGEMENT

David Lanham	Chief Executive
Olivia Pierre	Chief Commercial Officer
Jonathon Baker	Chief Financial Officer
Brent Lawry	Terminal & Facilities Manager
Muhammad Dahlan	Capital Projects & Asset Manager
Alex Fechney	Safety & Operations Manager

REGISTERED OFFICE

Palmerston North Airport Limited
Terminal Building
Airport Drive
PALMERSTON NORTH

Phone: +64 6 351 4415
Fax: +64 6 355 2262
e-mail: help@pnairport.co.nz
Web: www.pnairport.co.nz

TRADING BANKERS

Bank of New Zealand

LEGAL ADVISORS

Cooper Rapley Lawyers

AUDITOR

Audit New Zealand (on behalf of the Auditor-General)

ITEM 9 - ATTACHMENT 1

Palmerston North Airport Limited

Summary of Directors' Fees Review

Delivered by email:

Prepared by:
Rachel Bate
Senior Consultant, Strategic Pay

September 2023

Private and Confidential

Strategic Pay Limited is independent of Palmerston North Airport Limited. In this context, independence means that Strategic Pay Limited has not been subjected to any undue influence from management of Palmerston North Airport Limited, any board member of Palmerston North Airport Limited, or any other party in relation to the services provided by Strategic Pay Limited or the outcomes of those services.

StrategicPay

Overview

Jonathon Baker, Chief Financial Officer at Palmerston North Airport Limited "PNAL" has commissioned Strategic Pay Limited ('Strategic Pay') to provide a review of its Board of Director fees on behalf of the Board or Board Remuneration Committee

Directors Fees were last reviewed in 2021 and increased.

Our approach involves gaining an understanding of the organisation and Directors responsibilities by way of review of documentation provided and interview with Jonathan Baker (CFO). We then undertake market analysis of relevant samples from the Strategic Pay 2023 New Zealand Directors Fee database and Remuneration Report to determine and position appropriate Board fee levels for PNAL.

Our recommendation is based on several factors including the organisation size, ownership, and industry, and the market data presented.

This report presents the following:

1 Background;

2 Recommendation Summary;

Appendices:

a. Appendix 1 – About Strategic Pay Ltd

1. Background

PNAL is a Council Controlled Trading Organisation and limited liability company that was formed in December 1989. PNAL owns and operates Palmerston North Airport, having acquired the airport business and assets from the former joint venture of the Palmerston North City Council and the New Zealand Government in January 1990. Since 39 November 2006, all shares are held by the Palmerston North City Council.
Located on the outskirts of the suburb of Milson in Palmerston North, PNAL offers domestic passenger services to Auckland, Christchurch, Hamilton and Nelson with Air NZ and Origin Air. The airport also offers freight services, provided by Parceline and is New Zealand's 8th busiest airport.

BOARD COMPOSITION AND MEETING SCHEDULE

The Board is composed of 1 Chair and 4 Directors

There are 11 Board meetings per year, or approximately 3 hours duration

There are 2 Committees:

- Audit and Risk Committee meets 4 times per year for meetings of approximately one hour and has 3 members (a Chair and two Directors)
- Terminal & Property Development Committee meets 6 to 8 times per year for meetings of approximately one hour and has 3 members. (a Chair and two Directors)

ORGANISATION DEMOGRAPHICS

Organisation Demographics / Dimensions	
Organisation Type	Public Sector – Local Body Owned
Ownership	Palmerston North City Council
Industry	Airport Owner and Operator
Annual Turnover / Budget	~$14.1 million
Assets	~$131 million
Shareholders' Funds	$88 million
Number of Employees	25
Region	Palmerston North

CURRENT DIRECTOR FEE POLICY

There is no formal Directors Fees Policy in place currently.

2. Recommendation Summary

RECOMMENDED DIRECTORS FEE POLICY

PNAL to pay within a range of all samples analysed with weighting to Revenue and Industry.

A ratio of 2.0 times the Director Fees to be adopted for the Chair

RECOMMENDED DIRECTOR FEES

Role / Committee	Current Fees	Recommended Fees Range		% Increase	
Chair of Board	$41,540	$46,000	$50,000	10.74% - 20.37%	
Directors x 4	$20,770	$23,000	$25,000	10.74% - 20.37%	
Committee Chair of ARC	$5,190	No change			
Commitee Chair of TPDC	$5,190	No change			
Total Directors Fee Pool	$135,000	$148,380	$160,380	9.91%	18.80%

In our view, the recommended ranges represent market levels appropriate for your organisation given the context provided and reflects the Directors Fee Policy. It is the Board's prerogative, whether to accept the Strategic Pay Recommendation or not, based on both internal and external factors best understood within the organisation. Also considering what may be deemed palatable to stakeholders at this time.

Strategic Pay's guiding principle is that it is important not to undervalue the contributions, experience or time committed by Board members.

StrategicPay

APPENDIX 1: **ABOUT STRATEGIC PAY**

At Strategic Pay we provide innovative solutions to help organisations meet their strategic remuneration, performance development and performance improvement goals. We help improve your overall performance by ensuring employee effort, remuneration and rewards are closely aligned with business objectives.

Deliver Strategic Rewards

We work alongside you to provide a compelling proposition that attracts retains and motivates the best people.

Our adaptable solutions include:

- Remuneration and reward strategy development
- Executive remuneration and performance advice (including incentives)
- Salary options using job evaluation, grades, bands or benchmarks
- Salary review management, including processes, tools and training
- Performance development systems, including customised design and implementation

Access New Zealand's Largest Remuneration Data Services

Strategic Pay offers an unrivalled suite of nation-wide and specialist industry and sector remuneration survey reports, based on a database of more than 227,000 employees from over 1,400 organisations.

Our key nation-wide surveys and reports include:

- NZ Remuneration Report (published 6 monthly)
- CEO and Top Executive Remuneration Report
- NZ Benchmark Report
- Corporate Services and Executive Management
- Directors' Fees Report
- HR Metrics Survey

Use Smart Technology

We understand busy HR practitioners' needs and offer a range of smart tools to manage remuneration and survey submissions:

- RemWise®: a remuneration tool to manage all aspects of your salary review, market data and survey submissions
- Rem On-Demand®: online access to remuneration reports, resources and insights
- PayCalculator: survey data at your fingertips

Drive Organisation Performance

Superior organisational performance is critical to delivering strategic business objectives. Speak to us today about using PLUS+ to develop a future proof strategy, an organisational model and structure that supports the strategy and matching the right people to accountabilities best designed to deliver the strategy in your organisation.

Build Capability

Through a range of workshops and the Strategic Pay Academy we provide clients with comprehensive short courses in Remuneration, Performance Management and Organisational Performance. We also offer training programmes that can be tailored to meet your specific requirements.

Consult Nationwide

Strategic Pay is nationwide, servicing clients across all parts of New Zealand from our various locations. Our consultants regularly travel to visit clients around the country and are happy to meet wherever you are. Find out more at www.strategicpay.co.nz

MEMORANDUM

TO:	**Economic Growth Committee**
MEETING DATE:	**25 October 2023**
TITLE:	**Central Economic Development Agency (CEDA) Annual Report 2022-23**
PRESENTED BY:	**David Murphy, Chief Planning Officer**
APPROVED BY:	**Waid Crockett, Chief Executive**

RECOMMENDATION TO ECONOMIC GROWTH COMMITTEE

1. **That the Committee receive the Central Economic Development Agency (CEDA) Annual Report 2022-23 (Attachment 1).**

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1. ISSUE

1.1 Central Economic Development Agency (CEDA) has submitted its Annual Report 2022-23, which is included as attachment 1. This memorandum provides an opportunity for Elected Members to review the progress CEDA has made against its Statement of Intent during the period 1 July 2022 to 30 June 2023.

1.2 Representatives of CEDA will be in attendance to present the Annual Report and answer questions.

2. BACKGROUND

2.1 CEDA is a Council Controlled Organisation (CCO) and is jointly owned by Palmerston North City Council (PNCC) and Manawatū District Council (MDC).

2.2 For the 2022/23 year, PNCC and MDC as joint shareholders expected CEDA to focus on the delivery of the following core functions:

- Inward investment (both national and international), retention and expansion of business in the Manawatu region, along with survival and recovery of businesses due to COVID-19.
- Developing a talent pipeline.
- Domestic Visitation (due to impacts from COVID-19).

2.3 The 2022/23 Statement of Expectations also asked CEDA to focus on strategic relationships and included a list of top priorities for both councils, including a specific joint priority to develop a food strategy.

2.4 In 2022/23, PNCC granted CEDA $1,880,545 to deliver the core functions listed in 2.2 above. MDC contributed $655,656.

2.5 The Local Government Act (LGA) requires CCOs to produce an annual report which compares its actual and intended performance (as set out in the Statement of Intent) and audited financial statements.

3. PERFORMANCE FOR THE YEAR JULY 2022 - JUNE 2023

3.1 CEDA's response to the Statement of Expectations is based around three strategic objectives:

- People.
- Business.
- Place.

3.2 The Chairperson and Chief Executive reports within the Annual Report both point to the resilient nature of the Manawatū economy and the long-term nature of strategic economic development opportunities such as Te Utanganui, Central NZ Distribution Hub and the Food Strategy.

3.3 Highlights from the year are detailed on pages 8 and 9 of the Annual Report. A selection of key highlights include:

- Te Utanganui Central NZ Distribution Hub grows adding two port partners.
- Manawatū Regional Food Strategy stage two draft completed.
- Manawatū 2.0 campaign PR reach of 2.7M.
- Manawatū Destination Management Plan refreshed.
- 3140 people attended the NZ Careers Expo.
- $193,182 in capability development support issued through the Regional Business Partners Program.
- $957,940 in Callaghan Innovation Research and Development grants issues.
- 444 unique business supported (including 39 Māori businesses).

3.4 A narrative summary of CEDA's work on each of these strategic objectives is detailed at pages 14-17 (People), 18-21 (Business) and 22-26 (Place) of the Annual Report.

3.5 A narrative summary on CEDA's work on strategic partnerships is provided at pages 27-29 of the Annual Report.

3.6 A more specific narrative assessment of CEDA's service performance for each of the three strategic objectives and partnerships is detailed on pages 37 – 47 of the Annual Report.

3.7 The regions performance against a series of quantitative monitoring indicators is detailed at pages 49 and 50 of the Annual Report. While a number are awaiting up-to-date data, good progress is recorded for the following indicators:

- Change in total GDP – 2.6% increase against a target of 1.8%.
- Electronic card spending by visitors – 13.4% increase against a target of 5.7%
- Number of guest nights in Manawatū – 37.6% increase against a target of 1.6%

3.8 MSD jobseeker benefit recipients has increased +2.1%, after significant decreases in 2021 and 2022.

4. FINANCIAL PERFORMANCE FOR THE YEAR JULY 2022- JUNE 2023

4.1 CEDA's financial performance is detailed at pages 57-70 of the Annual Report.

4.2 CEDA finished the 2022-23 year with a $15,190 surplus against a budgeted $3,507 deficit.

4.3 CEDA finished the 2022-23 year with total equity of $585,079 against a budget of $516,804.

4.4 The 2022-23 Annual Report includes an independent auditors report at page 71.

5. NEXT STEPS

5.1 CEDA to receive and consider feedback from elected members on the 2022-23 Annual Report.

5.2 PNCC to engage with MDC to prepare the CEDA Statement of Expectations for 2024-25 to 2026-27, taking into account the strategic direction developed for the PNCC and MDC 2024-34 LTPs. The intent is to prepare a single Statement of Expectations to cover the three-year period from 2024-25 to 2026-27. CEDA would still be required to prepare an annual Statement of Intent based on the three-year Statement of Expectations. It is anticipated this will create some efficiencies and provide greater certainty to CEDA over the three-year LTP cycle.

5.3 CEDA to report a draft and final Statement of Intent for the period 2024-25 to 2027-28 to PNCC and MDC for approval.

6. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide? If Yes quote relevant clause(s) from Delegations Manual	**Yes**
Are the decisions significant?	**No**
If they are significant do they affect land or a body of water?	**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: Carry out regular performance monitoring and reporting for CEDA	
Contribution to strategic direction and to social, economic, environmental and cultural well-being	Support economic wellbeing through the Central Economic Development Agency (CEDA)

ATTACHMENTS

1. CEDA Annual Report 2022-23 ⇩

ITEM 10 - ATTACHMENT 1

Pūrongo ā-Tau
Annual Report

CEDA
CENTRAL ECONOMIC DEVELOPMENT AGENCY

2023
1 July 2022 to
30 June 2023

30 September 2023

Company Directory

Central Economic Development Agency Limited

Level 1, TSB Tower,
1-19 Fitzherbert Avenue
Palmerston North, 4410

Phone: 06 350 1830

Website: CEDA.nz

Chief Executive

Jerry Shearman, CEO

Directors

Robyn (Bobbie) O'Fee (Chairperson)
Margharita (Margy) Mare
Robbie Pickford (re-appointed 5 May 2023)
David Norman
Paul Bayly
Te Ahu Teki (interim to 4 May 2023)
Kathleen Brosnahan (from 5 May 2023)

Management

At 30 June 2023
Jerry Shearman – Chief Executive
Jacqui Middleton – Finance & Operations Manager
Janet Reynolds – Marketing & Communications Manager
Greg Bignall – Business Development Manager
Tainui Woodmass – Māori Relationships Manager

Chartered Accountant

Morrison Creed Advisory Limited
236 Broadway Avenue
Palmerston North 4410

Registered Office

Morrison Creed Advisory
236 Broadway Avenue
Palmerston North 4410

Bankers

Westpac New Zealand Limited

Legal Advisors

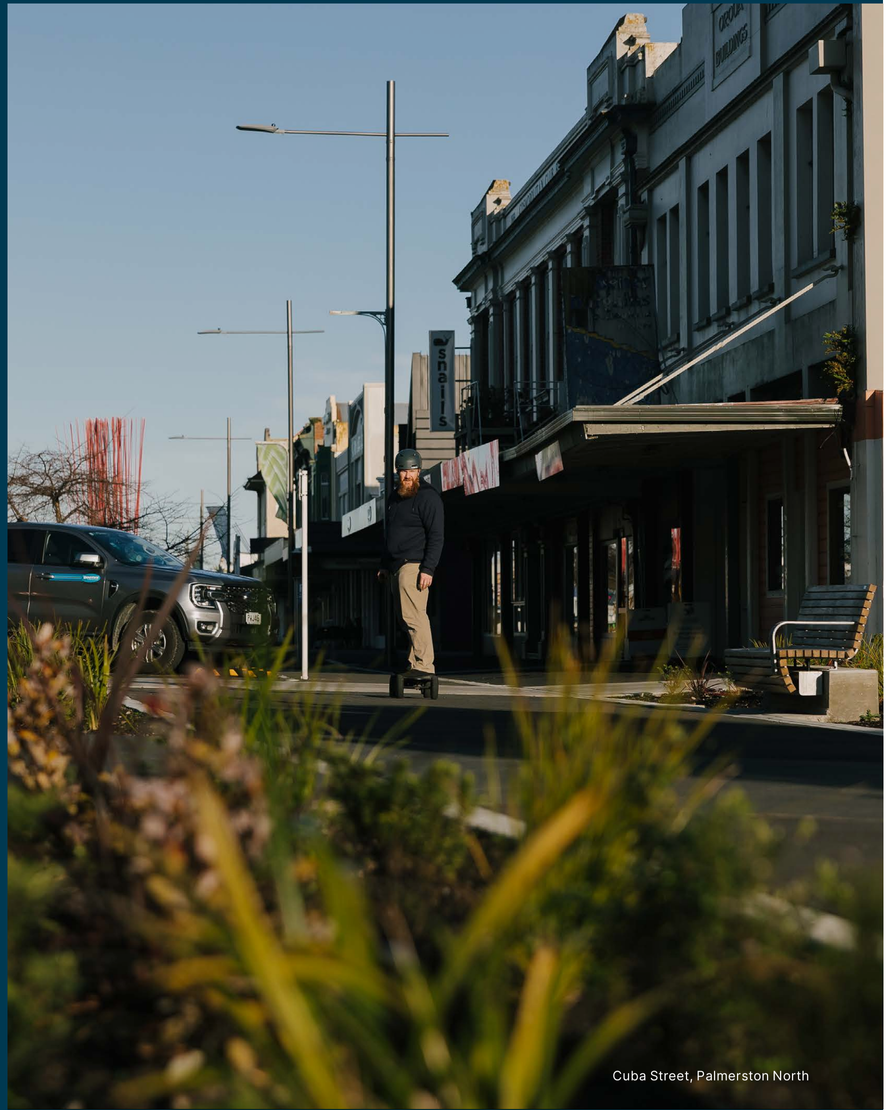
Riverstone Law
Level 2, 74 Walding Street
Palmerston North 4410

Auditors

Grant Thornton New Zealand Audit Limited (on behalf of the Office of the Auditor General)

Legal Status

Central Economic Development Agency Limited ("CEDA") was incorporated in New Zealand on 15 October 2015 under the Companies Act 1993 (NZBN 9429042001096). As the shareholders of CEDA are Palmerston North City Council (50%) and Manawatū District Council (50%) CEDA is a council-controlled organisation as defined in section 6 of the Local Government Act 2002.



Cuba Street, Palmerston North

Pūrongo ā-Tau
Annual Report

He karapatanga ki Papaioea me Manawatū
Palmerston North and Manawatū at a glance

POPULATION

90,400 PALMERSTON NORTH

33,900 MANAWATŪ DISTRICT

0.4% **Rate of population growth** June 2022

1.2% **Estimated population growth**[1] (based on the increase in new residents signing up to health services)

MEDIAN AGE

34.9 **Palmerston North**

40.1 **Manawatū** June 2022

MANAWATŪ GDP (NZD $366,029m)

$7,702m

2.1% of NZ economy YE March 2023

GDP PER CAPITA (NZD)

$61,231

+8.5% June 2022

GUEST NIGHTS (+37.6%)

543,700

Manawatū region

YE June 2023

RTO RATING

13th

Manawatū Region is **ranked 13th for visitor spend** out of 32 Regional Tourism Organisations around New Zealand

YE June 2023

TOTAL ELECTRONIC CARD VISITOR SPEND

$347m

in Manawatū region

(+13.4%)

YE June 2023

WORKFORCE

12,486 **TOTAL BUSINESSES**

(+3.8%)

February 2022

70,047 **TOTAL EMPLOYEES & SELF-EMPLOYED**

(+2.5%)

1,740 jobs

from March 2022

TOTAL EARNINGS→ **$4,254m**

Salaries, wages & self-employment income

$281 increase (+7.1%) YE March 2021

MEDIAN EARNINGS

$59,700 **Palmerston North**

$55,710 **Manawatū District**

YE March 2022

BUILDING CONSENTS VALUE

$630m

(+15%)

YE June 2023

As the region's economic development agency, we have a role in monitoring and influencing a range of these indicators where we can, however we don't measure the performance of our organisation against them. These indicators reflect outcomes at a regional level which are impacted by a range of factors outside our control, such as exchange rates, natural disasters and government policy, for example.

[1] Manawatū region residents only

Data sources: StatsNZ, Think Hauora, Infometrics, MBIE.

4 CEDA
ANNUAL REPORT FOR YEAR ENDED 30 JUNE 2023

Te Pūrongo a te Heamana
Chairperson Report

Tēnā koutou katoa

The Manawatū economy remains resilient, with increased tourism spending boosting the local economy. The unique mix of industries in Manawatū has driven a GDP growth of 2.6% over the year to March 2023, with the regional economy holding its own as Aotearoa, New Zealand, enters a recession following two quarters of negative growth.

While consumer spending is up year-on-year, cost-of-living increases continues to impact, with food prices increasing by 12.5% over the year to April 2023. This was the highest annual increase in food prices since September 1987. Annual figures for May 2023 indicate a slight easing of food price inflation, with the rise in the cost of food over the year falling slightly to 12.1%.

The regions diverse economy still provides a cushion during the pandemic recovery period, and as we expect more economic headwinds ahead. For example, there has been a downturn in residential investment intentions from the record highs of 2021 reflecting the impact of rising home building costs, higher mortgage interest rates, and challenges in accessing finance. Whilst non-residential building consents to the value of $172 million were issued in Manawatū during the year to December 2022 this was down by 32.5% over the year.

Our positioning right in the heart of the lower North Island and fuelled by significant public and private investment with more than $8 billion of transport and infrastructure investment planned and under way in the next 10 years, sees the region well positioned for continued growth. This significant amount of planned and developing investment and work programmes, combined with our economic performance, will undoubtedly help drive private investment in the region.

The key to emerging from the current economic challenges is leveraging off investment in key strategic projects. One such project is Te Utanganui, the Central New Zealand Distribution Hub, which continues to progress and positions our region as a nationally important distribution hub complementing those in the upper North Island (the golden triangle) and the central South Island at Rolleston as part of a national freight network solution. Over the past year work on implementing this multi decade strategy has continued in the key areas of master planning, inward investment, and advocacy as we look to encourage businesses to move to Manawatū.

The region will soon have a fresh Manawatū Regional Food Strategy. The region has a long and proud history as a centre for food innovation and science with a number of breakthrough findings in food and agritech dating back over 100 years. This depth of science and innovation, coupled with our rich natural resources means that Manawatū is well positioned to continue its major role in the evolving food story for Aotearoa. This strategy will build on the strong foundations our region has in the agrifood space, bringing together key stakeholders and partners to develop and implement a shared vision and plan for our region.

CEDA works closely with a significant number of stakeholders and key partners in the work that we do that brings benefit to our region. On behalf of the Board and the CEDA team we would like to thank our shareholders and regional partners such as our local iwi and hapū, Sprout Agritech, The Factory, FoodHQ, and our wider business community, for all that you do in the Manawatū and Palmerston North to make the region such a fantastic place to live.

He matawhānui tiritahi, he rautaki tiritahi mā te katoa
With shared vision and strategy for everyone

Ngā mihi nui ki a koutou katoa,

Bobbie O'Fee
Heamana **Chairperson**

Te Pūrongo a te Tumuaki
Chief Executive Report

Tēnā koutou katoa

CEDA has been hard at work over the past year to support our local businesses and also lifting the profile of our region as a great place to visit, live, and do business. We have been driving ahead key projects as we continue to work to achieve our ambitious vision and goals for the region.

The economic pillars underlying CEDA's strategic direction, that was refreshed in 2023, remain linked to our **people**, our **place**, and our **businesses** and are underpinned by our **relationships**. Our business support function is critical to our goals, as we provide support to attract and retain talent, and support regional businesses through tools such as the Region Business Partnership programme. Supporting capability development, innovation, and research and development for stakeholders across the Manawatū is an important service that many local businesses can access.

Identifying and cultivating potential inward investment opportunities for the region remains a key focus for CEDA, and investors need to see that Manawatū is a great place to do business, or to grow an existing business, and that we are primed and ready to attract new and innovative businesses. This is an all of CEDA effort that includes providing business support, supporting our sectors of strength, profiling the region for both visitors and businesses, and progressing the key economic pillar projects that will lead to further investment.

Te Utanganui, the Central New Zealand Distribution Hub, is one of our key pillar projects that has seen the strategy being progressed and several significant outcomes over the last year. We have established a new governance structure that focuses on the future project needs and how we can meet those. We have signed up two ports (CentrePort in Wellington and Napier Port) as port partners for Te Utanganui and have had a consistent level of interest from potential investors, logistics and distribution businesses, and many other organisations. Te Utanganui was recognised by Economic Development New Zealand at the 2023 Annual Conference with the award for Best Practice in Integrated Planning, an acknowledgement of the connected conversations across multiple stakeholders. This project is a long-term one and will have a significant positive economic outcome for the region across several sectors.

The commitment to the primary sector and Manawatū's importance in New Zealand's food story has led to significant outcomes in this space over the last year. A highlight includes winning the bid to bring E Tipu: The Boma Agri Summit, Aotearoa's biggest food and fibre event to our region in 2024 offering significant opportunity and exposure to both our region and the agrifood sector. This is well aligned to our soon to be completed Manawatū Regional Food Strategy and this has progressed to final work on an implementation plan that included broad stakeholder consultation and engagement.


Te Āpiti

444 businesses were supported throughout the year, including 39 Māori businesses, with $193,182 in management capability development support issued through the Regional Business Partner Programme. To assist with talent and skills attraction we updated the employer and workplace hub content on CEDA.nz, produced a talent specific sizzle reel, and produced four sector case studies across the tech and primary sectors. The NZ Careers expo this year saw 3,140 attendees, up on the previous year.

We've had another successful year of profiling the region, successfully leveraging the regional identity to grow the profile of the city and region. There were 56 media features with a total reach of 42 million, with ManawatuNZ.co.nz sessions also growing through initiatives such as adding the Trade and Industry Hub attracting significant growth in the years session to more than 300,000, a 19% increase from last year. Amongst the numerous media features this year were Manawatū 2.0 on the Breakfast Show, Te Utanganui feature in Business Central Feature, and the Coastal Arts Trail feature on Seven Sharp.

The region's Destination Management Plan underwent a refresh that has been completed and is now being implemented. This was a significant piece of work that overall identified more than 70 projects, including eight priority projects. To refresh the plan, CEDA engaged with over 85 stakeholders, across more than 20 workshops, interviews, presentations and discussions and undertook a community engagement survey which received responses from more than 330 residents across the region.

A big part of how we bring value to the region is the building and maintaining of relationships across all our partners including local iwi and hapū, local businesses, regional stakeholders, and our shareholders. Working closely with others means that we can achieve more, and share knowledge and experience, and we will continue to work with these critical partners to ensure a thriving Manawatū.

Whiria te taura tāngata
Weave the people together

Ngā mihi nui ki a koutou katoa,

Jerry Shearman
Tumuaki **Chief Executive**

Ngā Tino Kaupapa o te Tau
Highlights from the year

Te Utanganui Central New Zealand Distribution Hub grows adding two port partners

Talent Attraction marketing campaign gained 2,374,343 impressions

TVNZ Breakfast and Seven Sharp live television coverage

Industry, Trade, and Media Hub created

3,140
people attended the NZ Careers Expo

Manawatū Regional Food Strategy stage two draft completed

Manawatū 2.0 campaign PR reach of
2.7m

Manawatū Destination Management Plan refreshed

$193,182
in capability development support issued through the Regional Business Partner program

NGĀ TINO KAUPAPA O TE TAU
HIGHLIGHTS FROM THE YEAR

19.36%
growth in sessions on ManawatuNZ.co.nz

30,423
social media followers

2.7 million earned PR reach and **2.8 million** ad impressions for Manawatū 2.0 campaign

$957,940
in Callaghan Innovation Research and Development grants issued

444
unique businesses supported
(including 39 Māori businesses)

300 businesses engaged in the 3 yearly regional business sentiment survey

56 Media Features profiling the region with a combined reach of **42,074,257**

34 regional signs and information boards updated or created under the regional identity

15 business claims totalling **$2,477,221** from the Research and Development Tax Incentive scheme

24
new content pieces curated, including six sector case studies

The Country Road

Purpose of the Annual Report

This Annual Report is presented by Central Economic Development Agency Limited (CEDA) in accordance with the requirements of Section 64(1) of the Local Government Act 2002 (LGA 2002).

In accordance with the Local Government Act 2002, this report publicly states the activities and progress for the year to date against objectives set in the CEDA Statement of Intent for the 2022-23 financial year.

COVID-19 Impact

The outcomes presented in this Annual Report include response and recovery projects implemented to assist our businesses, industries, and our people through the impact locally, nationally, and internationally of COVID-19. This includes additional support from funding received from the Ministry of Business, Innovation and Employment for business and visitor sector support including Destination Management Plan Development, regional Marketing, digital Capability, and event funding.

Note from the 2019-20 financial year to date, figures and outcomes include this additional government funding support given to business through the Regional Business Partner Programme, and Digital Boost Pilot programme, and visitor sector through the Strategic Tourism Asset Protection Programme, Tourism Recovery and Rest fund, and Regional Events Fund. This additional support has come to an end from the 30 June 2023. This has had an impact in the current financial year with a large amount of resource and funding applied to outcomes that will not be able to be replicated in coming years. The Regional Business Partner programme standard funding will continue from this time as per the current service agreement.

Tā Mātou Matawhānui
Our Vision

Manawatū 2025: Ko te rohe tino ahu whakamua o Aotearoa

New Zealand's most progressive region

Our vision is bold and purposefully so, it encompasses the ambitions of both our shareholder Councils. It requires our region to move from comfortable to ambitious, from reactive to future focused, and to move with an increased cadence and sense of resolve. We believe that Manawatū has the leadership and the ingredients to reposition itself on the national stage - a vibrant and innovative region that will be first choice for talent, business and investment.

Our three big goals that show we are on our way to achieving this vision are:

- Manawatū is recognised as one of the top three agrifood hubs in the world
- Manawatū is a leading distribution hub, and leverages off its role in central New Zealand
- Manawatū is renowned for its exceptional lifestyle, competitive advantages, and is a magnet for investment, business and talent

To achieve this vision CEDA must work in partnership with our shareholders, central government, Māori, local iwi, industry and other regional stakeholders - it cannot be achieved alone.

Ā Mātou Whāinga Rautaki
Our Strategic Objectives

Achieving our vision

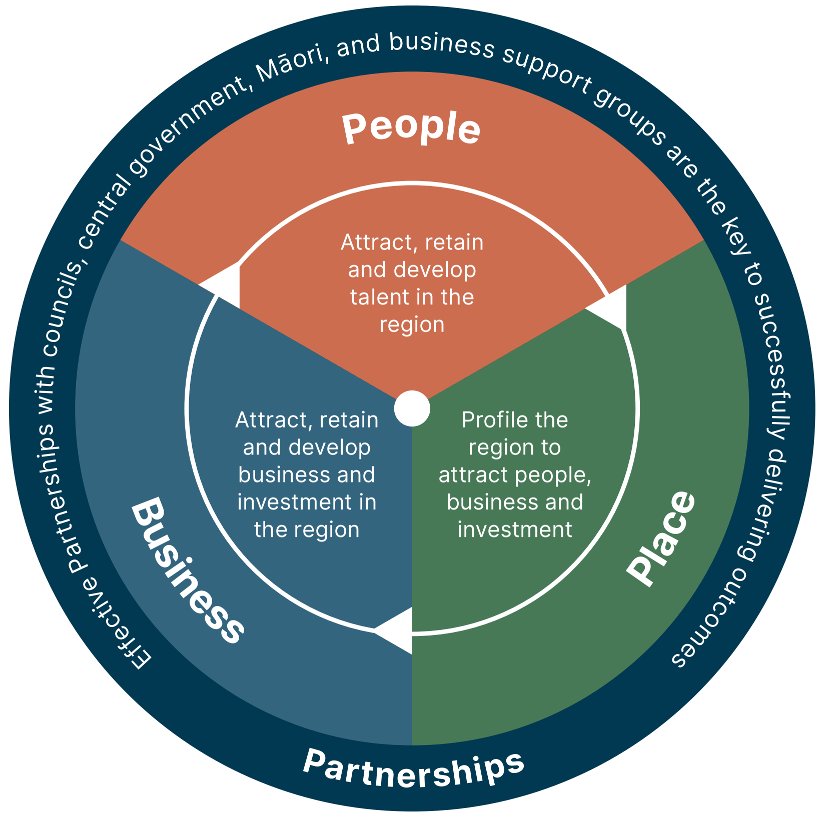
CEDA works across the three strategic pillars of economic development; People, Place and Business, and our success is underpinned and enabled by the strength of our relationships with our regional and national partners.

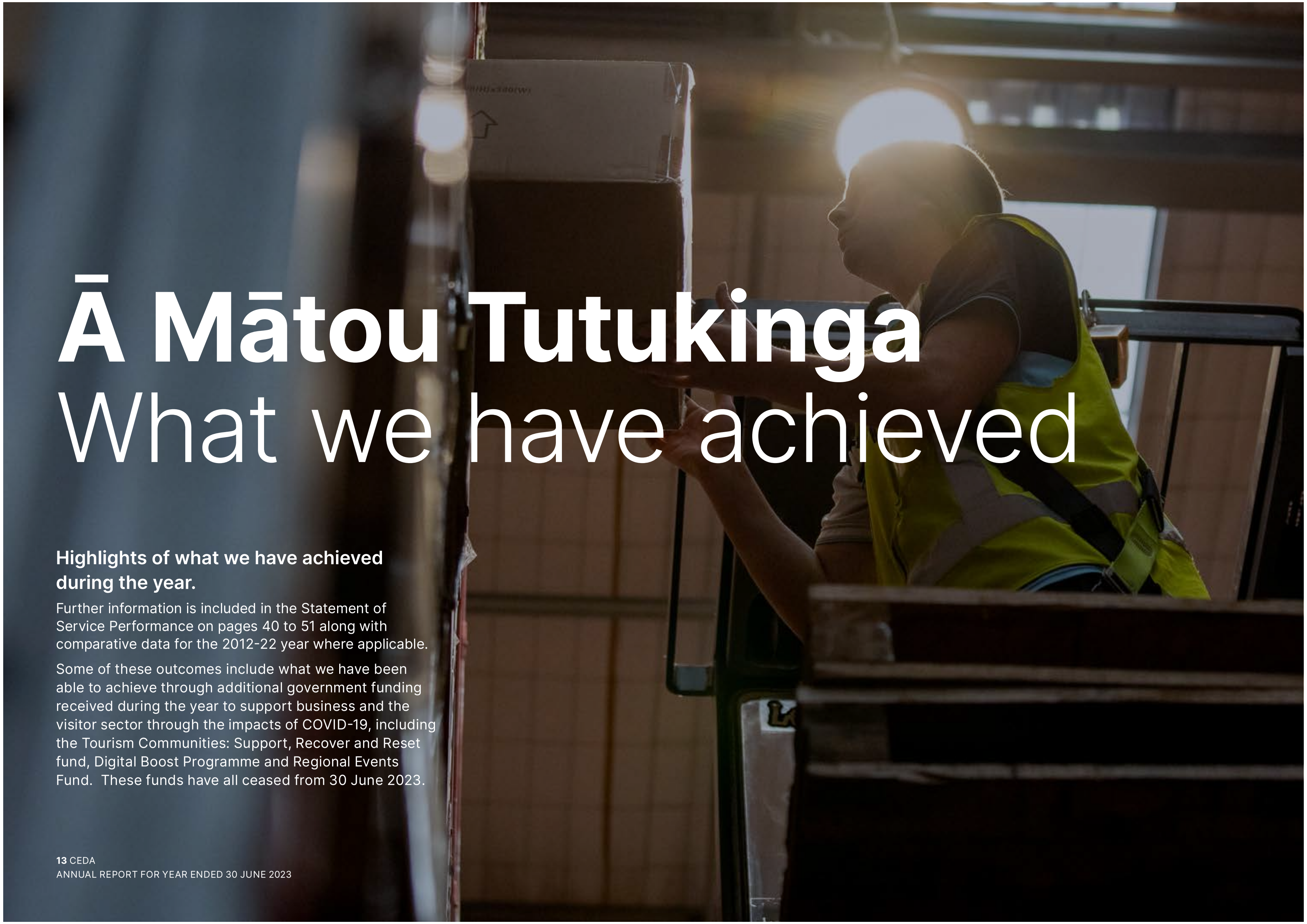
Our core objectives, programmes and activities are all aligned to these pillars, and are designed to create the environment, stimulus, outcomes and impact that will power our economic prosperity and achieve our vision for Palmerston North city and Manawatū district.

These key objectives guide the development of our short and medium-term programmes of work as articulated through our Statement of Intent for 2022/23.

When considering how to prioritise our efforts, and based on our current resources and functions, we focus on programmes and activities that offer the greatest opportunities for economic prosperity.

These are identified through research, monitored and reviewed using the latest data, and viewed through a regional, national and international lens.





Ā Mātou Tutukinga
What we have achieved

Highlights of what we have achieved during the year.

Further information is included in the Statement of Service Performance on pages 40 to 51 along with comparative data for the 2012-22 year where applicable.

Some of these outcomes include what we have been able to achieve through additional government funding received during the year to support business and the visitor sector through the impacts of COVID-19, including the Tourism Communities: Support, Recover and Reset fund, Digital Boost Programme and Regional Events Fund. These funds have all ceased from 30 June 2023.

People

Whakamaneatia, puritia, whakawhanaketia ngā iho pūmanawa ki roto i te rohe

Attract, retain and develop talent in the region

Through our data and research, we know that the biggest barrier to business growth in the region is the ability to attract the right people for the job. The development of a talent pipeline for the region that includes the attraction of those with the skills and experience our businesses need, the training and development of the people they already have, the recruitment of students to the region, along with an understanding of the future needs of our sectors and businesses is key to the region being able to grow and prosper by 2025, becoming recognised for our exceptional lifestyle and competitive advantages.

Developing the talent pipeline to grow a skilled workforce and better utilise the existing labour market

Employer and Workplace Hub refresh

undertaken following the launch on CEDA.nz last year. The refresh was undertaken to keep the hub relevant and ensure that it is an informative one-stop-shop that businesses can go to for up to date, and meaningful support. A theme we hear from our business community is on the challenges in attracting the right staff and how to keep them, so more resources have been developed in this space including a two-pager tool and checklist focused on talent attraction and retention, and hero videos and video case studies that showcase the benefits of working in our region, our key sectors and the many career opportunities on offer. Page views and downloads will be measured going forward, to help us further enhance tools and build on this hub.


Primary Connect Distribution Centre

Workforce Development planning toolkit

to support employers to attract, retain and train staff was developed in collaboration with UCOL | Te Pūkenga. Four information booklets were created (People Strategy, Bringing the right people on board, Growing your people, and Keeping your people). The online toolkit was launched in September and included workshops delivered in Feilding and Palmerston North, with seven attendees from six businesses, and 16 attendees from 12 businesses respectively.

Sustainability Hub launched

which expands on the Sustainability Toolkit developed in conjunction with a Massey University internship in 2022. The hub has been developed based on research and engagements with businesses working with CEDA's business growth advisors, and collates key tools, resources and information on becoming a sustainable business. Tools developed include a Business Emissions Calculator, a Climate Action Toolbox, and stories on local businesses working sustainably which were curated to demonstrate simple sustainability and inspire other business owners.

Sectors of Strength showcased

through sector based case studies that highlight our regions sector of strengths, through the eyes of businesses and employees who are living and working in our region and demonstrate the career, business, and lifestyle opportunities available.

We have added six sector case study videos including a sizzle reel, and written profiles, into the newly revamped Sectors of Strength pages on ManawatuNZ.co.nz. These pages now serve as a centralised hub of information for each sector, offering resources such as data and insights, economic snapshots, video content, tools, and relevant links. The use of this content extends across various aspects of our work, including our digital platforms, marketing initiatives, storytelling efforts, investment pitches, and talent attraction strategies.

Freight and Logistics Workforce planning

working with Hanga-Aro-Rau – Manufacturing, Engineering & Logistics, Workforce Development Council and the Regional Skills Leadership Group has resulted in the establishment of a freight and logistics workforce planning group whose purpose is to look at the region's future skills and training needs for this sector. This will be important particularly for Te Utanganui in relation to future labour requirements.

Accelerate Academy Career Pathway programme

working with Toitū te Waiora - Community, Health, Education and Social Services Workforce Development Council and the Regional Skills Leadership Group resulted in the development of a Health and School transitions workforce plan. A direct output of this was the Hauora Wananga ō ngā rangatahi ō Manawatū - Accelerate Academy programme. The purpose of the programme was to showcase the health sector to year 10 rangatahi Māori students and was held over a 12-week period with students from five schools in attendance, ranging from 50 to 90 students in attendance each week, and supported by Rangitāne o Manawatū.


Fonterra

'Live Here' Summer Campaign

targeted the 'back to work blues' in major centres across New Zealand, and into the UK. This digital-based campaign gained 2,374,343 impressions for the period from January through to June. The campaign was designed to encourage audiences to consider Manawatū as a great place to live and work by engaging with our online content on ManawatuNZ.co.nz/live. As a result, the Live section was the most viewed page on ManawatuNZ.co.nz for the year. Due to the border restrictions easing we also experimented targeting an international audience, which as a result, of the total impressions for the campaign, 376,116 were from the United Kingdom.

Profiling our lifestyle

is a key part of talent attraction in ensuring we actively showcase and communicate the benefits of our region's great lifestyle. Through a partnership with Stuff.co.nz a targeted digital campaign was run to inspire and inform people on the wealth of lifestyle opportunities available. A key component of the campaign was a sponsored article that talked about career and business opportunities here. Banner ads gained 2,520,143 impressions and video gained 195,532 impressions, with the article itself receiving 275,269 impressions resulting in 4,578 page views to ManawatuNZ.co.nz.

NZ Careers Expo

was held this year at the Central Energy Trust Arena, with 46 Exhibitors and 3,140 secondary students, visitors, and career changers attending to assist in identifying future opportunities and pathways to employment. While the main focus of the event was for the regions secondary school students, there was also an evening session available for parents, whānau, career changers, tertiary students, and job seekers to experience the event. A mix of local and national businesses exhibited with industry associations and tertiary providers on hand to talk to attendees about pathways from secondary school to further education, apprenticeships, and work. A business after five was also hosted by CEDA at the expo.


Libre

Business

Whakamaneatia, puritia, whakawhanaketia ngā pakihi me ngā haumitanga ki roto i te rohe

Attract, retain and develop business and investment in the region

Business development and expansion in the region, and attracting business and investment to the region, is at the core of economic development and at the forefront of CEDA's objectives for Manawatū to be a leading distribution hub, be recognised as one of the top agrifood hubs in the world, and a magnet for investment, business and talent. We have a strong competitive edge to achieve these outcomes with our central location, comparatively affordable land and development costs, a diverse labour pool, and a growing culture of innovation and entrepreneurship.

Attract business and investment to the region

Te Utanganui Central New Zealand Distribution Hub

has progressed well over the past year with the establishment of a renewed governance structure bringing together Te Utanganui and the Palmerston North Integrated Transport Initiative. This has allowed key initiatives linked to Te Utanganui to be considered including the A320 project at Palmerston North Airport, and Te Aoutanga Aotearoa Southern Link, an initiative to bring a Special Economic Zone to the table.

Advocacy continues to be a key outcome with regional local government partners including Accelerate 25, central government, and key government agencies including Waka Kotahi, Te Manatū Waka Ministry of Transport, and Kanoa. Three members of the Air NZ Board also spent a day in region including a visit to Te Utanganui.

There has been a growth in investment and partnership interest including CentrePort and Napier Port who have been added as key partners, and discussions with two other ports initiated. Four organisations were in the region over the year including a potential infrastructure partner, and investors, with numerous other investment opportunities identified. Key documents including the Economic Impact Report by Infometrics, and an Investment Positioning Document have progressed to draft and will be vital in demonstrating the value proposition alongside the refreshed website that now promotes existing businesses inside Te Utanganui.

Manawatū Regional Food Strategy

stage two development commenced in September and is near completion. The purpose of the strategy is to help inform and align plans across the broad food ecosystem to give the region a well-connected roadmap for success.

Based on a broad consultation with regional and national stakeholders Sustainable Nutrition has been identified as a key focus of the strategy. At the heart of the Manawatū food story and our value proposition is the way we work together to create a secure and resilient food system that nurtures the entire community's wellbeing, empowering producers, and fosters sustainability. A draft implementation framework has been completed, and a stakeholder workshop held to draft an implementation plan that will be completed along with the phase two of the Strategy.


Palmerston North Airport

Support our sectors of strength to grow through targeted business development actions, retention initiatives and activities

Manawatū's Destination Management Plan*

has been refreshed following extensive collaboration and engagement, with 83 stakeholders, across more than 20 workshops, interviews, presentations, and discussions and through a community survey which received responses from 338 residents across the region. The resulting updated plan has been published, with implementation underway across a number of priorities and projects and provides a more strategic approach to our work as the Regional Tourism Organisation ensuring targeted and specific sector support.

Work underway or completed under the plan has included the launch of the AgriTourism Accelerator pilot for more than 21 businesses, support of Te Āpiti West Hub cultural management plan, analysis and report on Te Āpiti Masterplan, InBound Trade event attendance, Manawatū Food Stories pilot support, Industry Hub launch, and a City to Sea business case and analysis completed. Further information on a number key outcomes as follows:

- **Te Āpiti Masterplan analysis**
  was undertaken to develop a project prioritisation of the 15 projects within the Masterplan, and separate top line business case for relevant projects. The purpose was to identify those projects that may be able to be developed to generate cost neutral project results or better, and those that need to be seen as important public good projects requiring ongoing funding support for maintenance and operations. The resulting report was presented to the governance group and outlined the project prioritisation and how these could be ranked to support the masterplan's success.
- **City to Sea trail business case**
  was developed in response to a review of what catalyst project could be supported for the region using the government destination management funding. The City to Sea trail was selected for its regional impact and readiness. We worked with the City to Sea trustees to engage with key stakeholders and potential partners and looked at the economic impacts, costs, route options and wider community impacts for this potential trail. Three options have been outlined in the business case, with a short-to-medium term, medium-to-longer term, and a longer-term option given along with the economic and financial appraisal for each. It was also noted as to how this trail could support a Coast-to-Coast trail, as part of Te Ahu a Turanga in support of making a stronger case for investment from central government. The business case has been gifted back to the Trust, and CEDA will support them in identifying opportunities to secure this significant opportunity for the region, and lower North Island.
- **InBound Trade Event 2023**
  was held in Auckland, where we met with over 60 Inbound Tour Operators and travel sellers from New Zealand and across the world including: Once Upon a Trip, NZ 4 Discovery, MoaTrek, First Light Travel as well as several travel journalists. The two day event saw CEDA pitch more than 21 tourism businesses and experiences from the region to these operators and sellers, tailored to their individual relevant markets.

Business Attraction, Retention & Expansion Strategy

implementation continued to support of business growth in the region. We have also identified a number of additional key businesses and stakeholders and refreshed the engagement plan to connect with these on a regular basis in order to identify key themes, investment opportunities and understand any barriers to expansion, and retention of businesses in the region. Of the total 173 businesses identified, 24 engagements were completed during the year. Of these businesses 124 were in Palmerston North and 49 were in the Manawatū District.

Through our partnership with Councils, CEDA engaged with the lead Team through eight meetings during the year to support key projects, land supply, business barriers to growth, and business sentiment.

*This outcome was supported by additional government funding to assist the regions recovery through the impacts of COVID-19

300 businesses surveyed on business sentiment

through an independent business survey that was commissioned in June, where a representative sample of businesses completed one on one telephone interviews on the region and their perceptions of the regional economy to measure the current sentiment within the business community. This information is used to help inform CEDAs work in supporting the region's businesses, identifying barriers and sectors of growth potential, and investment in the region.

$222,700 Regional Events Funding*

support was issued to twenty six events including Central District Field Days, Rural Games, Manawatū Arts Trail, Kimbolton Sculpture Festival, International Blokart biannual world regatta, Cycling NZ National Criterium Championships, Volleyball Manawatū, and the NZ Blues, Roots & Groove Festival, held in the region during the year and funded through the governments Regional Events Fund. The purpose of the fund is to support visitor attraction to the region through the impacts of COVID-19.

Five Inward Investment Opportunities supported

over the year including the development of a pitch for an international pharmaceutical company working with New Zealand Trade and Enterprise, and a prospectus to support opportunities to bring new hotels and motels to the region. Support was provided for a potential investor within the agri production sector to expand their presence in the region, and for the development of Te Āpiti West Accommodation Hub. There were meetings with a further two key logistics businesses, one of whom are a potential partner for the work being undertaken to assess the viability of having a Special Economic Zone in Manawatū.

444 Businesses supported

through engagement with the CEDA team. This consisted of a total of 565 business engagements and included 258 engagements to support capability development, 47 Business Mentor matches made, 78 visitor operators, 40 Digital Boost Programme businesses, 111 workshop attendees, and 31 business enquiries. Of these business, 39 identified as Māori businesses. Two workshops "Positioning your company for growth in China Workshop" and Doing Business with Viet Nam" were held in collaboration with key partners and CEDA with 17 and 15 people attending respectively.

An additional 118 tourism operator engagements or support was provided to 44 businesses through government Tourism Recovery and Reset funding to support the visitor sector through the impacts of COVID-19.

$193,182 in Capability Development support

funding issued to support businesses in areas such as business continuity planning, digital enablement and to develop capability in sales and marketing, accounting, business operations, export and leadership development, through the Regional Business Partner Programme.

Sprout Agritech and The Factory Partnerships

resulted in CEDA's contribution to the selection panel at the Sprout Agritech Accelerator cohorts and supported promotion of The Factory's Innovate programme. There was a total of 19 businesses supported for the Sprout Accelerators cohorts IX and X and seven business delivering final pitches as part of the Innovate programme.

$957,940 Innovation Grants issued

working with Callaghan Innovation including Research & Development Experience, Career, and new to R&D Grants. Further to the co-funded grants 15 companies had claims totalling $2,477,221 from the Research and Development Tax Incentive scheme, to support growing business research and development in the region.

*This outcome was supported by additional government funding to assist the regions recovery through the impacts of COVID-19

Place

Whakatairangatia te rohe hei whakamanea i te tangata, i te pakihi me te haumitanga

Profile the region to attract people, business and investment

Profiling the region to highlight our strengths, our people and our places through a shared regional identity, targeted storytelling and partnerships ensures Palmerston North city and Manawatū district is renowned for its exceptional lifestyle, competitive advantages and is a magnet for investment, business and talent. A coordinated approach to better showcasing the strengths of our region and profiling our successes is key to achieving recognition as one of the top global agrifood hubs by 2025.

Profile Manawatū locally, nationally, and globally

Manawatū Regional Identity rollout*

following the launch in late 2021, we continue to implement our brand and identity and sharing it with the rest of Aotearoa and the world through our work to profile the region, with 24 content pieces published on ManawatuNZ.co.nz.

Work has included the refresh of 21 signs and information boards across the district, three new signs on key touring routes, 10 welcome and farewell road signs for the District Council and four for the City Council.

To grow the strength of our regional identity, we undertook a project to capture new, fresh imagery and video reels across our region, from the Ruahine Ranges and northern Manawatū, through Feilding, the city and out to the west coast. These have been rolled out across our social media channels, through our talent attraction campaigns, investment, business profiles and visitor sector marketing.

Manawatū 2.0 Campaign*

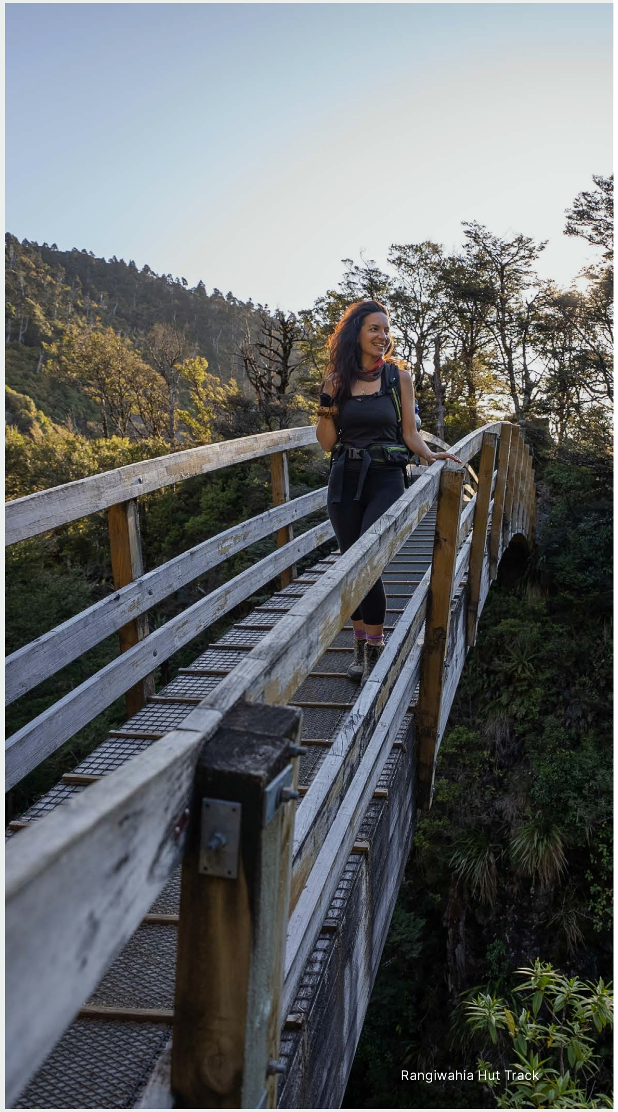
run through summer was designed to support shifting perceptions of our region, by showcasing our 'upgrade' as a place to visit, live and invest. This campaign was phased in two parts, with the first focused on driving curiosity by announcing the region was 'shutting down for an upgrade'. This garnered significant media coverage including a feature on Breakfast TV and was followed by phase two of the campaign across Stuff.co.nz, MoreFM, TVNZ, RadioNZ and NZ Herald along with our own digital channels. The campaign resulted in 2.7 million in earned PR reach, 2.8 million ad impressions, and 3,789 competition entries.

Due to the success of the Manawatū 2.0, our autumn campaign was a Manawatū 2.0 "take two", this time targeting a younger audience and pushing the idea of a getaway with friends. We connected with RoadyNZ which was a perfect fit for this younger demographic, and they shared some great clips with their audience of 205,000 engaged travelers. During the three-month campaign period ManawatuNZ.co.nz saw 101,651 web sessions.

56 media features*

profiling the city and region have been achieved across print, radio and digital platforms with a combined reach of 42,074,257 readers, listeners and subscribers. While the number of media profiles has dipped slightly, the reach has increased thanks largely to the Coastal Arts Trail launch which gained significant national and global coverage. Highlights include a 10-page feature in Business Central, sponsored content on Stuff.co.nz, features in DestinationNZ, OurNewZealand and Let's Travel, and coverage in NZHerald, Stuff Travel, National and business sections, and on Seven Sharp, RadioNZ and the Breakfast Show.

*This outcome was supported by additional government funding to assist the regions recovery through the impacts of COVID-19



Rangiwahia Hut Track

Industry, Trade and Media Hub*

went live on ManawatuNZ.co.nz in June and contains a raft of resources for local businesses in the visitor sector wanting to upskill and leverage tools, in-bound trade tourism operators looking to see what Manawatū can offer their customers, through to media teams wanting to showcase the region. The Industry Hub component includes training webinars, data and insights, marketing updates and opportunities, which will help streamline our support with tools that can be easily accessed by businesses wanting to upskill or better understand future opportunities.

The Trade Hub ensures that in-bound trade sellers and buyers can access our regions accommodation, attraction, and eatery directory as well as itinerary suggestions for international visitors, whether they be small groups or large coach tours. They can also request Trade Fact Sheets for our key tourism businesses. The Media Hub provides access to a regional image and video library that represents the best of Manawatū and aligns with our Destination Management Plan and regional identity.

19.36% growth for ManawatuNZ.co.nz

with 303,454 sessions for the year. This was largely driven through strong campaign results in our talent attraction and autumn visitor campaigns, along with several new developments and upgrades to the website to keep it fresh, relevant and ensure it effectively represents the new regional identity and offers a strong user experience, as Manawatū's official regional website. Updates include a new interactive map which uses google technology and highlights tourism businesses, points of interest, touring routes, and flight routes into Palmerston North. Users can filter things to see and do by interest e.g. walks, cycling, gardens, and they can then be added to a personalised itinerary through which can be downloaded for printing or later use.

30,423 followers on social media

with growth across key social media channels including Instagram (Manawatu_NZ) and Facebook (ManawatuNZ) up an average of 3.2% from the previous year of 29,485.

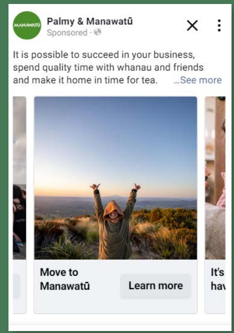
*This outcome was supported by additional government funding to assist the regions recovery through the impacts of COVID-19


Manawatū Cycle Trail

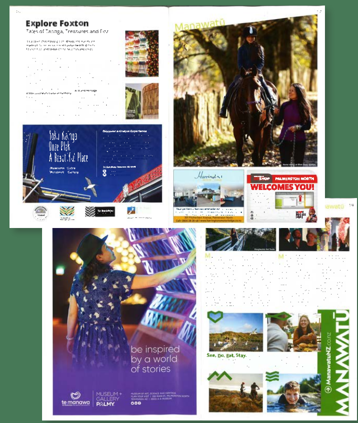
PLACE

Lifestyle campaign

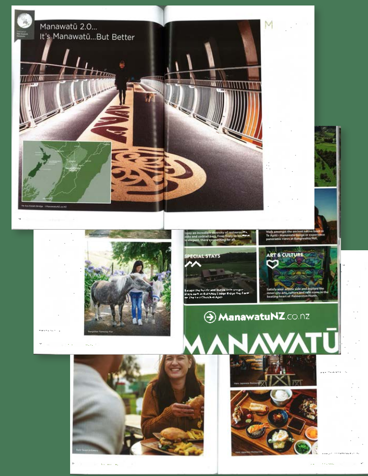
Lifestyle campaign



Lifestyle campaign



DestinationNZ



DestinationNZ

NZ Herald The Northern Advocate

NZ Herald

NZ Herald

NZ Herald

Wellington Buses

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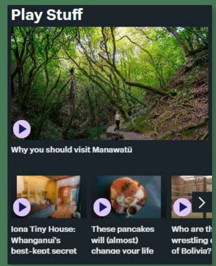
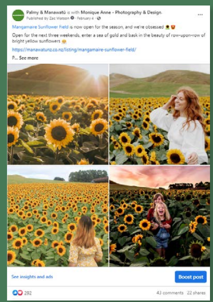
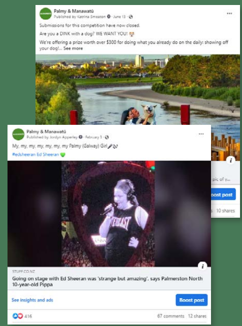
PLACE



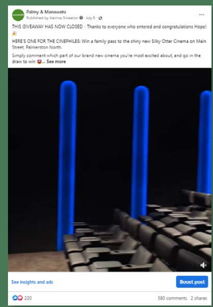
Targeted ads on Stuff



Facebook



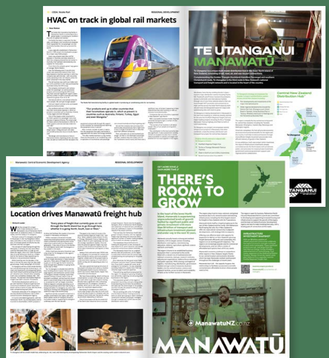
Facebook



Facebook

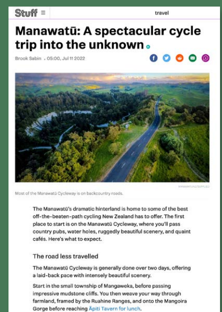
Breakfast

Kia Ora Magazine

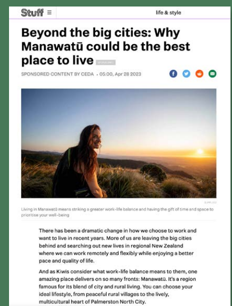


Business Central Magazine
10 page regional feature

Our New Zealand



Stuff



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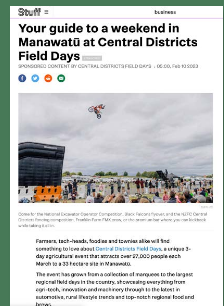
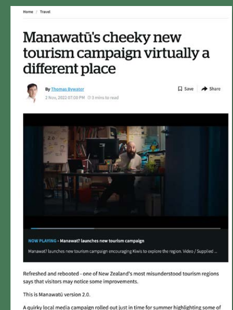


Stuff



Herald

Partners

Aratakina ngā whakawhanaketanga ohaoha kauawhi, toitū anō hoki mō te rohe

Lead inclusive and sustainable economic development for the region

A strength of our region is the ability to work together using our combined strengths, connections, and skills to compete nationally and globally. Collaborative relationships and partnerships with key regional and national stakeholders, central and local government, Māori, and iwi are key to ensuring our strategic outcomes for the city and district.

Develop strategic partner relationships, leveraging opportunities

16 Partnership Agreements in place

with organisations from a wide range of sectors including; central government, government agencies, economic development partners, tertiary sector and key strategic partners across the region.

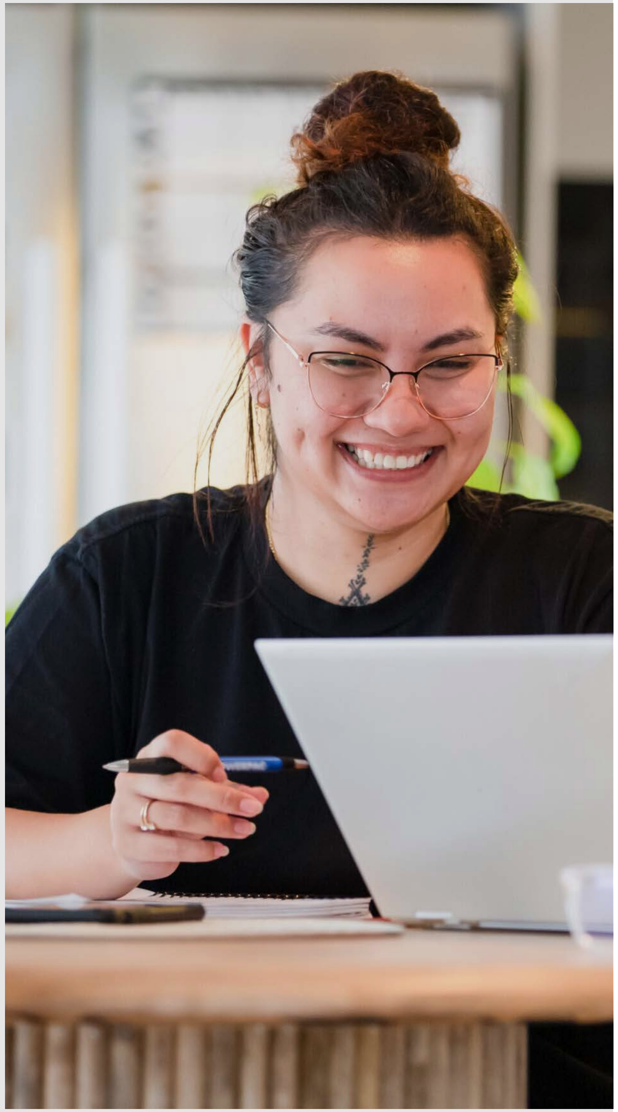
CEDA were successful in gaining the Ministry of Business, Innovation and Employment Regional business partner programme delivery as noted above, which commenced 1 July 22 and continues to 30 June 2025.

Partnered with iwi, hapu and Māori

though ongoing support of the Rangitāne o Manawatū Māori Tourism Strategy which has included the development of a Cultural Sites of Significance brochure and creating a self-guided trail for visitors and locals alike.

Progress on He Ara Kotahi, Hei Ara Kōrero project, funded via the $700,000 secured from the Ministry of Culture and Heritage Te Urungi fund, has continued, with discovery sessions, site visits and workshops undertaken with a project working party established which includes representatives from Rangitāne o Manawatū, Palmerston North City Council, Te Tāhuhu o te Māturanga - Ministry of Education, and Te Tari Taiwhenua - Department of Internal Affairs.

We continue to work on our relationship with Ngāti Kauwhata and Ngāti Raukawa, to enable us to connect and provide support when opportunities arise. Ongoing relationships are being maintained with regional Māori business support groups such as Te Au Pakihi and Poutama trust.



Data and Insights communications on the performance of the region's economy

90 Business Community and Stakeholder Communications

shared throughout the year including Quarterly Economic Overviews, Quarterly Retail Reports, training and development guides, visitor industry updates, shareholder updates, business success stories, and CEDA 60 Seconds. These communication updates provide regional data and insights for our business community and key stakeholders, in an easily digestible form, to support informed decision making, and also giving a regional overview of our programmes and outcomes.

New-look Quarterly Economic Manawatū Snapshot

was designed and published in the new regional brand and was designed to better inform our businesses and stakeholders on the latest economic statistics and trends in our region each quarter in a clear and concise format. The Snapshot aims to better capture the pulse of our region, with a national lens added and industry commentary included to provide clearer context for our business community.

Te Tohatoha i ā mātou Rawa
How we Allocate our Resources

Manawatū Cycle Trail

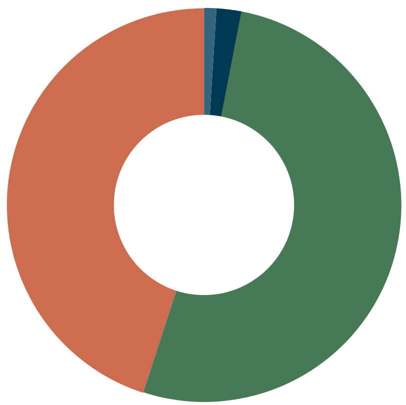
ITEM 10 - ATTACHMENT 1

Our funding

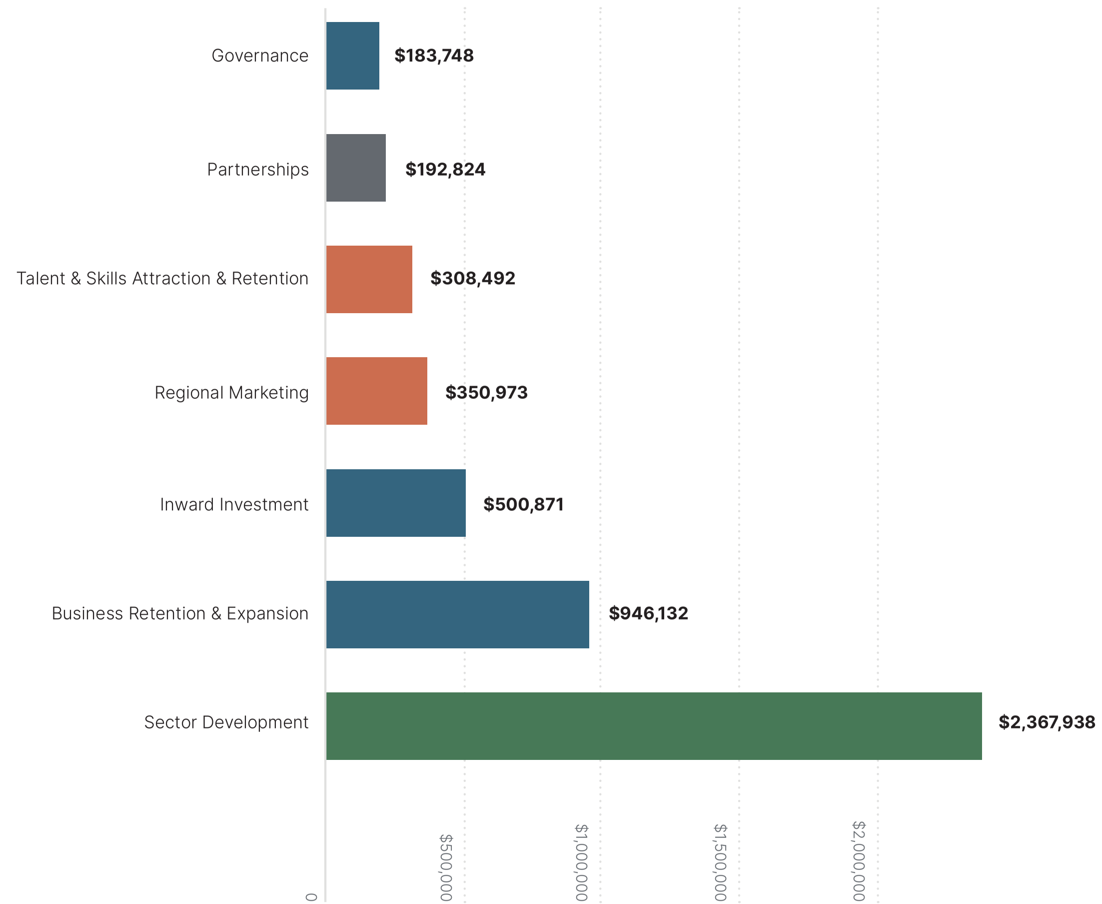
CEDA receives funding from Palmerston North City Council and Manawatū District Council, its shareholders.

We also receive funding from government for specific programmes of work or on a case by case basis for initiatives that bring benefit to the wider region and nationally. This additional funding enables CEDA to have additional resource, the ability to invest in local businesses, and engage in specific sector work important to the region and beyond.

For the past number of years, we have also secured funding through government which has enabled us to accelerate key projects for the region to support the recovery of business and the visitor sector through the impacts of COVID-19. This funding has now ceased from 30 June 2023.



How we allocate our funding*



*Note:
- Marketing costs where directly related to an activity are included in the budgeted costs for that activity
- Sector Development expenses include expenses in relation to additional central government funding for COVID-19 impact support
- Business Retention and Expansion includes the Regional Business Partner programme
- Employee and operating expenses where not directly related to an activity have been allocated on a percentage of expenditure basis

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How We Operate

In keeping with social and economic responsibility, and best management practice, CEDA aims to continue its operations in an efficient and effective manner, as a future-focused organisation committed to supporting initiatives that enhance and protect our natural and built environment.

As a Council-Controlled Organisation we are highly conscious that much of our funding is derived from public monies. In line with our policies and procedures our expenditure is subject to a standard of probity and financial prudence, and able to withstand public scrutiny. We work to optimise existing funding and generate savings from within current funding arrangements in order to deliver value for money to the shareholders and the rate payer.

Te Tiriti o Waitangi

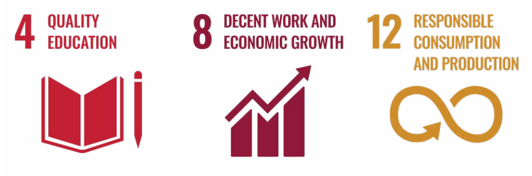
CEDA recognises the principles of Te Titrity o Waitangi and acknowledges the importance of partnering with local iwi, hapu and Māori, and recognition of Tangata Whenua in the region. Our focus will continue to be on participation through our growing relationships with regional iwi and mana whenua across Palmerston North and Manawatū. Through partnerships, we aim to work together with our regional iwi for agreed outcomes that benefit the region, and we will ensure protection is a priority focus by incorporating te reo and tikanga across our projects and programmes, and continued development of the team's cultural awareness and, knowledge and understanding, of the principals of Te Tiriti.

Sustainable Development Goals

We are committed to sustainable practices in both CEDA's office environment and the environment within which we work and live. We value diversity in both our team at CEDA and our commitment to promoting diversity in age, culture, ethnicity, and gender in all that we do.

The Sustainable Development Goals or Global Goals are a collection of 17 interlinked global goals designed to be a "blueprint to achieve a better and more sustainable future for all". The Goals were set in 2015 by the United Nations General Assembly and are intended to be achieved by the year 2030.

CEDA's top three Sustainable Development Goals we use to inform our programmes of work are:




He Ara Kotahi

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The Environment and Carbon Emissions

CEDA works with businesses through its regular business engagements to encourage considerations around carbon emission reduction and sustainability options for their operations. When looking at opportunities for investment in the region we consider the environmental impacts of any businesses looking to relocate here.

CEDA also advocates for sustainability through our business and community engagements such as e-newsletters and social media and ensuring we as an organisation are doing what we can through procurement and waste reduction initiatives.

Health and Safety

Health, safety and wellbeing is a mutual objective for everyone who works, visits, or has business with CEDA. We are committed to the health and safety of all workers, visitors, our partners and business community by undertaking all measures reasonably practicable to provide a safe working environment, and business premise.

We believe that creating and maintaining a healthy work environment is a shared responsibility where both employees and employers have roles and responsibilities, including the maintenance of a balance between work and non-work activities through communication and cooperation, and a flexible working policy to support the wellbeing of the team.

Our People

The team at CEDA are a passionate group of people that love the Manawatū and are driven to grow and develop the wider region. We are experts in business development and investment, talent development, marketing and communications. Collectively we are facilitators and supporters, connecting with our community to foster regional and economic development.

CEDA's success is underpinned by its people, connections and networks both locally, nationally and globally. Our focus is on building an organisation that has a culture, capacity and capability to deliver on expectations.


Te Marae o Hine - The Square

Our Values

Our values, help to change both our individual and collective mindsets so that we can all deliver great outcomes and create a workplace in which we all feel valued for delivering results.

Mā te mahi tahi e puta ai he hua whakaharahara

Together we can achieve exceptional outcomes

Me whakapono ki ō mahi me te āhua o tō kawe i aua mahi

Believe in what you do and how you do it

Kia poho kererū, kia mairangatia te hautūtanga

Be proud and show leadership

He Tauākī Whakatutuki Ratonga
Statement of Service Performance

CEDA's performance measure framework identifies quantifiable measures of our programmes and activities aligned to our key strategic outcomes. Performance measures and outcomes July 2022 to June 2023 follow.

PEOPLE

Service Level Statement	Performance Measure	2022/23*	Performance to year end
Develop the talent pipeline to grow a skilled workforce, and better utilise the existing labour market	Lead and support the regions attraction and retention of talent, skills, and investment.	Lead the delivery of the Manawatū Talent and Skills Attraction and Retention Strategy year two action plan, through the establishment of a digital talent and skills hub, that includes work integrated learning and graduate opportunities	Further development of the Employer & Workplace Hub on CEDA.nz (launched in March 2022) was undertaken to continue the support of our local business community to attract and retain talent. The refresh is to ensure the hub is a one-stop-shop or resource that businesses can go to for up to date, meaningful support. As part of the hub, we have created a simple, informative, 2-pager document focused on talent attraction and retention. This is to support business engagement and able to be shared across CEDAs social media business support e-newsletters. A Workforce Development Planning toolkit to support employers to attract, retain and train staff was developed in collaboration with UCOL | Te Pūkenga. Four information booklets were created (People Strategy, Bringing the right people on board, Growing your people, and Keeping your people). This was launched in September with workshops delivered in Feilding and Palmerston North, with 7 attendees from 6 businesses, and 16 attendees from 12 businesses respectively. The Sustainability Toolkit was launched to help businesses to start their sustainability journey from understanding the benefits, to practical tools and resources, and links to the climate action toolbox and calculators. To further support businesses showcase the lifestyle and employment value proposition, we created a sizzle reel for our local business networks to leverage as a recruitment tool but also use as promotional tool on our website, social channels and as part of Lifestyle/Talent campaigns. The sectors of strength pages have been redeveloped on ManawatuNZ.co.nz with the addition of six new business videos.
		Lead the delivery of a programme of work that will attract and retain talent in the region working with businesses	Working with Hanga-Aro-Rau – Manufacturing, Engineering & Logistics, Workforce Development Council and the Regional Skills Leadership Group has resulted in the establishment of a freight and logistics workforce planning group whose purpose is to look at the region's future skills and training needs for this sector. This will be important particularly for Te Utanganui in relation to future labour requirements. Working with Toitū te Waiora - Community, Health, Education and Social Services Workforce Development Council and the Regional Skills Leadership Group resulted in the development of a Health and School transitions workforce plan. A direct output of this was the Hauora Wananga ō ngā rangatahi ō Manawatū - Accelerate Academy programme. The purpose of the programme was to showcase the health sector to year 10 rangatahi Māori students and was held over a 12-week period with students from five schools in attendance, ranging from 50 to 90 students in attendance each week, and supported by Rangitāne o Manawatū.

* these objectives or outcomes may have impacted by CEDA's requirements to be adaptable and responsive to the needs of the regional economy due to the impact of COVID-19

PEOPLE

Service Level Statement	Performance Measure	2022/23*	Performance to year end
			A Live Here digital marketing campaign was run from January through to February, targeted the 'back to work blues' of workers in major centres, and gained 1,191,708 impressions. The campaign was extended until June gaining a further 1,182,635 impressions. The aim of this campaign was to encourage audiences to consider Manawatū as a great place to live and work by engaging with our online content, and to drive ManawatuNZ.co.nz website traffic. Due to the border restrictions easing we also targeted an international audience which resulted in 13,968 page views and 376,116 impressions from the UK. We ran a targeted, digital campaign with Stuff.co.nz to inspire and inform people about the wealth of lifestyle opportunities available in our region. Banner adverts gained 2,520,143 impressions and video 195,532 impressions. The sponsored article received 275,269 impressions resulting in 4,578 page views to ManawatuNZ.co.nz. The NZ Careers Expo was on held in May, with 3,140 attendees including from 29 schools, and 46 exhibitors. CEDA supported this event in the provision of bus subsidies (17) to encourage attendance of schools and students from outside of the region as well as our local schools, and a subsidy to encourage businesses (2) to exhibit. A business after five was also hosted by CEDA at the expo with 60 attendees. **2021-22 Financial year: 2,950 attendees including from 26 schools (11 subsidies), and 56 exhibitors (4 subsidies)**

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ITEM 10 - ATTACHMENT 1

BUSINESS

Service Level Statement	Performance Measure	2022/23*	Performance to year end
Attract business and investment to the region	Implementation of Inward Investment strategy with regional partners, through the attraction of investment to the region including key regional projects	Te Utanganui (Central New Zealand Distribution Hub) Strategy implementation, in the development of funding opportunities and brand narrative	Implementation of Te Utanganui Central Distribution Hub continues with outcomes of work for the year including: • Raising the profile of Te Utanganui through advocacy with the sector, potential investors, and partners including KiwiRail, Waka Kotahi, Napier Ports, CentrePort, and Air New Zealand, to maximise the linkages between the key components within the strategy and support investment decisions. • Regional advocacy with Accelerate25, Hawke's Bay Councils, PNCC and MDC, Horizons Regional Council, and central government (Delegation to Minster Wood, and several MP visits to the region) to create a linked-up approach to the national freight strategy led out by the Ministry of Transport. • The website for Te Utanganui was launched and final collateral for dissemination was produced including a condensed version of the strategy and a Te Utanganui Story document, and Te Utanganui video, sector specific profiles and Te Utanganui banners to be positioned at the PN airport and updating the businesses inside Te Utanganui onto our Te Utanganui website. • A new joint Te Utanganui Central Distribution Hub and Palmerston North Integrated Transport Initiative Governance Group with a future focus has been established with broader membership including two ports (Napier Port and CentrePort). Two key documents were commissioned and are at final draft, an Economic Impact Report by Infometrics, and an Investment Positioning Document by CEDA. • Four significant inward investment leads were identified and visited the region over the year.
		Development of phase two of the Manawatū Food Strategy and implementation of year one actions	Development of Stage 2 of the now renamed Manawatū Regional Food Strategy is continuing and has progressed through engagement with wide range of stakeholders with 28 individual stakeholder interviews completed in late 2022. The work to date has considered the stage 1 outcomes and extended this by looking at near, medium, and long term strategic imperatives for the region including building on our research strengths, our talent pool, our approach to innovation, the impact of climate change, and the end consumer, and has developed a key theme of sustainable nutrition. A draft implementation framework was completed in May 2023, and a stakeholder hui was held in June to draft a sector wide implementation plan that will be completed along with the phase two of the Strategy in July 2023 once final Māori partnership hui's have been complete.

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BUSINESS

Service Level Statement	Performance Measure	2022/23*	Performance to year end
Support our sectors of strength to grow through targeted business development and retention initiatives and activities	Development of priority sectors through sector strategy implementation, cluster development and partnerships with Māori.	Refreshed Destination Management Plan developed including establishment of a steering group, to reflect changing environment and regional aspirations	The refreshed Manawatū Destination Management Plan was completed in December 2022 following extensive engagement with 83 industry stakeholders and partners through workshops, interviews, presentations and discussions and a community engagement survey with 338 responses from residents across the region. Public communication of the Plan commenced in early 2023, and key projects and actions have begun implementation including: • Manawatū Food Stories pilot project supported, working with cluster of food producers. • Te Āpiti West Hub Cultural Management Plan and application for the MBIE Tourism Innovation Fund. • Te Āpiti Masterplan analysis. • Development of the City to Sea Trail business case. • InBound Trade event attended, with more than 21 regional businesses pitched to over 60 in-bound travel sellers and buyers. • AgriTourism Accelerator pilot programme launched. • Visitor Campaign delivered. Throughout the refresh of the of the plan it became apparent that the establishment of a broad steering group wouldn't be the best approach, given the diverse nature of the plans outcomes and actions required. The CEDA Lead Team which includes CEDA's CEO and Chairperson, and the Chief Executives and Mayors from our two Shareholder councils has taken up this role ensuring regional alignment, and that distinct project groups would be established for key projects as needed. The first of these project teams was established to support the Te Āpiti Masterplan analysis, and subsequent West Hub focus.
	Retain businesses in the region through engagement and identification of barriers to growth	Implementation of the Business Attraction, Retention and Expansion Strategy framework through structured business engagements and facilitating the resolution of constraints	Our key pieces of work for the development key sectors of strength in the region remain to be the primary industry through the food strategy, distribution and logistics through Te Utanganui Central New Zealand distribution Hub, and visitor sector through the Destination Management Plan. To further support the attraction, retention and expansion of businesses in the region we have also identified a number of key businesses and stakeholders and refreshed the engagement plan to connect with these in order to identify key themes, investment opportunities and understand any barriers to expansion, and retention of businesses in the region. Of the 173 businesses identified, 24 engagements have been completed. Of these businesses 124 were in Palmerston North and 49 were in the Manawatū District.

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BUSINESS

Service Level Statement	Performance Measure	2022/23*	Performance to year end
			CEDA commissioned a business survey in June, where 300 businesses completed one on one telephone interviews on the region and their perceptions of the regional economy to measure the current sentiment within the business community. Through our partnership with Councils, CEDA engaged with the lead Team through 8 meetings during the year to support key projects, land supply, business barriers to growth, and business sentiment. CEDA in partnership with AgriTourism NZ implemented the Agri Tourism Accelerator in May 2023. This resulted in 24 operators being part of a cohort to develop new Agri Tourism initiatives for the region. Additionally, CEDA hosted other key events such as Alibaba.com for a global B2B trade platform, in collaboration with PNCC, MDC, Manawatū Business Chamber and NZTE, attended by 22 people from 13 local businesses. A bid was successful in bringing the Boma E Tipu Agri Summit to Manawatū in 2024. A total of $222,700 was issued through the Regional Events Fund to support local events during the year to increase visitors to the region. This was funded through the government to support the visitor sector through the impacts of COVID-19. Events supported totalling 26, included the Manawatū Arts Trail, Kimbolton Sculpture Festival, International Blokart biannual world regatta, Central District Field Days, Cycling NZ National Criterium Championships, Volleyball Manawatū, and the NZ Blues, Roots & Groove Festival. **2021-22 Financial year; 12 events supported with $118,200 Regional Event funding issued.** Five inward investment opportunities were supported over the year including the development of a pitch for an international pharmaceutical company working with New Zealand Trade and Enterprise, and a prospectus to support opportunities to bring new hotels and motels to the region. Support was provided for a potential investor within the Agri production Sector to expand their presence in the region, and for the development of Te Āpiti West Accommodation Hub. There were meetings with a further two key logistics businesses, GO Logistics and MOVe Logistics. MOVe are a potential host/partner for the work being undertaken to assess the viability of having a Special Economic Zone (SEZ) in Manawatū. CEDA attended the China/NZ Business Association Conference at Massey University, with potential inward investment leads to be followed up in July.

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ITEM 10 - ATTACHMENT 1

BUSINESS

Service Level Statement	Performance Measure	2022/23*	Performance to year end
		Support or engage with 210 businesses including Māori businesses through CEDA activities**	444 unique business engagements (includes 39 Māori businesses) for the year from a total of 565 engagements through CEDA business development programmes including 258 Regional Business Partners business capability, 47 Business Mentor matches, 78 tourism operator support, 111 attendees at workshops and 40 Digital Boost cohorts, and 31 single point engagements – some businesses may have received more than one engagement. Capability support through the government funded Regional Business Partner Programme was issued totalling $193,182. **2021-22 Financial Year; 540 unique businesses with 621 total engagements and Capability Funding issued totalling $230,511.** A government funded Digital Boost Programme for supporting businesses through increasing their digital capability and online presence after the impacts of COVID-19 was rolled out through 13 intermediaries which has provided online digital training to 565 businesses. "Positioning your company for growth in China Workshop" held in collaboration with key partners in August, attendees included representatives from Chinese Embassy in NZ. Topics covered included what NZ businesses need to do to understand the China market, benefits of working with distribution channel, and finding the right partner in China. 17 people attended. "Doing business with Viet Nam" workshop was held in partnership with Palmerston North City Council & the Manawatū Business Chamber. Representatives from the Embassy of the Socialist Republic of Viet Nam, the Vietnam Trade Office, and the NZ Institute of International Affairs presented on how to support businesses looking to the Vietnam market, including current opportunities, and support available. There were 15 attendees from 9 businesses. An additional 118 tourism operator engagements or support was provided to 44 businesses through government funded Tourism Recovery and Reset funding to support the visitor sector through the impacts of COVID19.

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** assuming discontinuation of funding of the Regional Business Partner programme by the Ministry of Business, Innovation and Employment from July 2022

BUSINESS

Service Level Statement	Performance Measure	2022/23*	Performance to year end
	Facilitate access to specialist innovation, and start-up expertise	Partner with The Factory and Sprout Agritech to deliver start-up and innovation support	Partner with The Factory and Sprout Agritech to deliver start-up and innovation support Through its partnerships with Sprout Agritech and The Factory, CEDA contributed to the Sprout Agritech Accelerator cohorts (2), and supported promotion of The Factory's Innovate programme. There was a total of 19 businesses supported for the Sprout Accelerators cohorts IX and X and 7 business delivering final pitches as part of the Innovate programme. **2021-22 Financial Year: a total 22 businesses for Sprout Agritech cohorts VII and VIII, and 7 finalists for Innovate 2021.** Working with Callaghan Innovation 100 business Innovation Action Plans were completed. A total of $957,940 in Callaghan grants was issued including Research & Development Experience, Career, and new to R&D Grants. Further to the co-funded grants, 15 companies had claims totalling $2,477,221 from the Research and Development Tax Incentive scheme, to support growing business research and development in the region. **2021-22 Financial Year $2,862,877 in grants issued.** *Note that the Callaghan Project grants were ceased during the 2022-23 year resulting in a reduction in the total grant funding issued.*

* these objectives or outcomes may have impacted by CEDA's requirements to be adaptable and responsive to the needs of the regional economy due to the impact of COVID-19

PLACE

Service Level Statement	Performance Measure	2022/23*	Performance to year end
Profile Manawatū locally, nationally, and globally	Lead and develop the stories of Manawatū, creating a narrative and a unified positioning, incorporating the cultural heritage of iwi	Leverage the Regional Identity to grow the profile and narrative of the city and region, with 10 content pieces published targeting key audiences	A Total of 24 Content pieces were curated and published on ManawatuNZ.co.nz during the year. A regional signage review resulted in 21 regional signs being upgraded, three new ones created, and 14 Council boundary welcome signs printed. An additional **12 'micro clips'** were created, showcasing the regions a place to live, work and play. These micro-clips are short form video that are used across digital marketing. **2021-22 Financial Year: 20 content pieces curated** A Manawatū 2.0 Campaign was run over the summer period designed to shift perceptions of the region, by showcasing our 'upgrade' as a place to visit. The campaign's media coverage included a feature on Breakfast TV and was further extended across Stuff.co.nz, MoreFM, TVNZ, RadioNZ and NZ Herald along with our own digital channels. The campaign resulted in 2.7million in earned PR reach, 2.8 million ad impressions, and nearly 3,789 competition entries. Due to the success of the Manawatū 2.0 campaign, the theme was used for an autumn campaign, this time targeting a younger audience with the idea of a getaway with friends. We connected with RoadyNZ to target their audience of 205,000 travelers. During the three-month campaign period (March-May) ManawatuNZ.co.nz saw 101,651 web sessions.
		50 direct media features published profiling the region, with a reach of more than 2.7 million*** New Trade and Media Hub launched on ManawatuNZ.co.nz	A total of 56 direct media features published with a total reach of 42,074,257. Features included coverage in Air New Zealand's inflight Kia Ora Magazine, TVNZ's Seven Sharp, and Breakfast Show, RadioNZ, Stuff Travel, and Stuff National and Business, along with the NZ Herald, Concrete Playground, Let's Travel, DestinationNZ, Business Central and more. Over 15 million of this total reach was through a feature in the international publication AutoEvolution.com as part of our Coastal Arts Trail campaign coverage. **2021-22 Financial Year: 71 media features with total reach of 30,228,674.** *The number of media features in the 2021-22 year was higher due to government funding to support regions through the impacts of COVID-19 that upweighted our marketing and campaign activity. The marketing component of this funding ceased at the end of December 2022.* The new Trade and Industry Hub was completed with an added Media section to better support the profile of our region through tailored content and imagery. The industry section supports visitor sector businesses with new training videos and tools created to support capability development.

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*** reach measured by media and/or publication audience/readership

PLACE

Service Level Statement	Performance Measure	2022/23*	Performance to year end
	Grow engagement on regional web and digital platforms for increased promotion of and information on the region	10% increase in 'sessions' on ManawatuNZ.co.nz, and social media engagement	A total overall increase in engagement with ManawatuNZ 'sessions' and social media for the year of 17.68%. • ManawatuNZ.co.nz total sessions of 303,454 being a 19.36% growth on previous year of 254,233. • ManawatuNZ FB followers; 22,229 up 3.10% from 21,560. • ManawatuNZ Instagram followers; 8,194, up 3.39% from 7,925 **2021-22 Financial Year; total increase in engagement of 1.95%.**

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PARTNERS

Service Level Statement	Performance Measure	2022/23*	Performance to year end
Develop strategic partner relationships, leveraging opportunities	Continue to build on relationships with shareholders, central government agencies, key regional stakeholders, local iwi and Māori, and business support groups	Partnership agreements and workplans reviewed	16 partnership agreements in place with Ministry of Business Innovation and Employment - Regional Business Partner Programme, Digital Boost Pilot Programme, and Tourism Reset and Recovery funding agreement; Te Whatu Ora Health NZ, and Te Tāhuhu o te Mātauranga Ministry of Education - Accelerate Academy programme; Ministry of Culture and Heritage Te Urungi fund - He Ara Kotahi Hei Ara Korero project; UCOL | Te Pūkenga - Workforce Development Planning project; Venture Taranakai and Whaganui & Partners - Coastal Arts Trail and Regional Events fund, Regional Business Partner programme agreements Whanganui & Partners and Te Manu Atatu (Māori business growth advisor), Partnership agreements with Rangitāne o Manawatū, The Factory, Sprout Agritech and Manawatū Young Professionals, Te Utanganui – MOU's Napier Port and Centreport. **2021-22 Financial Year; 14 agreements in place.** Ongoing support of the implementation of the Rangitāne o Manawatū Māori Tourism Strategy has included the development of a first-ever Cultural Sites of Significance brochure, creating a self-guided trail for visitors and locals alike. Progress on He Ara Kotahi, Hei Ara Kōrero project, funded via the $700,000 secured from the Ministry of Culture and Heritage Innovation fund, has continued, with discovery sessions, site visits and workshops undertaken with the designated Working Party which includes representatives from Rangitāne o Manawatū, Palmerston North City Council, CEDA, Ministry of Education, and Department of Internal Affairs.
		Iwi partnership projects implementation, including the Rangitāne o Manawatū Tourism Working Group and identification of additional project(s)	Ongoing support of the implementation of the Rangitāne o Manawatū Māori Tourism Strategy has included the development of a first-ever Cultural Sites of Significance brochure, creating a self-guided trail for visitors and locals alike. Progress on He Ara Kotahi, Hei Ara Kōrero project, funded via the $700,000 secured from the Ministry of Culture and Heritage Innovation fund, has continued, with discovery sessions, site visits and workshops undertaken with the designated Working Party which includes representatives from Rangitāne o Manawatū, Palmerston North City Council, CEDA, Ministry of Education, and Department of Internal Affairs.

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PARTNERS

Service Level Statement	Performance Measure	2022/23*	Performance to year end
Data and insights communications on the performance of the region's economy	Economic impact information regularly communicated to stakeholders and business, including iwi and Māori business sector	5% growth in audience engagement across key communications including economic updates, Māori economy data and regional news	90 business and sector communications sent year to date consisting of: 60 Seconds with CEDA newsletters, Training & Development Guides, Visitor Industry Updates, 3 x Manawatū Quarterly Economic Snapshots, Fresh finds, Shareholder Updates, and Business Success Stories (7). **2021-22 Financial year; 92 communications sent.** Audience Engagement based on average open rate was as follows: • 60 Seconds; 34.5% (compared with 21.9% year on year) • Training & Development Guide; 31.8% (27.6% year on year) • Visitor Industry Updates; 36.94% (–8.0% year on year) • Quarterly Economic Snapshots; 41.4% (3.2% year on year) CEDA.nz - 1 Jul 2022 to 30 June 2023 sessions were 25,349 up 6.19% from the previous year. CEDA social media total audience of 2,432 up 15.75%from the previous year • Facebook followers (1187) up 10.83% from July 2022, and LinkedIn followers (1245) up 20.87% from July 2022. **2021-22 Financial Year; CEDA.nz sessions totalled 23,871 (down 19.7%), CEDA social media total audience 2101 up 29%.**

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Primary Connect Distribution Centre

Ngā Tohu Aroturuki
Monitoring Indicators

In addition to our performance measures, the Shareholders have identified a further set of monitoring indicators. These indicators reflect outcomes at the regional level which are impacted by a range of factors outside of our control, for example; exchange rates, natural disasters, government policy. As the region's economic development agency, we have a role in monitoring and influencing these indicators where we can, however we do not measure the performance of our organisation against them. The Councils have the responsibility to report on these indicators.

Indicator	Actual 2021	Actual 2022	Actual 2023	Regional target*
Change in total number of jobs (employees and self -employed)	1.7% increase or 1,134 jobs increase from March 2020 68,307 total employees and self-employed as at March 2021	2.5% increase or 1,740 jobs increase from March 2021 70,047 total employees and self-employed as at March 2022	*March 2023 data to be released in October 2023*	1.9% average annual increase over three years
Change in median salaries and wages	3.4% increase $62,400 at March 2021	5% increase $65,519 at March 2022	*Data to be released in May 2024*	2.6% pa increase
Change in total earnings (salaries, wages and self-employment income)	7.1% increase or $281 million $4,254 million for year ending **March 2021**	*2022 Data to be released in November 2023*	*2023 Data to be released in November 2024*	3.7% pa increase, average annual increase of $104 million
Change in total GDP	8.9% increase or $7,611 million	1.2% increase or $7,702 million	2.6% increase, or $7,903 million	1.8% average annual increase in total GDP
Per capita GDP	0.4% increase, or $56,438	8.5% increase, or $61,231	*Population data to be released in October 2023*	0.6% average annual increase in per capita GDP

NGĀ TOHU AROTURUKI
MONITORING INDICATORS

Indicator	Actual 2021	Actual 2022	Actual 2023	Regional target*
Estimated population change	800 increase in population to year end June 2021, or 0.7% increase	500 increase in population to year end June 2022, or 0.4% increase	*Data to be released in October 2023*	1,350 population increase pa, 1.2% average increase pa
65 years and over population (for demographic monitoring)	500 increase in NZ Superannuation recipients to year end June 2021, or 2.6% increase	600 increase in NZ Superannuation recipients to year end June 2022, or 3.1% increase	*Data to be released in October 2023*	Estimated 530 population increase pa, 3.3% pa
Electronic card spending by visitors in Manawatū region	19.9% increase or $51 million decrease ($ 57 million increase in domestic, $6 million decrease)	1.2% decrease or $4 million decrease ($ 5 mil decrease in domestic, $1 million decrease)	13.4% increase, or $41 million ($27 mil domestic + $14 mil international)	5.7% pa increase, average annual increase of $22 million
Number of guest nights in Manawatū region	Not available 456,000 guest nights year ending June 2021	13.5% decrease 394,800 guest nights year ending June 2022	37.6% increase 543,700 guest nights year ending June 2023	1.6% pa increase
Change in MSD Jobseeker benefit recipients	6.2% decrease 265 decline compared to June 2020 quarter	11.6% decrease 465 decline compared to June 2021 quarter	+2.1% increase 75 increase compared to June 2022 quarter	-1.6% pa (ie. decline) average annual decline of 130 people

*excludes any annual inflation increase

Mō CEDA About CEDA

The Central Economic Development Agency (CEDA) is a Limited Liability Company incorporated and registered under the Companies Act 1993. CEDA commenced full operations in September 2016 and is a Council controlled organisation jointly owned by the Palmerston North City Council (50%) and the Manawatū District Council (50%).

CEDA's Purpose and Principal Activities

The primary objective of CEDA is to drive and facilitate the creation and growth of economic wealth for Manawatū and beyond. CEDA's principal activities are directed by its Statement of Intent for the current year.

CEDA's Constitution Objectives

(a) The principal objectives of the Company are to achieve the objectives of the Shareholders, both commercial and non-commercial as specified from time to time in the Statement of Intent and, in particular, to drive and facilitate the creation and growth of economic wealth for Manawatū and beyond;

b) be a good employer;

c) exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which the Company operates and by endeavouring to accommodate or encourage these when reasonably able to do so.

CEDA's Structure and Governance

The Board of up to six independent directors is responsible for the strategic direction and control of CEDA's activities.

The Board guides and monitors the business and affairs of CEDA, in accordance with the Companies Act 1993, the Local Government Act 2002, the Company's Constitution and this Statement of Intent.

The Board's approach to governance is to adopt "good practice" with respect to:

- the operation and performance of the Board
- managing the relationship with the Chief Executive
- being accountable to all shareholders and reporting to the Joint Strategic Planning Committee of Manawatū District Council and Palmerston North City Council

The Chief Executive Officer is responsible for the day-to-day operations of CEDA, engaging and oversight of staff and reporting to the directors on performance against CEDA's objectives.

Te Pūrongo Rangatōpū Corporate Report

For the year ended 30 June 2023

Ownership

Central Economic Development Agency Limited ("CEDA") is a Limited Liability Company incorporated and registered under the Companies Act 1993.

CEDA is a council-controlled organisation as defined in section 6 of the Local Government Act 2002. The shareholders of CEDA are Palmerston North City Council (50%) and Manawatū District Council (50%).

CEDA's Mission and Principal Activities

The primary objective of CEDA is to drive and facilitate the creation and growth of economic wealth for Manawatū and beyond.

CEDA's principal activities during the year to 30 June 2023 were directed by the Statement of Intent 2022/23 under the key strategic objectives of; inward investment (both national and international), retention and expansion of business in the Manawatū region, along with the survival and recovery of businesses due to COVID-19, developing a talent pipeline, and domestic visitation.

Company's Affairs

The Directors regard the state of the Company's affairs to be satisfactory. Details of the year under review are included in the Chairman's and Chief Executive's Reports and the statutory accounts of the Company published herewith.

The Directors are responsible for the preparation of CEDA's financial statements, and statement of service performance, which give a true and fair view of the financial position of CEDA as at 30 June 2023 and the results of its operations and cash flows for the 12 months ended on that date.

The Directors consider that to the best of their knowledge and belief the financial statements and statement of service performance have been prepared using accounting policies appropriate to CEDA's circumstances, consistently applied and supported by reasonable and prudent judgments and estimates.

The Directors have the responsibility for establishing and maintaining a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of financial reporting. The Directors consider that to the best of their knowledge and belief adequate steps have been taken to safeguard the assets of CEDA and to prevent and detect fraud and other irregularities.

In our opinion, these financial statements and statement of performance fairly reflect the financial position and operations of CEDA for the year ended 30 June 2023.

Directors

<u>Retirements and resignations</u>

During the 2022/2023 financial year the following Directors retired from the Board:

- Te Ahu Teki (interim) retired effective 4 May 2023
- Robbie Pickford retired effective 17 March 2023

<u>Appointments</u>

During the 2021/2022 financial year the following Directors were appointed to the Board:

- Robbie Pickford was re-appointed effective 5 May 2023
- Kathleen Brosnahan appointed 5 May 2023

Directors remuneration

The amount of $174,288 per annum to 30 June 2023 and $169,978 to 30 June 2022 was paid, or due and payable, to members of the Board as authorised by the shareholders as follows:

	2022/2023	2021/2022
Robyn O'Fee	55,000	40,000
Robbie Pickford	21,649	25,000
Margharita Mare	25,000	25,000
David Norman	25,000	12,500
Paul Bayly	25,000	12,500
Kate Brosnahan	3,889	0
Te Ahu Teki	18,750	0
Malcolm Bailey	0	27,500
Arthur Chin	0	3,659
Francene Wineti	0	23,819
Total	**174,288**	**169,978**

No other remuneration or benefits other than reimbursement of expenses has been paid or given to Directors.

Directors indemnity and insurance

The Company is responsible for the payment of Directors indemnity insurance premiums.

Use of company information by Directors

There were no notices from Directors of the Company requesting to use company information received in their capacity as Directors that would not otherwise have been available to them.

Shareholding by Directors

During the year there were no shareholding transactions involving Directors.

Directors interests

During the course of the year to 30 June 2023, Directors declared interest in the following entities:

P D Bayly

INTEREST	NATURE OF INTEREST	RELATIONSHIP TO CEDA
Trustee	Massey University Foundation	None
Trustee	Sarjeant Galley Trust	None
Trustee	Whanganui Collegiate College Board of Trustees	None
Trustee	Clawton Trust	None
Director/Shareholder	Sitesoft International Limited	None
Director/Shareholder	Envirofert Limited	None
Director/Shareholder	Seven Peaks Pacific Limited	None
Director/Shareholder	Bayly Lazarescu & Partners Limited	None

Director/Shareholder	Clawton Investments Limited	None
Director/Shareholder	SOS Investments Limited	None
Trustee	Pataka Trust	None
Relation	Andrew Bayley Brother, MP for Port Waikato	None
Consultant	Palmerston North Airport	Palmerston North Airport is involved with Te Utanganui

K M Brosnahan

INTEREST	NATURE OF INTEREST	RELATIONSHIP TO CEDA
Trustee	Cacia Birch Trust Board	None
Trustee	Graduate Women Manawatū Incorporated	None

M A Mare

INTEREST	NATURE OF INTEREST	RELATIONSHIP TO CEDA
Director	DKSH New Zealand Limited	None
Director	DKSH Services New Zealand Limited	None
Director	Loaded Drinks Limited	None

D Norman

INTEREST	NATURE OF INTEREST	RELATIONSHIP TO CEDA
Shareholder	GHD Limited	Contracted by PNCC to develop Te Utanganui Masterplan

R R O'Fee

INTEREST	NATURE OF INTEREST	RELATIONSHIP TO CEDA
Shareholder	O'Fee and Associates Limited	Service Provider for the Regional Business Partner Programme that CEDA delivers

Director/Shareholder	AE & R McGregor Trustee Service Limited	None
Director	Amorini NZ Limited	None
Director/Shareholder	AMQ Trustee Services Limited	None
Director/Shareholder	At Home Childcare Trustee Services Limited	None
Director/Shareholder	Bendall Trustee Services Limited	None
Director/Shareholder	Bly Holdings	None
Director/Shareholder	Cafee Limited	None
Director	Carpenters Dental (2012) Limited	None
Director/Shareholder	Christina McNeill Trustee Services Limited	None
Director/Shareholder	CSM Trustee Services Limited	None
Director/Shareholder	DJ & GS Dench Trustee Company Limited	None
Director/Shareholder	DJ & JP Bridges Trustee Services Limited	None
Director/Shareholder	Doyle & O'Fee Trustee Services Limited	None
Director/Shareholder	GKFT Trustee Co Limited	None
Director/Shareholder	Gone West Now Limited	None
Director/Shareholder	GR & LM Tattle Trustee Services Limited	None
Director/Shareholder	HTK Liu Trustee Services Limited	None
Board Member	Himatangi Beach Community Trust	None
Shareholder	Instep Trust Limited	None
Director/Shareholder	Jagan Trustee Services Limited	None

Director/Shareholder	Jondannic Trustee Services Limited	None
Director/Shareholder	JS & KL Barber Trustee Services Limited	None
Shareholder	KBMR Trustee Services Limited	None
Shareholder	KN2NZ Limited	None
Director/Shareholder	Lakasa Trustee Company Limited	None
Director/Shareholder	Lake Taupō Motor Inn Limited	None
Director/Shareholder	Lowland Trustee Services Limited	None
Director/Shareholder	Manxy Trustees Limited	None
Director/Shareholder	Maratak Trustee Services Limited	None
Director/Shareholder	Mellor Trustee Services Limited	None
Director/Shareholder	Nichol Nominees Limited	None
Trustee	M E & R R O'Fee Family Trust	None
Director/Shareholder	O'Fee Pringle Trustee Services Limited	None
Director/Shareholder	O'Fee Trustees 2010 Limited	None
Director/Shareholder	O'HFT Trustee Services Limited	None
Director/Shareholder	Omega Corporate Trustee Limited	Has received business support from CEDA in the form of training vouchers
Director/Shareholder	Palmer-Chrystall Trustee Limited	None
Director/Shareholder	RH Polson Trustee Services Limited	None
Shareholder	SBF Trustee Services Limited	None
Director/Shareholder	Skinner Trustee Services Limited	None
Board Member	SPCA	None
Shareholder	TBF Trustee Services Limited	None
Director	WJO Investments Limited	None
Director/Shareholder	Worthington Trustee Services Limited	None
Director/Shareholder	W&J Jensen Trustee Services Limited	None
Director/Shareholder	T A Trustee Services Limited	None

R A Pickford

INTEREST	NATURE OF INTEREST	RELATIONSHIP TO CEDA
Director/Shareholder	Robbie Pickford Consulting	None
Shareholder	Epic M-Sport Limited	None
Director/Shareholder	World Class Education Limited	None

F Y Wineti

INTEREST	NATURE OF INTEREST	RELATIONSHIP TO CEDA
Board Director & Iwi Custodian	Ngaa Rauru Kiitahi Iwi	None
Board Director	Money Poppins	None
Deputy Chairman	Te Aroha Marae	None

All directors are indemnified under the Directors and Officers Liability Insurance policy.

Details of related party transactions made during the year are shown in note 14 of the Notes to the Financial Statements.

Remuneration of employees

The number of employees, who are not Directors, whose total remuneration and benefits exceeded $100,000 in the financial year were:

	2022/2023	2021/2022
$100,000 - $225,999	3	4

Auditors

Auditor's remuneration of $31,000 (exclusive of GST) for the 2023 audit is reflected in the financial statements as due and payable.

Tutukinga Ahumoni
Financial Performance

Feilding Market

Group Statement of Comprehensive Revenue & Expense

Central Economic Development Agency Ltd (CEDA)

For the year ended 30 June 2023

Account	Notes	Actual 2023	Budget 2023	Actual 2022
Revenue (Non Exchange)				
Council Funding	4	2,536,201	2,698,107	2,510,001
Other Services Revenue		2,262,255	731,000	1,212,734
Project Revenue		0	85,000	44,299
Total Revenue (Non Exchange)		**4,798,456**	**3,514,107**	**3,767,034**
Cost of Sales				
Other Services Expenses		2,886,175	1,465,000	1,789,245
Project Expenses		3,191	87,000	46,223
Total Cost of Sales		**2,889,366**	**1,552,000**	**1,835,468**
Gross Surplus (Deficit)		**1,909,090**	**1,962,107**	**1,931,566**
Other Revenue (Exchange)				
Interest Revenue		72,471	5,000	15,086
Sundry Revenue		241	0	0
Gain on Sale of Property, Plant and Equipment		0	0	653
Total Other Revenue		**72,712**	**5,000**	**15,739**
Expenses				
Depreciation		4,035	3,500	3,852
Directors' Fees		174,288	180,000	170,868
Employee Expense	5	1,276,488	1,366,643	1,359,340
Financing Expenses		0	200	1
Other Operating Expenses	6	511,802	420,271	400,697
Total Expenses		**1,966,612**	**1,970,614**	**1,934,759**
Surplus (Deficit) Before Taxation		**15,190**	**(3,507)**	**12,546**

Group Statement of Comprehensive Revenue & Expense

Central Economic Development Agency Ltd (CEDA)

For the year ended 30 June 2023

Account	Notes	Actual 2023	Budget 2023	Actual 2022
Taxation				
Income Tax Expense	7	0	0	0
Total Taxation		**0**	**0**	**0**
Surplus (Deficit) after tax		**15,190**	**(3,507)**	**12,546**
Other comprehensive revenue and expense				
Items that could be reclassified to surplus (deficit)		0	0	0
Total Other comprehensive revenue and expense		**0**	**0**	**0**
Total comprehensive revenue and expense				
Total comprehensive revenue and expense		15,190	(3,507)	12,546
Total comprehensive revenue and expense attributable to:				
Palmerston North City Council		7,595	(1,754)	6,273
Manawatū District Council		7,595	(1,754)	6,273
Total comprehensive revenue and expenses		**15,190**	**(3,507)**	**12,546**

The accompanying accounting policies and notes form part of and are to be read in conjunction with these financial statements. Explanations of major variances against budget are provided in note 15.

Group Statement of Financial Position

Central Economic Development Agency Ltd (CEDA)

As at 30 June 2023

Account	Notes	Actual 2023	Budget 2023	Actual 2022
Assets				
Current Assets				
Cash and Cash Equivalents	8	1,852,199	624,450	2,039,054
Receivables and Accruals	9	111,628	150,593	66,037
Prepayments		2,901	4,875	11,053
Total Current Assets		**1,966,728**	**779,918**	**2,116,145**
Non-Current Assets				
Property, Plant and Equipment	10	26,002	23,156	26,656
Total Non-Current Assets		**26,002**	**23,156**	**26,656**
Total Assets		**1,992,730**	**803,074**	**2,142,801**
Liabilities				
Current Liabilities				
Payables and Deferred Revenue	11	1,321,573	199,899	1,489,351
Employee Entitlements		86,079	86,371	83,561
Total Current Liabilities		**1,407,651**	**286,270**	**1,572,912**
Total Liabilities		**1,407,651**	**286,270**	**1,572,912**
Net Assets		**585,079**	**516,804**	**569,889**
Equity				
Contributed Capital	12	1,000	1,000	1,000
Retained Earnings	12	584,079	515,804	568,889
Total Equity		**585,079**	**516,804**	**569,889**

For and on behalf of the Board

Robyn O'Fee, Director   Margharita Mare, Director   Dated: XXX

The accompanying accounting policies and notes form part of and are to be read in conjunction with these financial statements.

Group Statement of Changes in Equity

Central Economic Development Agency Ltd (CEDA)

For the year ended 30 June 2023

Account	Actual 2023	Budget 2023	Actual 2022
Equity			
Opening Balance	569,889	520,311	557,343
Increases			
Total comprehensive revenue and expense for the period	15,190	(3,507)	12,546
Total Increases	**15,190**	**(3,507)**	**12,546**
Total Equity	**585,079**	**516,804**	**569,889**
Total comprehensive revenue and expense attributable to:			
Palmerston North City Council	7,595	(1,754)	6,273
Manawatū District Council	7,595	(1,754)	6,273
Total comprehensive revenue and expense	**15,190**	**(3,507)**	**12,546**

The accompanying accounting policies and notes form part of and are to be read in conjunction with these financial statements.

Group Statement of Cash Flows

Central Economic Development Agency Ltd (CEDA)

For the year ended 30 June 2023

Account	Actual 2023	Budget 2023	Actual 2022
Cash Flows from Operating Activities			
Receipts of council funding	2,536,201	3,102,823	2,455,113
Interest received	52,382	5,000	10,797
Receipts from other operating activities	1,830,310	1,102,761	1,768,824
Income tax refunded/(paid)	4,193	0	883
GST	19,124	(194,978)	(10,939)
Payments to suppliers and employees	(4,625,684)	(4,702,132)	(3,703,108)
Finance costs	0	(200)	(1)
Total Cash Flows from Operating Activities	**(183,475)**	**(686,726)**	**521,569**
Cash Flows from Investing Activities			
Proceeds from sales of property, plant and equipment	0	0	1,652
Payment for property, plant and equipment	(3,381)	0	0
Total Cash Flows from Investing Activities	**(3,381)**	**0**	**1,652**
Net Cash Flows	**(186,856)**	**(686,726)**	**523,221**
Cash Balances			
Cash and cash equivalents at beginning of period	2,039,054	1,311,176	1,515,833
Cash and cash equivalents at end of period	1,852,199	624,450	2,039,054
Net change in cash for period	**(186,856)**	**(686,726)**	**523,221**

The accompanying accounting policies and notes form part of and are to be read in conjunction with these financial statements.

Notes to Accounts

Central Economic Development Agency Ltd (CEDA)

For the year ended 30 June 2022

Accounting Policies

1. Reporting Entity

Central Economic Development Agency Ltd (CEDA) was established and commenced operations in New Zealand on 15 October 2015 under the Companies Act 1993 (NZBN 9429042001096). As the shareholders of CEDA are Palmerston North City Council (50%) and Manawatū District Council (50%) CEDA is a council-controlled organisation as defined in section 6 of the Local Government Act 2002.

CEDA has designated itself as a public benefit entity (PBE) for financial reporting purposes.

The financial statements of CEDA are for the 12 months ended 30 June 2023.

2. Statement of Accounting Policies

Basis of Preparation

The financial statements are prepared on the going concern basis, and the accounting policies have been applied consistently throughout the period, unless otherwise stated.

Statement of Compliance

The financial statements of CEDA have been prepared in accordance with the requirements of the Local Government Act 2002, the Companies Act 1993, and the Financial Reporting Act 2013. This includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

These financial statements comply with Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS) Reduced Disclosure Regime (RDR). CEDA is eligible and has elected to report in accordance with Tier 2 PBE standards RDR on the basis the entity has no public accountability and has expenses > $2m and < $30m.

Presentation Currency

The financial statements are presented in New Zealand dollars (NZ$) and all values are rounded to the nearest NZ$, except when otherwise indicated.

Historical Cost

These financial statements have been prepared on a historical cost basis.

Changes in Accounting Policies

There have been no changes in accounting policies. Policies have been applied on a consistent basis with those of the previous reporting period.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services, excluding goods and services tax rebates and discounts, to the extent it is probable that the economic benefits will flow to the entity and revenue can be reliably measured. Specific accounting policies for significant revenue items are explained below:

Sales of goods are recognised when the goods are sold to the customer.

Sales of services are recognised in the period by reference to the stage of completion of the services delivered at balance date as a percentage of the total services to be provided.

Interest received is recognised using the effective interest method. Interest revenue on an impaired financial asset is recognised using the original effective interest method.

Grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

Donated assets. Where a physical asset is gifted to or acquired by CEDA for nil consideration or at a subsidised cost, the asset is recognised at fair value. The difference between the consideration provided and fair value of the asset is recognised as revenue. The fair value of donated assets is determined as follows:

- For new assets, fair value is usually determined by reference to the retail price of the same or similar assets at the time the asset was received.
- For used assets, fair value is usually determined by reference to market information for assets of a similar type, condition, and age.

Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less any accumulated depreciation and impairment losses. Historical cost includes expenditure directly attributable to the acquisition of assets and includes the cost of replacements that are eligible for capitalisation when these are incurred.

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

Depreciation

Account	Method to be applied	Rate
Leasehold Improvements	Diminishing Value	10%
Office Furniture & Equipment	Diminishing Value	0% - 50%
Office Furniture & Equipment	Straight Line	8.5% - 30%
Vehicles	Diminishing Value	30%
Websites	Straight Line	40%

Income Tax

Income tax expense includes components relating to current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, and any adjustments to income tax payable in respect of prior years.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that affects neither accounting profit nor taxable profit.

Current tax and deferred tax are measured using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Current and deferred tax is recognised against the profit or loss for the period, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Receivables

Receivables are recorded at their face value, less any provision for impairment.

Impairment of financial assets

Financial assets are assessed for evidence of impairment at each balance date. Impairment losses are recognised in the surplus or deficit.

Loans and receivables

Impairment is established when there is evidence CEDA will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership, or liquidation and default in payments are indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectable, it is written-off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due). Impairment in term deposits or bonds are recognised directly against the instrument's carrying amount.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.

After initial recognition, they are measured at amortised cost, using the effective interest method, less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Payables

Short-term creditors and other payables are recorded at their face value.

Equity

Equity is the shareholders' interest in CEDA and is measured as the difference between total assets and total liabilities.

Good and Services Tax

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are presented on a GST inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of related asset or expense.

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as operating cash flow in the statement of cashflows.

Commitments and contingencies are disclosed exclusive of GST.

Employee Entitlements

Employer contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are expensed in the surplus or deficit as incurred.

Short-term employee entitlements - Employee benefits that are due to be settled within 12 months after the end of the year in which the employee provides the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, and annual leave earned but not yet taken at balance date, and sick leave. These are classified as a current liability.

A liability and an expense are recognised for bonuses where there is a contractual obligation or where there is past practice that has created a constructive obligation and a reliable estimate of the obligation can be made.

CEDA does not provide for long service or retirement leave entitlements.

Provisions

A provision is recognised for future expenditure of uncertain amount or timing when there is an obligation (either legal or constructive) as a result of a past event, it is probable that an outflow of future economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in 'finance costs'.

Leases - Where CEDA is the Lessee

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset to the lessee. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

Critical accounting estimates and assumptions

In preparing these financial statements CEDA has made judgements, estimates and assumptions concerning the future.

These judgements, estimates and assumptions may differ from the subsequent actual results. Judgements, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

- Useful lives and residual values of property, plant, and equipment – refer to Note 10.

Critical judgements in applying accounting policies

Management has exercised the following critical judgements in applying accounting policies:

- Funding received – refer to Note 4.

3. Subsidiaries

CEDA consolidates in the group financial statements all entities where CEDA has the capacity to control their financing and operating policies so as to obtain benefits from the activities of the subsidiary. This power exists where CEDA controls the majority voting power on the governing body or where such policies have been irreversibly predetermined by CEDA or where the determination of such policies is unable to materially affect the level of potential ownership benefits that arise from the activities of the subsidiary.

CEDA has the power to appoint 100% of trustees of the Events Manawatū Trust. The consolidation of the Events Manawatū Trust into CEDA's financial statements has resulted in no change to the reported financial statements as the Trust is dormant and did not trade during the year.

Account	2023	2022
4. Council Funding		
Palmerston North City Council	(1,880,545)	(1,890,713)
Manawatū District Council	(655,656)	(619,288)
Total Council Funding	**(2,536,201)**	**(2,510,001)**

Non-exchange transactions are transactions where, an entity either received value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange. CEDA considers that the nature of the core funding received from Councils is 'non exchange' in nature as the service value that CEDA returns to Councils as 'economic development' is not always directly provided to the Councils as funders, but rather to the broader community on behalf of the Councils.

Other services revenue has been classed as non-exchange revenue as the services are generally provided to the community rather than the funder.

Exchange transactions are transactions in which one entity receives assets or services or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services or use of assets) to another entity in exchange. In CEDA exchange revenue is derived from Interest revenue and the provision of office meeting space.

Project income, as disclosed in the Statement of Comprehensive Revenue and Expense, includes income from Council's specifically received for project delivery. This income is not included in Council Funding income.

Account	2023	2022
Council Funding included in Project Revenue		
Palmerston North City Council	0	40,393
Manawatū District Council	0	4,720
Total Council Funding included in Project Revenue	**0**	**45,113**

Critical judgements in applying accounting policies - funding received.

CEDA must exercise judgement when recognising revenue to determine when conditions of the funding contract have been satisfied. As at 30 June 2023 $481,113 (2022:$1,153,021) has been recognised as a liability as the conditions attached to the receipt of this funding have not yet been met.

5. Employee Expenses

Salaries and wages	1,239,452	1,306,163
Employer contribution to Kiwisaver	34,521	33,315
Movement in employee entitlements	2,515	19,862
Total Employee Expenses	**1,276,488**	**1,359,340**

6. Other Operating Expenses

Fees to Audit New Zealand for the audit of the financial statements	29,462	27,558
Consultants and legal fees	4,412	0
Operating lease expense	15,946	30,079
Other operating expenses	461,982	343,061
Total Other Operating Expenses	**511,802**	**400,697**

Account	2023	2022

7. Income Tax Expense

Net Profit (Loss) Before Tax	15,190	12,546
Tax at 28%	**4,253**	**3,513**
Plus (less) tax effect of:		
Non deductible expenditure	1,616	392
Non-taxable income	0	0
Tax loss not recognised / (recognised)	(9,633)	(1,751)
Deferred tax adjustment	3,764	(2,154)
Tax expense	**(1,400)**	**(0)**

A deferred tax asset has not been recognised in relation to tax losses of $374,843 (2022:$414,247) and temporary differences of $78,567 (2022:$65,126).

Components of tax expense		
Current year	0	0
Deferred tax	0	0
Tax expense	**0**	**0**

8. Cash and Cash equivalents

CEDA Current Account	251,199	138,054
CEDA Money Market Account	1,600,000	1,900,000
CEDA Trust Account	1,000	1,000
Total Cash and Cash equivalents	**1,852,199**	**2,039,054**

9. Receivables and Accruals

Account	2023	2022
Accounts Receivable	57,422	54,818
Less: Provision for impairment	0	0
Accrued Interest	723	104
GST	34,013	6,922
Income Tax	19,470	4,193
Total Receivables and Accruals	**111,628**	**66,037**

Total Receivables and Accruals Comprise		
Receivables from exchange transactions	6,787	2,141
Receivables from non-exchange transactions	104,841	63,896
Total Receivables and Accruals Comprise	**111,628**	**66,037**

10. Property, Plant & Equipment

	Opening Value	Accum Depn	Carrying Amount	Additions	Disposals	Depn	Closing Value	Accum Depn	Carrying Amount
Leasehold Equipment	13,049	(8,121)	4,928	0	0	(493)	13,049	(8,614)	4,435
Office Furniture & Equipment	71,054	(51,195)	19,859	3,381	0	(2,981)	74,435	(54,176)	20,259
Vehicles	19,382	(17,513)	1,869	0	0	(561)	19,382	(18,074)	1,308
Total	103,486	**(76,829)**	**26,656**	**3,381**	**0**	**(4,035)**	**106,867**	**(80,864)**	**26,002**

There are no restrictions on title of CEDA's property, plant and equipment. No property, plant and equipment has been pledged as securities for liabilities.

11. Payables and Deferred Income

Account	2023	2022
Accounts Payable	792,907	325,546
Accruals General	39,430	47,175
Funding in Advance	481,113	262,800
Funding in Advance - Sector Development	0	848,535
GST	0	0
Income Tax	0	0
Operations Credit Card	8,122	5,294
Total Payables and Deferred Income	**1,321,573**	**1,489,350**

Total Payables and Deferred Income Comprise

Payables under exchange transactions	350,818	364,559
Payables under non-exchange transactions	970,755	1,124,792
Total Payables and Deferred Income Comprise	**1,321,573**	**1,489,351**

12. Equity

Share Capital		
Opening Balance	1,000	1,000
Total Share Capital	**1,000**	**1,000**
Retained Earnings		
Opening Balance	568,889	556,343
Current Year Earnings	15,190	12,546
Total Retained Earnings	**584,079**	**568,889**
Total Equity	**585,079**	**569,889**

Each fully paid ordinary share confers on the holder one vote at a meeting of the company, a share in distributions approved by the Directors, and a share in distribution of the surplus assets of the company on dissolution.

At balance date there were 1,000 shares on issue.

13. Key personnel compensation

Account	2023	2022
Directors		
Remuneration	174,288	169,978
Full-time equivalent members	6	6
Senior Management Team		
Remuneration	606,106	661,337
Full-time equivalent members	4	5

Due to the difficulty in determining the full time equivalent for Directors the full time equivalent figure is taken as the number of Directors.

During the year ended 30 June 2023, nil (2022:nil) employees received compensation and other benefits in relation to cessation totaling nil (2022:nil).

14. Related Parties

CEDA is a council-controlled organisation as defined in section 6 of the Local Government Act 2002. As per the constitution the shareholders of CEDA being Palmerston North City Council and Manawatū District Council, are responsible for the appointment of the Board of Directors.

Related party disclosures have not been made for transactions with related parties that are:

- within a normal supplier or client/recipient relationship; and
- on terms and conditions no more or less favourable that those that it is reasonal to expect

CEDA and the group would have adopted in dealing with the party at arm's length in the same circumstances.

15. Major Variances Explained

Account	Actual	Budget	Variance	Notes
Council Funding	2,536,201	2,698,107	(161,906)	Variance due to council funding being less than budgeted annual inflation increase.
Other Services Revenue	2,262,255	731,000	1,531,255	Variance due to additional funding received through central government under the Support, Recovery and Reset Plan, Regional Event Fund, and Digital Boost Fund for business and tourism/ visitor sector support. Also Regional Business Partner Programme contract awarded not budgeted for.
Project Revenue	0	85,000	(85,000)	Variance due to NZ Agritalks not delivered and change to partnership with annual BOMA conference, and Sort It Careers Expo not delivered and changed to partnership with NZ Careers Expo.
Interest Revenue	72,471	5,000	67,471	Variance due to interest earned on additional funds on hand.
Other Services Expenses	2,886,175	1,465,000	1,421,175	Variance due to additional expenditure on business and tourism/visitor sector support as a result of additional funding received from central government. Also expenditure in relation to the Regional Business Partner Programme contract not budgeted.
Project Expenses	3,191	87,000	(83,809)	Variance due to NZ Agritalks not delivered and change to partnership with annual BOMA conference, and Sort It Careers Expo not delivered and changed to partnership with NZ Careers Expo.
Employee Expenses	1,276,488	1,366,643	(90,155)	Variance due to vacancies.
Other Operating Expenses	511,802	420,271	91,531	Variance due to additional costs for recruitment and vacancies to support CEDA marketing and communications functions.

Account	2023	2022

16. Financial Instruments

Financial Assets		
Loans and Receivables		
Accounts Receivable		
Accounts Receivable	57,422	54,818
Total Accounts Receivable	**57,422**	**54,818**
Accrued Interest	723	104
Cash and cash equivalents	1,852,199	2,039,054
Total Loans and Receivables	**1,910,344**	**2,093,976**
Total Financial Assets	**1,910,344**	**2,093,976**
Financial Liabilities		
Financial Liabilities at amortised cost		
Payables	(832,337)	(372,721)
Total Financial Liabilities at amortised cost	**(832,337)**	**(372,721)**
Total Financial Liabilities	**(832,337)**	**(372,721)**

17. Operating leases as lessee

The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:

Operating leases as lessee		
Not later than one year	194,772	164,407
Later than one year and not later than five years	6,059	151,116
Later than five years	0	0
Total non-cancellable operating leases	**200,831**	**315,523**

In April 2020 a lease agreement was signed for premises located at Level 1, TSB Towers, 1-19 Fitzherbert Avenue, Palmerston North. The lease is commenced 1 July 2020, and has a lease term of four years to 30 June 2024, with two rights of renewal of three years each. This disclosure has included lease payments up to the end of the term, being 30 June 2024, as it is uncertain whether CEDA will exercise the option to renew the lease.

18. Events after balance date

There are no significant events after balance date.

19. COVID-19 impact

COVID-19 has had an impact to CEDA in relation to its non financial performance and impact on its financial performance mostly by way of Events and programmes unable to be held or in their usual format due to Alert Level requirements. CEDA also received additional funding support through the Strategic Tourism Asset Protection Programme, Regional Events Fund and Digital Boost Programme pilot for COVID affected tourism sector support, business digital upskilling, and additional resource. There has been no impact to core funding and council grants, or to the ability for CEDA to continue its operations.

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INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF CENTRAL ECONOMIC DEVELOPMENT AGENCY LIMITED'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2023

The Auditor-General is the auditor of Central Economic Development Agency Limited (the company). The Auditor-General has appointed me, Brent Kennerley, using the staff and resources of Grant Thornton New Zealand, to carry out the audit of the financial statements and performance information of the company on his behalf.

Opinion

We have audited:

- the financial statements of the company on pages 11 to 25, that comprise the consolidated statement of financial position as at 30 June 2023, the consolidated statement of comprehensive revenue and expenses, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the company on pages 26 to 33.

In our opinion:

- the financial statements of the company on pages 11 to 25:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2023; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with the Public Benefit Group Reporting Standards Reduced Disclosure Regime; and
- the performance information of the company on pages 26 to 33 presents fairly, in all material respects, the company's actual performance compared against the performance targets and other measures by which performance was judged in relation to the company's objectives for the year ended 30 June 2023.

Our audit was completed on 31 August 2023. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing

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(New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the financial statements and the performance information

The Board of Directors is responsible on behalf of the company for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparing the performance information for the company.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board of Directors is responsible on behalf of the company for assessing the company's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Local Government Act 2002.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the Group statement of intent.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We evaluate the appropriateness of the reported performance information within the company's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 3 to 10, but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the company in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of

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Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the company.

Brent Kennerley

Brent Kennerley
Grant Thornton
On behalf of the Auditor-General
Wellington, New Zealand

Ō Mātou Hoa Mahi Tahi
Our Partner Organisations

Current partner organisations that CEDA works with:

Local

Central Skills Hub
Chiasma
Feilding and District Promotion
FoodHQ
IPU New Zealand
Lamberts
ManawaTech
Manawatū Business Chamber
Manawatū District Council
Manawatū Young Chamber
Manawatū Young Professionals Network
Manfeild
Massey University Te Kunenga ki Pūrehuroa
National Driver Training Centre
Network of Skilled Migrants Manawatū
Palmerston North City Council
Palmerston North Airport
Rangitāne o Manawatū
Regional Schools
Spearhead Manawatū
Sport Manawatū
Sprout Agritech
Talent Central
Te Au Pakihi
Te Manawa
The Factory
UCOL | Te Pūkenga
Venues and Events Palmerston North
Welcoming Communities

Regional

Accelerate 25
Business Central and Export NZ
Horizons Regional Council
Horowhenua District Council
Te Pae Hauora o Ruahine o Tararua | MidCentral
Regional Skills Leadership Group – Manawatū-Whanganui
Ruapehu District Council
Rangitīkei District Council
Tararua District Council
Te Manu Atatū
The Horowhenua Company
Venture Taranaki
Whanganui and Partners
Whanganui Chamber of Commerce
Whanganui District Council

National

AgResearch
Agritech NZ
Air New Zealand
Business Mentors New Zealand
Callaghan Innovation
Economic Development New Zealand
Immigration New Zealand
Kanoa - Regional Economic Development & Investment Unit
Manatū Taonga - Ministry of Culture and Heritage
Ministry of Business, Innovation and Employment - Hīkina Whakatutuki
New Zealand Careers Expo
New Zealand Trade and Enterprise – Te Taurapa Tuhono
Poutama Trust
Regional Business Partners Network
Regional Tourism New Zealand
Te Puna Whakaaronui - New Zealand's Primary Sector Think Tank
Te Tāhuhu o te Māturanga - Ministry of Education
Te Tari Taiwhenua – Department of Internal Affairs
Te Whatu Ora – Health NZ
Tourism Industry Aotearoa
Tourism New Zealand
Waka Kotahi New Zealand Transport Agency
Workforce Development Councils

ITEM 10 - ATTACHMENT 1

CEDA

CENTRAL ECONOMIC DEVELOPMENT AGENCY

MEMORANDUM

TO:	**Economic Growth Committee**
MEETING DATE:	**25 October 2023**
TITLE:	**Proposed Bus Shelter - 742 Pioneer Highway**
PRESENTED BY:	**Frances Duffin, Intermediate Project Manager Bryce Hosking, Acting Group Manager - Transport and Development**
APPROVED BY:	**Chris Dyhrberg, Chief Infrastructure Officer**

RECOMMENDATION TO ECONOMIC GROWTH COMMITTEE

1. **That the Committee lift the report Proposed Bus Shelter - 742 Pioneer Highway off the table.**

RECOMMENDATION TO COUNCIL

2. **That the Council dismiss the objection and the Chief Executive proceed with the installation of a bus shelter at 742 Pioneer Highway.**

1. ISSUE

1.1 At the Bus Shelter hearings on 9 October, the Committee agreed to hold off making a decision on the proposed Bus Shelter at 742 Pioneer Highway report and requested Officers consider alternative sites for both the Bus Stop and Loading Zone following concerns raised by the Objector and report back to the next Economic Growth Committee on 25 October 2023.

1.2 This report presents the findings from the Officer's review and provides a subsequent recommendation regarding the Bus Stop and Shelter at 742 Pioneer Highway for the Committee to consider.

2. BACKGROUND

2.1 Please refer to the report titled "Transport Choices, Bus Stops – Summary of Submissions for Bus Shelters" that was presented to the Extraordinary Economic Growth Committee on 9 October 2023 for background information on the Transport Choices, Bus Shelter Objections.

3. BUS STOP AND SHELTER REVIEW – 742 PIONEER HIGHWAY

3.1 This Bus Stop and Shelter is a new stop on the proposed route map, servicing 2 routes – Cloverlea to Hokowhitu (middle of route), and Kelvin Grove to Pioneer Highway (outbound).

3.2 This new stop and shelter will service the disestablished stops/ route from Pioneer Highway to College Street (including Ferguson Street).

3.3 Horizons has been consulted on the proposed shelter and have no concerns with the proposal.

3.4 The installation of the bus passenger shelters is supported by Waka Kotahi.

Objection – 742 Pioneer Highway

3.5 The two excerpts below are the objector's reasons for a Bus Shelter not being built at this address:

"Where this proposed bus shelter is going to be is used as a dedicated loading zone outside the shop area (marked) sometimes up to 15 times per day by various sized trucks. They are opposing this bus stop as there is not sufficient room to unload trucks outside this site as there are cycle obstructions leading up to and after the loading zone to keep the cyclist safe. If you visit this site, there are no other options for a loading zone as the road and parking is all allocated to cycle lanes and safety poles".

"They have said they will lose business if they cannot load up their trucks for deliveries in a safe manner".

Officers Review

3.6 In the original design of the Bus Stop and Shelter at this location, there was no suggestion to replace the Loading Zone.

3.7 It is officers understanding that the objector's main concern is losing a Loading Zone near their shop.

3.8 Officers have reviewed the original design and have been able to retain a Loading Zone as part of the design. The location is however proposed to be moved to outside of Mobil – 30 metres south of the current Bus Stop location.

3.9 The reason to move this Loading Zone location is to accommodate additional safety upgrades taking place in this vicinity for pedestrians and cyclists.

3.10 In addition to the new bus stop at this location, designs have been completed for a new signalised pedestrian crossing and an extension to the Pioneer Pathway. This work is ready for construction. The movement of pedestrians, cyclists and drivers will change under this new design. Cars will no longer be able to turn right out of the shopping complex, and those on bikes will be directed across the road at the safe crossing point to re-join the bike path.

3.11 The signalised crossing installation is to increase the level of service/ safety due to this area having a high pedestrian utilisation. Therefore, a Bus Stop is proposed near to the pedestrian crossing, to provide for those pedestrians.

3.12 From a placemaking perspective, the new bus stop, the signalised pedestrian crossing and the extension to the Pioneer Pathway will help form a mini destination or hub based around the existing retail activities on Pioneer Highway.

3.13 There will be a clear distinction between the new Loading Zone location and the pedestrian crossing, mitigating the objection's safety concerns around the proximity of truck and cyclists' movements. The design is included in attachment.

3.14 This construction is due to be completed at early 2024 to coincide with the new bus network.

4. NEXT STEPS

4.1 The Committee's decision will be considered by Council on 1 November 2023.

4.2 There is no appeal process provided for under s.339 of the Local Government Act 1974.

4.3 Objectors will be informed of Council's decision in writing.

4.4 Notification of a 14-day objection period will be given to any newly affected parties of any addresses where Council intends to locate a shelter because of hearing recommendation or feedback received. Further hearings will be required should objections be received.

4.5 The project team will notify affected residents within the construction area of construction and installation timelines. Tranche 1 shelters and new stops will be installed by 19 February 2024 to meet the new route requirements.

4.6 The upgrading of existing shelters, and the decommissioning of the existing redundant shelters, will be completed by the end of June 2024.

5. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide?	**No**
Are the decisions significant?	**No**
If they are significant do they affect land or a body of water?	**No**
Can this decision only be made through a 10 Year Plan?	**No**
Does this decision require consultation through the Special Consultative procedure?	**Yes**
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 the achievement of action/actions in Transport	

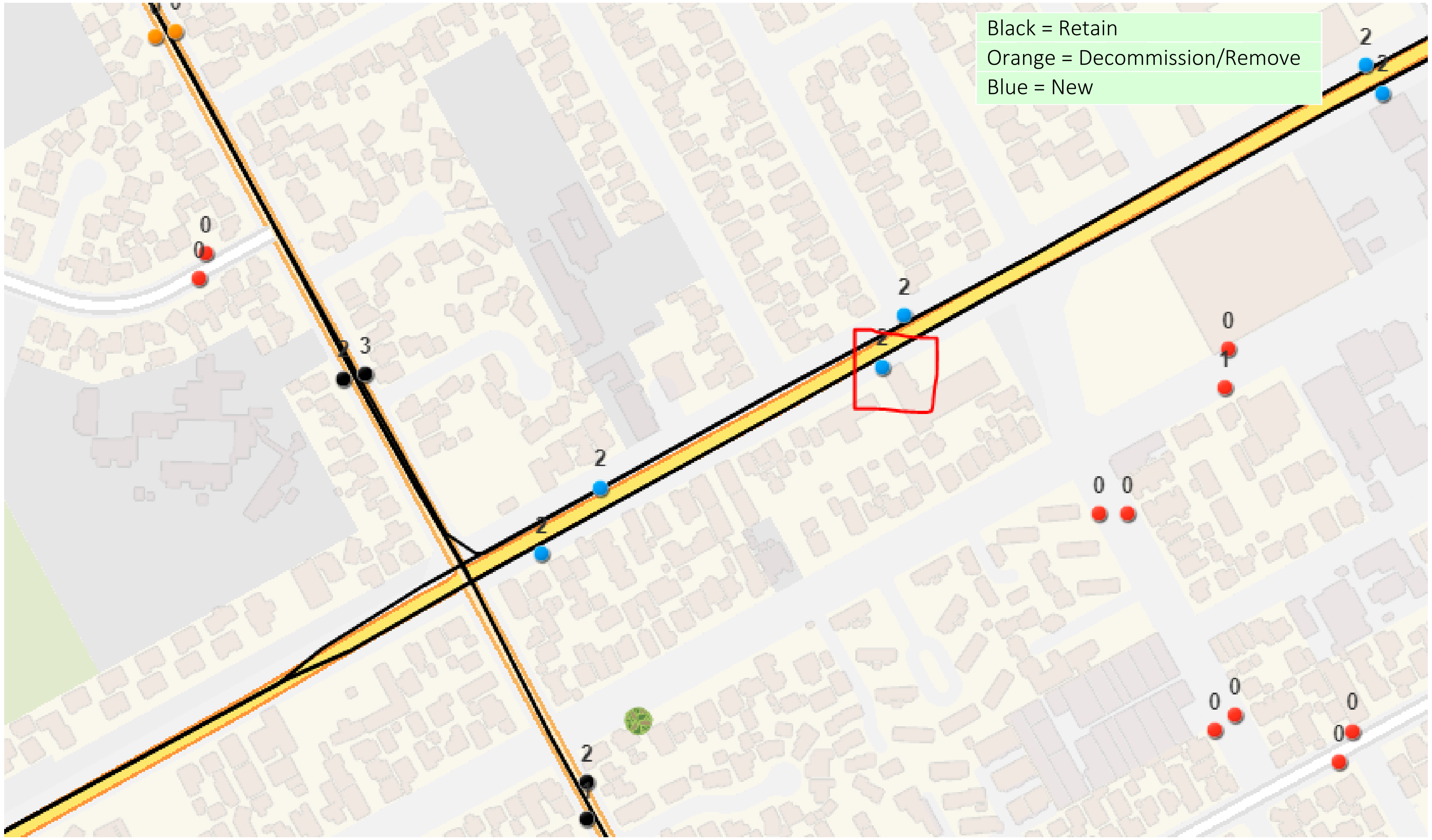
The action is: • Develop, maintain, operate, and renew the active and public transport network to deliver on Council goals, the purpose of this plan, and the Government Policy Statement on Transport. • Align city active and public transport programmes with Government direction (GPS Transport) and Waka Kotahi guidance to maximise our likelihood of securing funding. • Advocate to Horizons Regional Council for enhancements to the urban bus service and fleet.
The recommendations contribute to Goal 1: An Innovative and Growing City

Contribution to strategic direction and to social, economic, environmental, and cultural well-being	Council can support greater uptake of the new bus network by providing good quality infrastructure that increases the comfort, accessibility, and the appeal of public transport.

ATTACHMENTS

1. Site Plan and Proposed Development ⇩

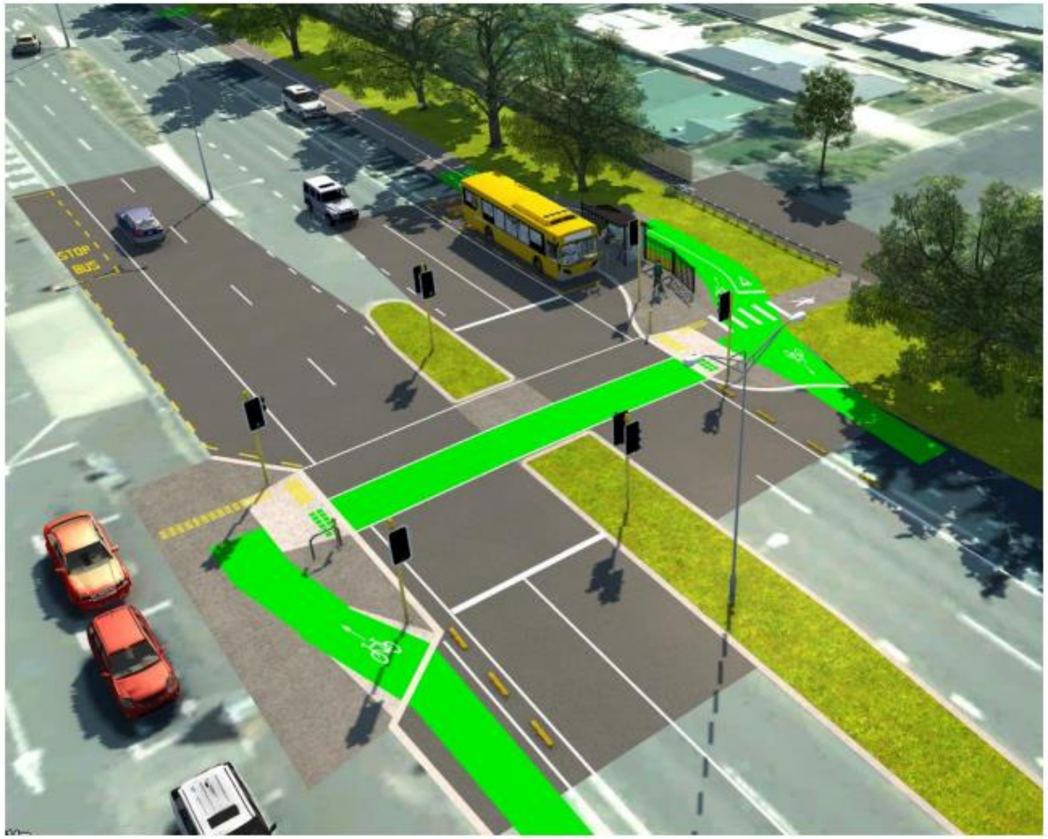
Appendix 1: Bus stop and Route Map



Appendix 2: Street View

Appendix 3: Site Specific Bus Stop and Shelter design

* The bus stop this objection refers to is on the left hand side of the below image. However, this shows the bigger scale of this piece of work, and signalised crossing with the new bus stop on the other side.



MEMORANDUM

TO:	**Economic Growth Committee**
MEETING DATE:	**25 October 2023**
TITLE:	**Bunnythorpe Infrastructure Update**
PRESENTED BY:	**Bryce Hosking, Acting Group Manager - Transport and Development, Mike Monaghan, Group Manager - Three Waters**
APPROVED BY:	**Chris Dyhrberg, Chief Infrastructure Officer**

RECOMMENDATION TO ECONOMIC GROWTH COMMITTEE

1. **That the Economic Growth Committee receive the memorandum titled 'Bunnythorpe Infrastructure Update' presented on 25 October 2023.**

1. ISSUE

1.1 As part of the 2023/24 Annual Plan deliberations on 31 May 2023, Council resolved the following:

That the Chief Executive investigate what would be needed to address infrastructure deficits identified by the Bunnythorpe community, including footpath renewals, extensions and maintenance; Baring Street raised crossing at school; street lighting improvements; maintenance of open drains including feasibility of undergrounding and flood resilience, to be reported to Council with a view to developing a targeted programme for consideration in the Long Term Plan process.

1.2 This report provides a summary of the infrastructure works that were both identified by officers and requested by representatives of the Bunnythorpe community. Noting that some of these works will be addressed in the 2023/24 financial year, with the balance, and the timings of these works, to be considered through the 2024-34 Long Term Plan (LTP) process.

2. BACKGROUND

2.1 A meeting was held on 15 September 2023 with representatives from the Bunnythorpe community which facilitated a discussion about the works identified from both Officers and the community, and to clarify the next steps. The package of works to be completed was agreed in principle by both parties in this meeting.

3. INFRASTRUCTURE WORKS IDENTIFIED

3.1 A summary of the infrastructure works agreed upon at the meeting on 15 September 2023 are detailed below.

3.2 Works identified from officers:

Infrastructure Works Item	**Description/ Further Information**	**Proposed Implementation**
	Transport	
Kairanga-Bunnythorpe Road Bridge	Bridge is reaching the end of its asset life and is due for replacement Part of PNITI Programme	To be considered in 2024-34 Long Term Plan (LTP) process
Dixons Line Footpath	Footpath renewal	September 2023 through existing programme
Bunnythorpe Roundabout	Pavement is reaching end of asset life and needs replacement, not just a reseal	To be considered in 2024-34 LTP process
Ashhurst Road	Pavement reseal required in sections	November 2023-February 2024 through existing programme
PN to Feilding Pathway	Construction of Waughs Road to Kairanga-Bunnythorpe Road to be completed first	To be considered in 2024-34 LTP process
	Three Waters	
Bunnythorpe Retic network.	Routine flushing programme to be put in place to reduce incidents of discoloured water.	July 2023 – ongoing via in house maintenance team.
Raymond Street Bore Station	Filter plant to remove iron and manganese particles at source.	To be considered in 2024 –34 LTP process.
Raymond Street Bore Station	Switchboard upgrade to enable automatic generator start-up.	Programmed for 2023/24 FY through existing programme

Infrastructure Works Item	Description/ Further Information	Proposed Implementation
Bunnythorpe Pump Station	Renewal of falling main into the existing Pump Station required	To be considered in 2024 –34 LTP process.
Bunnythorpe Pump Station	Pump station renewal to align with bridge replacement.	To be considered in 2024-34 LTP process
Renewed focus to reduce stormwater into sewer mains	Inflow and infiltration work to focus on stormwater entry points.	To be considered in 2024-34 LTP process
Redmayne Street water main	Connect radial network to reduce dead ends and improve resilience/quality	To be considered in 2024-34 LTP process

3.3 Works requested from Bunnythorpe Community:

Infrastructure Works Item	Description/ Further Information	Proposed Implementation
Transport		
Raised pedestrian crossing outside school	Validated work	To be considered in 2024-34 LTP process
Maple Street speed limit and boy-racer burnouts	Issues reported with street racing and burnout damage Speed Management Strategy application to be submitted by Waka Kotahi if a reduction would be considered Possible traffic calming measures can be implemented i.e. speed humps	Traffic calming works to be considered in 2024-34 LTP process
Roading improvements requested throughout Bunnythorpe area with	Works to be prioritised alongside asset network Reactive works only	To be considered in 2024-34 LTP process

Infrastructure Works Item	**Description/ Further Information**	**Proposed Implementation**
a focus on safety, potholes, and footpaths	scheduled for 2023/24	
Te Ngaio Road Bridge	Requesting structural investigation which will be undertaken by PNCC	Any outcomes to be considered in 2024-34 LTP process
Kiaranga-Bunnythorpe Road Bus Stop	Additional bus stop requested on other side of the road opposite the existing stop	To be considered in 2024-34 LTP process
Three Waters		
Booster water pump for Fire service use not working	The fire pump located at the Bore Site does not appear to work when needed. Investigations into network pressure demands have started, interim results indicate network sizing/modelling is required to identify where LOS improvements are required	Any outcomes to be considered in 2024-34 LTP process
Wastewater issues	Ongoing improvements via a dedicated Capital/Renewal programme. Issues identified include stormwater infiltration, pump station sizing and falling main capacity.	Any outcomes to be considered in 2024-34 LTP process.
Discoloured water is an ongoing issue	Initiatives including flushing programme, at source filtration, network ring main connections have been identified.	Flushing programme already implemented, other outcomes to be considered in 2024-34 LTP process.
Open drain Dixon Line	Maintenance frequency/adequacy to be reviewed.	Any outcomes can be accommodated in the 23/24 FY maintenance programme

3.4 Please note: The costings and timings for the above works are still being worked through by Officers. However, these will be ready for consideration as part of the 2024-34 LTP deliberations.

4. NEXT STEPS

4.1 Create a suite of programmes to deliver the works in Section 3 of this report for consideration in the 2024-34 LTP.

4.2 Quarterly meetings have been established between Infrastructure Officers and representatives from the Bunnythorpe community to discuss and update on the infrastructure works that are needed in Bunnythorpe. The next meeting is scheduled for December 2023.

4.3 Officers have also discussed the value of working with the Bunnythropre community and other key stakeholders such as Waka Kotahi and KiwiRail to co-create a Bunnythorpe Village Plan to inform future planning and infrastructure investment. A programme has been prepared for consideration as part of the 24 -34 LTP process.

5. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide?	**Yes**
Are the decisions significant?	**No**
If they are significant do, they affect land or a body of water?	**No**
Can this decision only be made through a 10 Year Plan?	**No**
Does this decision require consultation through the Special Consultative procedure?	**No**
Is there funding in the current Annual Plan for these actions?	**No**
Are the recommendations inconsistent with any of Council's policies or plans?	**No**
The recommendations contribute to Goal 1: An Innovative and Growing City	
The recommendations contribute to the achievement of action/actions in Transport The action is: Develop, maintain, operate, and renew the active and public transport network to deliver on 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	Addressing, or planning to address, infrastructure issues in the Bunnythorpe Village will help support the needs of the community.

ATTACHMENTS

Nil

MEMORANDUM

TO:	**Economic Growth Committee**
MEETING DATE:	**25 October 2023**
TITLE:	**Road Maintenance Contract Six Monthly Update**
PRESENTED BY:	**Bryce Hosking, Acting Group Manager - Transport and Development**
APPROVED BY:	**Chris Dyhrberg, Chief Infrastructure Officer**

RECOMMENDATION TO COUNCIL

1. That the Council

EITHER

Increase the budget in the capital renewal Programme 74 (City-wide – Street Light Renewals) by $350,000 to enable the outstanding 300 luminary replacements to be addressed in 2023/24

OR

Refer the capital renewal Programme 74 (City-wide – Street Light Renewals) to the 2024-34 Long Term Plan.

1. ISSUE

1.1 In March 2022, the report titled 'Road maintenance Contract Update' was presented to the Infrastructure Committee. In this meeting the Committee resolved:

> *"to receive further six-monthly reports on the work programme and performance of the road maintenance contract."*

1.2 This report provides the latest six-monthly update on the work programme and performance of the road maintenance contract, using information up to the end of September 2023.

2. BACKGROUND

2.1 Council entered Contract 3938 (Road Maintenance, Renewal, and Capital Improvement Services) with Fulton Hogan in March 2021. The contract commenced on 1 July 2021 with an initial term of three (3) years, with two (2) right of renewals for three (3) years each.

2.2 Ahead of the renewal date in 2024, an external review of whether the contract outcomes were being met was undertaken in early 2023 with the findings presented in a confidential report to Council on 3 May 2023. This review identified and recommended several improvement actions be implemented to ensure the desired outcomes would be met moving forward. Progress updates of these improvement actions are out of scope for this report, which instead focuses on the deliverables of the report.

3. ROAD MAINTENANCE CONTRACT SIX MONTHLY UPDATES

3.1 Works delivered by the road maintenance contract can be split into operations/ maintenance and capital spend areas, with each funding area having key deliverable areas.

Operations and Maintenance:

- Footpaths
- Pavement
- Drainage
- Traffic Services i.e. signals, street lighting, sweeping etc.

Capital:

- Pavement reseals
- Pavement rehabs/ replacements
- Drainage
- Footpaths
- Structural – i.e. bridges etc.

3.2 Please note that Fulton Hogan will also deliver distinct Council projects in addition to the above. Whilst the road maintenance contract provides for the ability for additional works to be completed at the same rates, these projects are not within the scope of this report as they are separate engagements.

3.3 Below is a progress update on the various deliverable areas of the contract as listed in 3.1 above.

Operations and Maintenance

3.4 Footpaths

- The contractor is progressing with the programmed works throughout the year and Officers anticipate this to be completed by year end as planned.
- In addition to the above, Council's in-house workforce is also scheduled to deliver circa 50% of the footpath maintenance this year with a focus on the footpaths around Te Marae o Hine (The Square).

3.5 Pavement

- Pre reseal repairs (i.e. potholes, pavement defect repairs etc.) account for 75% of the planned pavement maintenance this year. This high percentage reflects the network pavement condition deteriorating beyond available budgets over several years. This work is programmed to be fully completed prior by 31 December 2023.
- Officers are again anticipating significant budget pressures in this year, with the quantum of works identified far exceeding the available remaining budget. Officers will prioritise the areas of most need within the overall annual budget allocation.

3.6 Drainage

- The kerb sweeping and sump cleaning is progressing as programmed and forecast to be close to the budget allocation, noting however, that this is another area with budget pressures and even the planned works will not meet the desired Level of Service. As a result, the service will likely be completed on a reactive basis.
- To help supplement the contracted level of service, we are also utilising our internal Depot workforce, particularly during the Autum leaf drop.

3.7 Traffic Services

- Road marking has started but on a limited scoped scale to reduce budget pressure, focusing on Stop/ Give-ways and pedestrian marking only. Noting that carpark marking is not included within the scope and funded from other budgets.
- As with the Pavement budgets, Officers are anticipating significant budget pressures in this year, with the quantum of works identified far exceeding the available remaining budget. Officers will prioritise the areas of most need to staff within the overall annual budget allocation.
- There are also budget pressures identified in maintaining and restoring all the streetlights and luminaire light heads throughout the city. As at 30 September there were 400 streetlights that were not working throughout the city, with the majority of these requiring full luminary replacements. We have been plagued with full unit failures and have not been able to get any recourse from warranties, which we understand many other Councils are experiencing as well. Adding to this when we switched to LED lights around the city, we sourced the fixtures and fittings from different overseas suppliers. This makes it difficult to hold appropriate stock for quick replacements and means the contractor needs to confirm what supplier each light is from when looking to replace them which adds to the replacement time. Moving forward Officers will be consolidating all light heads through a consistent make and model through a single supplier which should not only improve our buying power, but also make it easier for the local

contractor to hold a level of stock at all times once we get through the 400 streetlights that need replacing.

- 100 of the light replacements will be addressed this year through existing budgets. The contractor has signalled that it will cost a further $350K to resolve the remaining outstanding luminary replacements. As there is no further budget to address these outstanding lights in 2023/24, these are being considered in the 2024-34 LTP.

Capital

3.8 Pavement Reseals

- This is one of the key delivery areas of the contract and one that will make the biggest improvement to our network. Resealing involves applying a new layer of material to the existing road surface. This process extends the lifespan of the road and contributes to a safer and smoother driving experience for our community.

- Both the contractor and Officers have identified that there is a 'bow wave' of urgent reseal work that needs to be addressed which exceeds the available budget. As such Officers have prioritised the lowest condition areas to be completed this year.

- More than 30 urban and rural streets have been scheduled to be resealed over summer period. These are:
    - Ashhurst Road, in Bunnythorpe
    - Botanical Road North
    - Camp Road, in Linton
    - Campbell Road
    - Clifton Terrace
    - Clyde Crescent
    - College Street (Victoria to Albert Street)
    - Davis Road, in Ashhurst
    - Dobsons Lane
    - Forest Hill Road
    - Herbert Ave
    - Kelvin Grove Road East
    - Kingsdale Park Drive
    - Knowles Street
    - Lincoln Park Lincoln Street, in Ashhurst
    - Liverpool Street
    - Ngahere Park Road

- Oak Crescent, in Ashhurst
- Pacific Drive
- Petes Way, in Ashhurst
- Pohangina Road
- Railway Road
- Rangiora Ave
- Rewa Street
- Roberts Line
- Ruahine Street (Featherston to Grey Street)
- Summerhill Drive (Tennent Drive to State Highway 57)
- Titirangi Drive
- Turitea Road
- Upper Main Street
- Wikiriwhi Crescent
- Wyndham Street, in Ashhurst

- Given the quantum of this work it is acknowledged that there will be a lot of disruption throughout the city over the summer construction period. There will be an increase in communications around this to inform residents.

3.9 Pavement Rehab

- Officers have identified that Railway Road, between Tremaine and the rail overbridge, requires a complete pavement rehab. Designs for this are currently underway, with construction to be considered for year 1 of the 2024/34 LTP.
- A rehab is planned for the rail over-bridge to Francis Way. The costs for this are being finalised. Should this exceed budget availability, Officers will reprioritise budgets in the current financial year to instead rehab Campbell road outside of the Bunnythorpe dairy / roundabout area, or Flygers Line between Milson and the Mangaone bridge. The Francis Way to Tremaine Avenue work will then be considered as part of the 2024-34 LTP.

3.10 Drainage

- Kerb and channel replacement is planned for Jasper Place. Design is underway, with construction to take place later this financial year.
- 12 culvert replacements are either completed or programmed for completion this financial year. Officers anticipate this work to be completed and the planned budget to be expended.

3.11 Structural

- Officers have identified immediate structural remediation works required to the Amberley Avenue multiplate culvert where the culvert invert needs to be relined to resolve the structural deficiency. This is estimated to exceed the originally anticipated project budget, so Officers will reprioritise budgets in the current financial year from the Rehab budgets to ensure the project can be delivered within the overall budget envelope.

3.12 Footpaths

- The contractor is currently renewing the footpaths on Dixon and Campbell Roads in Bunnythorpe.
- Officers have committed another third of the budget provision towards planned works, to allow for any reactive renewals that may occur. As the financial year progresses, any remaining budget can be reprioritised to address the footpath assets in the city of most need.

4. NEXT STEPS

4.1 Continue to work with Fulton Hogan to ensure delivery of the programme of works covered by the Road Maintenance contract.

4.2 Continue to prioritise works with most impact as required to ensure the programme is delivered within timeframes and budget provisions.

4.3 Prepare programme budgets which accurately reflect the budget provisions required to deliver on levels of service expectations for consideration in the 2024-34 Long-Term Plan.

5. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide?	**No**
Are the decisions significant?	**No**
If they are significant do, they affect land or a body of water?	**No**
Can this decision only be made through a 10 Year Plan?	**No**
Does this decision require consultation through the Special Consultative procedure?	**No**
Is there funding in the current Annual Plan for these actions?	**No**
Are the recommendations inconsistent with any of Council's policies or plans?	**No**
The recommendations contribute to Goal 1: An Innovative and Growing City	
The recommendations contribute to the achievement of action/actions in Transport The action is: Develop, maintain, operate, and renew the active and public transport network to deliver on 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	The road maintenance contract is a key delivery vehicle towards having safer, well maintained, and well utilised transport network.

ATTACHMENTS

Nil

MEMORANDUM

TO:	**Economic Growth Committee**
MEETING DATE:	**25 October 2023**
TITLE:	**Streets for People 6 Monthly Update**
PRESENTED BY:	**Bryce Hosking, Acting Group Manager - Transport and Development**
APPROVED BY:	**Chris Dyhrberg, Chief Infrastructure Officer**

RECOMMENDATION TO ECONOMIC GROWTH COMMITTEE

1. **That the Economic Growth Committee receive the memorandum titled 'Streets for People Six Monthly Update' presented on 25 October 2023.**

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 This memorandum provides a progress update on the project.

2. BACKGROUND

2.1 The report titled 'Central City Transformation - Streets for People Project' was presented to the Economic Growth Committee on 21 June 2023. Please refer to this report for a detailed background and context to the last update on the project.

2.2 The June 2023 report also established a Project Steering Group (PSG) for the project, agreeing on the members of the PSG and the Terms of Reference.

3. PROJECT UPDATE AS AT 30 SEPTEMBER 2023

3.1 Since June 2023, the detailed design has continued to progress to completion. The key work package outstanding at 30 September is to work through clarifications with the design consultant on 4 of the intersections to confirm the geometric design.

Progress towards milestones due for completion since last report

3.2 The below table provides an update on progress towards the milestones since the last report in June 2023:

Description	Planned Completion	Revised Completion	Comments
Completion of detailed design	June 2023	October 2023	The slight delay in completing design is primarily due to processing items of the design such as the geometric intersection designs.
Establish Project Steering Group Meetings	August 2023	November 2023	The membership of the PSG along with the terms of reference have been agreed. Unfortunately, due to staff resourcing the first meeting was unable to be held in August as planned. The first meeting is now proposed for November 2023 subject to attendee availability.

Financial Update

3.3 The table below provides an overview of the BECA design services contract:

Original Contract Value	Approved Variations	Revised Contract Value	Actual Contract Expenditure at 30 Sept. 2023	Cost to Complete in October
$911K	$359K	$1.27M	$1.22M	$51K

4. NEXT STEPS

4.1 Finalise the detailed design by 31 October 2023.

4.2 Confirm the agenda and date for the first Project Steering Group to take place in November 2023.

4.3 Note the Streets for People project will form part of the wider City Centre Indicative Business Case and potential future Detailed Business Cases which are required to achieve co-funding from Waka Kotahi for city centre transport investments. An elected member workshop on the City Centre Indicative Business Case is scheduled for 3 November 2023.

5. COMPLIANCE AND ADMINISTRATION

<table>
<tr><td colspan="2">Does the Committee have delegated authority to decide?</td><td>Yes</td></tr>
<tr><td colspan="2">Are the decisions significant?</td><td>No</td></tr>
<tr><td colspan="2">If they are significant do, they affect land or a body of water?</td><td>No</td></tr>
<tr><td colspan="2">Can this decision only be made through a 10 Year Plan?</td><td>No</td></tr>
<tr><td colspan="2">Does this decision require consultation through the Special Consultative procedure?</td><td>No</td></tr>
<tr><td colspan="2">Is there funding in the current Annual Plan for these actions?</td><td>Yes</td></tr>
<tr><td colspan="2">Are the recommendations inconsistent with any of Council's policies or plans?</td><td>No</td></tr>
<tr><td colspan="3">The recommendations contribute to Goal 2: A Creative and Exciting City</td></tr>
<tr><td colspan="3">The recommendations contribute to the achievement of action/actions in Transport
The action is:
• 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.</td></tr>
<tr><td>Contribution to strategic direction and to social, economic, environmental, and cultural well-being</td><td colspan="2">A vibrant city centre will make Palmerston North even more 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.

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.</td></tr>
</table>

ATTACHMENTS

Nil

MEMORANDUM

TO: Economic Growth Committee

MEETING DATE: 25 October 2023

TITLE: 6-monthly report on International Relations and Education Activities

PRESENTED BY: Gabrielle Loga, International Relations Manager

APPROVED BY: David Murphy, Chief Planning Officer

RECOMMENDATION TO ECONOMIC GROWTH COMMITTEE

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

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1. ISSUE

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

2. BACKGROUND

International Context: New Zealand and the United Kingdom Free Trade Agreement

2.1 New Zealand and the United Kingdom entered the NZ-UK Free Trade Agreement on 31 May 2023, allowing 99.5% of trade from New Zealand to enter the United Kingdom duty free through a combination of tariff elimination and duty-free quotas. The Free Trade Agreement is expected to add up to $1 billion to New Zealand's annual gross domestic product (GDP), boost New Zealand's goods exports to the United Kingdom by 53% and save New Zealand's exporters approximately $37 million per year in tariff elimination alone.

2.2 The United Kingdom is New Zealand's 7th largest trading partner and a crucial market for some of our key exports including meat, wine, fruit, machinery, eggs, honey and wool.

International Context: ASEAN's regional economic outlook

2.3 The Association of South East Asian Nations (ASEAN) continues to recover from the economic effects of Covid-19 faster than the global norm. Malaysia, Vietnam and the Philippines have led with considerable growth. Of these, Vietnam (6.5% GDP growth in 2023 and 6.8% in 2024) and the Philippines (6.0% and 6.2% respectively) are forecast to continue their growth trajectories over the coming years.

2.4 Hon. Rino Tirikatene, the Minister of State of Trade and Export Growth, signed the ASEAN-Australia-New Zealand Free Trade Area (AANZFTA) upgrade on 21 August 2023. The upgrade was welcomed by ASEAN, and AANZFTA continues to be viewed and highlighted as ASEAN's highest quality free trade agreement.

2.5 Vietnam remains a market of considerable opportunities for New Zealand's premium products in particular; high-end dairy, fruit, timber, as well as technology and renewable energy. Rising incomes and an expanding middle class, expected to account for 50% of Vietnam's population by 2035, have led to a growing appetite for high-value, high-quality and more health-conscious products. The current population of Vietnam is 104 million with close to 70% are within the age range of 15-64 years old.

3. INTERNATIONAL RELATIONS ACTIVITIES

3.1 Palmerston North City Council's (PNCC's) International Relations Manager led a small education delegation to Japan from 21–29 March 2023. The delegation consisted of:

- Gabrielle Loga – International Relations Manager, PNCC
- Kate Harridge – International Relations and Education Advisor, PNCC
- Christina Yek – Senior Regional Manager, Massey University
- John Brunsden – Director/Owner, English Teaching College
- Shiho Shindo – International Student Director, English Teaching College

3.2 The delegation visited the New Zealand Embassy in Tokyo to meet with the First Secretary of Trade, embassy staff in charge of sister city relations, Education New Zealand Manager for Japan, Air New Zealand Marketing Executive for Japan and Director of Keibunsha, publisher of the New Zealand Study Guidebook supported by Education New Zealand and the New Zealand Embassy Tokyo. The discussion led to interest from the embassy in the 5th sister city anniversary between Palmerston North and Mihara in 2024.

3.3 Air New Zealand Japan was connected with the Central Economic Development Agency (CEDA) for tourism, economic and living information to promote the region as a preferred study destination for Japanese students and highlight on sustainability study programmes offered in the Manawatū.

3.4 In support of the International Education sector and an effort to promote the city as a preferred study destination, the delegation also visited a number of Japanese schools including Waseda University and affiliated schools. This effort resulted in an additional study group to Palmerston North in July 2023 and strengthened the long-term partnership with Waseda University and affiliated schools for ongoing programmes in the years to come.

City Partnerships – Mihara, Japan

3.5 The delegation was treated to a warm welcome by the local people on Sagi island, which was accessible by ferry from Mihara city. Mr Kotani, president of the Hiroshima NZ Friendship Foundation, along with his wife and staff members of Mihara's City Council, spoke about Simon Britten[1] and the deep bond between Palmerston North and Sagi island because of him.

3.6 The delegation had a formal meeting with Mihara's Mayor Mr Okada where the two cities exchanged gifts and expressed enthusiasm to reconnect after the disruptions of the Covid-19 pandemic.

Figure 1- Formal meeting with Mihara's Mayor Okada

3.7 Following that, there was a very productive meeting with Mihara's Corporate Planning Division and the Mihara Board of Education to discuss the celebration of the 5th sister city anniversary in 2024 and schedule planning meetings going forward.

3.8 On the last day the International Relations team went to meet with the Superintendent of Hiroshima Prefectural Board of Education, a connection made by the President of IPU. As the team presented on Palmerston North and the upcoming sister city anniversary with Mihara in 2024, the discussion arrived at an agreement of a three-way Memorandum of Understanding

[1] Simon Britten, a former IPU New Zealand's student from Palmerston North, lived in Hiroshima for seven months in 2003 teaching English to Japanese students. He was committed to his sport and registered to compete in the Sagi Island Triathlon. However, before the event, he was diagnosed with a rare form of cancer and his wish never eventuated. After his death, his father Barry and brother Mark Britten competed in the Sagi Island Triathlon in 2005 and 2006 in his honour. Simon Britten contributed to the bridge of friendship and understanding between Mihara, Japan and Palmerston North, New Zealand.

between Hiroshima Prefectural Board of Education, Mihara city and Palmerston North to provide an opportunity for a local Palmerston North high school student to study the International Baccalaureate programme at Hiroshima Global Academy, funded by Hiroshima Prefectural Board of Education for three years of free tuition. Palmerston North and Mihara will assist with promoting the opportunity and provide extra pastoral support for the student through the people-to-people connection between the two cities.

3.9 The proposal is fully supported by the Manawatū International Education Leadership Group. PNCC's legal team is currently working on the memorandum document. An official signing ceremony will be scheduled for early 2024 as part of the celebration of the sister city anniversary.

City Partnerships – Kunshan, China

3.10 On 23 May 2023, PNCC's International Relations Manager paid an official visit to Kunshan in China, Palmerston North's partner city since 1994. The purpose of the visit was twofold: to join the Kunshan People's Municipal Government to facilitate the signing of a partnership Memorandum of Understanding between Palmerston North Boys' High School, Palmerston North Girls' High School, and Kunshan Huaqiao Senior High School and to learn about Kunshan's water management and sponge city projects.

3.11 The signing of a partnership Memorandum of Understanding between Palmerston North Boys' High School, Palmerston North Girls' High School, and Kunshan Huaqiao Senior High School was a hybrid ceremony. In Kunshan, the principal of Kunshan Huaqiao Senior High School was joined by Kunshan's Deputy Mayor, senior officials and PNCC's International Relations Manager. Palmerston North Mayor and PNCC's International Relations and Education Advisor alongside the International Directors from both Palmerston North Boys' High School and Palmerston North Girls' High School joined the ceremony via Zoom.

Figure 2 - From left to right: PNCC's International Relations Manager Gabrielle Loga, Kunshan's Deputy Mayor Chen Zhao, and Principal Chengwei Ji of Kunshan Huaqiao Senior High School

3.12 The Memorandum of Understanding recognises and supports the longstanding friendship between Palmerston North and Kunshan. Its outlines the working arrangements between the participating schools to foster an international partnership where they can share resources that will benefit student development, including future student and teacher exchange programmes. The signing ceremony was also attended and reported by local news outlets.

3.13 Following the signing ceremony, PNCC's International Relations Manager presented on Palmerston North's key sectors and strengths to Kunshan's Deputy Mayor, Kunshan Housing and Urban-Rural Development Bureau, Kunshan Water Affairs Bureau, Kunshan Agriculture and Rural Affairs Bureau and Kunshan Commerce Bureau. The officers exchanged ideas and discussed potential collaboration between Palmerston North and Kunshan, specifically in the area of agriculture, commerce and sponge-city vision.

Figure 3- Discussing potential collaboration between Palmerston North and Kunshan on 23 May 2023

City Partnerships – Guiyang, China

3.14 On behalf of city, PNCC's International Relations Manager attended the China International Big Data Industry Expo 2023 and participated in the Smart City International Friendship Cities panel discussion. This was the first major international event that Guiyang held after the reopening of Chinese borders since Covid-19 so it was important that as the longest standing sister city of Guiyang, Palmerston North showed our support. A letter of gratitude from Guiyang was received that is included as attachment one.

3.15 At the Expo, Palmerston North had a display booth featuring city promotion videos, Palmy Proud magazines and merchandise items as well as information on the city's economic performance and our technology sector. The display was exposed to over 180,000 attendees alongside 328 exhibitors from around the world.

Figure 4- Palmerston North featured in the Guiyang's International Friendship Cities Theme Exhibition at the 2023 China Big Data Expo hall

3.16 During the Smart City International Cities panel discussion, the International Relations Manager presented on what Palmerston North was doing in the digital and smart technology space as well as agri-tech. The presentation was well received and reported in the Guizhou Daily News and the China Daily.

3.17 On 8–9 July 2023, the Mayor attended the Eco Forum Global Guiyang 2023 at the invitation of Guiyang's Municipal People's Government. This forum is China's only international forum focusing on ecological civilisation and has become an important platform for promoting international exchanges and cooperation in environmental protection, climate change and sustainable development. This year, there were more than 2,500 attendees including government officials, diplomats, business leaders both online and offline.

Figure 5 - Mayor Smith presented at the Guiyang Eco Global Forum 2023

City Partnerships – Missoula, USA and Wageningen, The Netherlands

3.18 Council approved the Mayor to lead a small delegation to visit the city's longest standing sister city Missoula, USA and Wageningen, the Netherlands in June 2023. The delegation consisted of the Mayor, the Mayoress, Councillor Fitzgerald who also represented Rangitāne iwi, Jerry Shearman from CEDA, PNCC's International Relations Manager, PNCC's International Relations and Education Advisor and representatives from Massey University.

3.19 During the visit to Missoula, the delegates had opportunities to visit many facilities and new developments in Missoula, meet with key partners to revitalise or establish economic connections, education connections, indigenous, sport, cultural, and governance connections.

3.20 During the brief visit to the Hague and Wageningen, Wageningen Mayor Floor Vermeulen and Palmerston North Mayor Grant Smith discussed the possibility of building a collaborative alliance of university cities with the purpose to share research and exchange knowledge in topical areas like student housing, climate action, and sustainable development. Details of the trip were reported to the Economic Growth Committee on 30 August 2023.

OTHER ECONOMIC OPPORTUNITIES

Doing Business with Vietnam event in April 2023

3.21 PNCC in collaboration with the Embassy of the Socialist Republic of Vietnam, Vietnam Trade Office Wellington, CEDA, Manawatū Business Chamber and the New Zealand Institute of International Affairs Palmerston North branch, organised an informative business development session on the current market opportunities and how businesses could get support to do trade with Vietnam. The event was held on 3 April 2023 followed by a community engagement between His Excellency Ambassador Van Trung Nguyen with the Vietnamese community in Palmerston North.

3.22 The session highlighted:

- market updates on Vietnam after the disruptions of the Covid-19 pandemic.
- what opportunities there are for Manawatū and Palmerston North businesses.
- how to get support to do business with Vietnam.

3.23 There were 48 attendees at the event including Member of Parliament for Palmerston North Tangi Utikere and Mayor Grant Smith.

Figure 6- Doing Business with Vietnam event in April 2023

Global Digital Economy Conference 2023 in Beijing, China

3.24 As a result of Palmerston North's presence at the China Big Data Expo in May 2023 in Guiyang, PNCC was invited to attend the Global Digital Economy Conference held from 4-7 July 2023 in Beijing, China. Due to the short notice, the International Relations Manager worked with the Marketing and Communications team to produce a brief video message for the conference. The video message was played at the Opening ceremony, raising Palmerston North's city profile to hundreds of guests from more than 40 countries and regions from around the world. A letter of appreciation from Beijing was received that is included as attachment two.

Mapping Trade Horizons: Analysing the NZ-UK Trade Agreement in the Global Context with Hon. Tim Groser, Former Minister of Trade and Climate Change

3.25 PNCC supported and sponsored the New Zealand Institute of International Affairs (NZIIA) Palmerston North branch to organise this exciting event for all local businesses who are currently trading or looking to start trading with the United Kingdom on 2 October 2023 at the Conference and Function Centre. There were 65 attendees.

3.26 Hon. Tim Groser, with his significant expertise in international trade and diplomacy delivered an insightful talk on the significance of the NZ-UK Free Trade Agreement and its implications for regional and global trade relations. Along with other panellists, the former Minister of Trade and Climate Change highlighted:

- Provisions and opportunities for both New Zealand and the United Kingdom.
- Global alignment and multilateral frameworks.
- Sectoral impact assessment.
- Fostering collaboration and networking.

Figure 7- From left to right: Former Minister of Trade and Climate Change Hon. Mr Tim Groser, Trade Policy Engagement Manager from Ministry of Foreign Affairs and Trade Mr Hamza Haidon, High Commissioner from the UK Ms. Iona Thomas

3.27 Her Excellency High Commissioner Ms Iona Thomas and Mr Hamza Haidon, Trade Policy Engagement Manager at the Ministry of Foreign Affairs and Trade joined the panel discussion and a Q&A session.

3.28 Prior to the event, PNCC's International Relations Manager and City Economist welcomed Ms Thomas and the British High Commission delegation to a meeting at CEDA for an overview of the region's economic outlook including progress on the Food Strategy and Te Utanganui, Central New Zealand Distribution Hub.

3.29 Later at the meeting with Massey University, the High Commissioner shared about the scholarship opportunity for New Zealand students to study at Masters level in the UK and discussed at length on the topics around modern agriculture, sustainable development, climate change and education.

3.30 The Mayor hosted a formal lunch to welcome Her Excellency to Palmerston North for the first time. It was also an opportunity for her to engage with Mr Dave Gaynor, president of Palmerston North's Rotary Club and Mr Pierre Venter, Director of Research and Development at Fonterra Research and Development Centre.

3.31 The visit promoted Palmerston North's profile to the British High Commissioner and fostered further connections between the city and our businesses with the British High Commission and the United Kingdom. There has already been a discussion on a subsequent agri-tech delegation from the United Kingdom to Palmerston North later in the year.

OTHER SUSTAINABLE DEVELOPMENT OPPORTUNITY

3.32 PNCC had the opportunity to send a small delegation to Taipei for the 2023 Smart Cities Summit and Net Zero Seminar in March 2023. The delegation consisted of the Mayor, Chief Planning Officer and Principal Climate Change Advisor. The Mayor presented on what Palmerston North was doing in the digital and smart technology space as well as our approaches to environmental sustainability. The delegation was able to visit the Taipei's data control centre, along with leading international Taiwanese research and development centres in addition to being able to share notes and exchange ideas with the 42 countries and 350 cities represented at the three-day forum. The Climate Change team has been following up on connections made while in Taipei, exploring the opportunities highlighted in the specific report on this seminar presented to the Sustainability Committee on 7 June 2023, and maximising transfer of 'smart city' knowledge to avoid 'reinventing the wheel' wherever possible.

4. INTERNATIONAL EDUCATION ACTIVITIES

Waseda Group Study Programme

4.1 As a result of our successful proposal to Education New Zealand and the Waseda teacher familiarisation visit in November 2022, Manawatu and Hawkes Bay were selected as the two regions to host a group study programme for students from Waseda University's network of affiliated schools in 2023 and beyond.

4.2 From 19-31 March 2023, our local secondary schools hosted 21 students for 2 weeks in which they studied English, attended regular classes, participated in extracurricular activities and lived with homestay families or in boarding accommodation. Students also spent an afternoon at Massey University touring various facilities such as lecture theatres, the library and recreation centres; met with international staff who introduced them to the tertiary education system in New Zealand and the study options available in our region; and undertook an interactive, hands-on "bead to proceed" session focusing on the United Nations Sustainable Development Goals.

4.3 A second cohort of 16 students spent 3 weeks with local secondary schools from 21 July - 16 August 2023 and a third cohort of 15 students will be arriving on 17 March 2024 for 2 weeks. Participating schools are currently Awatapu College, Freyberg High School, Nga Tawa Diocesan School, Palmerston North Boys' High School and Palmerston North Girls' High School but there is scope to expand to include other secondary schools as we continue to receive more students. The tertiary providers are actively involved and showcased when the students are in region with UCOL Te Pūkenga hosting students for an afternoon in August 2023 (Institute of the Pacific United (IPU) New Zealand was unable to participate due to other commitments).

4.4 As a result of the Waseda teacher familiarisation visit, English Teaching College (ETC) hosted 15 students from Waseda Jitsugyo High School from 1 August to 10 August 2023 in which students attended English language classes in the morning, activities around Palmerston North in the afternoon (to develop language skills outside the classroom) and stayed with homestay families. This programme was successful with 100% positive feedback received. ETC intend to grow this programme and host further cohorts of students from the Waseda network and other universities in Japan.

Marketing mission to Japan and Vietnam

4.5 From 20 March - 5 April 2023, PNCC's International Relations & Education team led a small delegation to Japan and Vietnam to reconnect with our priority markets and assist with the recovery of the sector in 2023 and beyond. This visit was partly funded by Education New Zealand.

4.6 The delegation consisted of:

- Gabrielle Loga – PNCC International Relations Manager – (Japan only)
- Kate Harridge – PNCC International Relations and Education Advisor – (Japan and Vietnam)
- John Brunsden – Director, English Teaching College – (Japan only)
- Shiho Shindo – International Student Director, English Teaching College – (Japan only)
- Christina Yek – Senior Regional Manager, Massey University – (Japan only)
- Iya Diza – Regional Manager, Massey University – (Vietnam only)

4.7 Key engagements in Japan included meeting with Education New Zealand, Air New Zealand, New Zealand Embassy and KBUNSHA staff at the Embassy in Tokyo; visiting Kokugakuin Kugayama School, Namiki Secondary School, Waseda University and affiliated schools - Waseda Jitsugyo Senior High School, Waseda Honjo High School, Waseda Senior High School and Waseda Academic Solutions; visiting Hiroshima Saniku Gakuin High School, Mihara High School and Josuikan High School; and meeting with the Hiroshima Prefectural Board of Education.

4.8 Key engagements in Vietnam included meeting with IGC School Group and AUH Hannah; networking and morning tea with Vietnamese Massey Business School alumni; visiting Nguyen Sieu School; touring Xa La School and giving a presentation to more than 20 students who have identified Palmerston North as a preferred study destination in New Zealand; and hosting a Palmerston North booth representing all regional education providers at the Education New Zealand Fairs in Ho Chi Minh City and Hanoi.

Figure 8- PNCC's International Relations and Education Advisor Kate Harridge at the Education New Zealand Fairs in Ho Chi Minh City, Vietnam

4.9 Our time abroad was fruitful, and we are continuing to foster connections between our local providers and Japanese and Vietnamese partners. Successful outcomes from this visit include but are not limited to:

- Connected St Peters College and Freyberg High School with our counterparts in Mihara. Their students will engage with Mihara secondary schools for language, culture and music immersion and be hosted by Mihara homestay families when they visit in September 2023 and October 2024 respectively
- Facilitated 3 additional cohorts of Waseda students to study in Palmerston North (2 with secondary schools in July 2023 and March 2024; 1 with English Teaching College in August 2023)
- Hosted 24 students from Xa La School at Palmerston North primary, intermediate and secondary schools in June 2023 and arranged for these students to meet with the Deputy Mayor in the City Council Chamber on 29 June 2023
- Negotiated a tripartite Memorandum of Understanding between Hiroshima Prefectural Board of Education, Mihara and Palmerston North to provide an opportunity for a local Palmerston North secondary school student to study at Hiroshima Global Academy, with three years of tuition fully funded by Hiroshima Prefectural Board of Education.

Global Ambassador Programme

4.10 Applications for the 2023-2024 Global Ambassador programme opened on 31 July 2023 and closed on 25 August 2023. Applications were reviewed, shortlisted applicants were interviewed, and we have successfully appointed 4 Global Ambassadors - Arisa Miyazaki, Anzu Yoshimoto and Michelle Thanh Nguyen and Umul Banin Mohammad Jawad. The Global Ambassadors will take an active role in showcasing our city to important visitors and diplomats, learn about our international relationships and global goals through public events and festivals, get Council support to plan and manage their own projects or social enterprise, and share our city's story with the world. This programme is jointly managed by PNCC's International Relations and Community Development team.

Funding from Ministry of Education

4.11 In May 2023, PNCC's International Relations & Education and Community Development teams collaborated and were successful in their application to the Ministry of Education for the Covid-19 Response and Recovery Fund to support international student wellbeing. With borders now open and international students returning, the Ministry of Education was willing to fund events that focused on reconnecting/building connections between international students and local communities.

4.12 PNCC received $7,000 from Ministry of Education and will work alongside Rangitāne to formally welcome new international students to Palmerston North with an event at Te Rangimarie Marae at Rangiotū. Rangitāne will lead the event with a phōwhiri at the marae, followed by welcome messages from city leaders and shared kai. We are in the early stages of discussions with Rangitāne about how to grow the event. Future opportunities include a city bus tour, overnight marae stays and cultural immersion experience for up to 50 students has been suggested if there is sufficient interest.

4.13 International students come to live and become a part of the local community for at least the duration of their study. Therefore, it is important for them to be welcomed into our community and provided opportunities to connect with the extensive multicultural networks in Palmerston North to better their experience.

4.14 This project is jointly managed by PNCC's International Relations & Education and Community Development teams in consultation with Rangitāne.

5. NEXT STEPS

5.1 Organise for Councillor Dennison's visit to Mihara and the International Pacific University (IPU) in Okayama, Japan from 31 October to 3 November 2023, as approved by Council on 4 October 2023.

5.2 Liaise with relevant stakeholders and plan a Mayoral visit to Kunshan, China and Mihara, Japan to commemorate sister city anniversaries in 2024.

5.3 Coordinate and support Missoula Day in November 2023 with Palmy BID.

5.4 Coordinate and organise for early 2024 events including an agri-tech themed city tour for diplomatic corps for the Festival of Cultures in February 2024 and an Indigenous Women in Leadership/Business event on International Women's Day in March 2024.

6. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide? If Yes quote relevant clause(s) from Delegations Manual	**Yes**
Are the decisions significant?	**No**
If they are significant do they affect land or a body of water?	**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: Various actions with the international relations chapter of the economic development plan.	
Contribution to strategic direction and to social, economic, environmental and cultural well-being	The six-monthly report on International Relations and Education Activities outlines the progress of actions in the International Relations Chapter, which contributes to the Economic Development Plan and Innovative and Growing City Strategy.

ATTACHMENTS

1. Letter of Gratitude from Guiyang for attending the China Big Data Expo 2023 ⇩
2. Appreciation Letter from Beijing for attending the Global Digital Economy Conference 2023 ⇩

Letter of Gratitude

Dear Ms. Gabrielle Loga:

We are writing to express our heartfelt gratitude for your invaluable support and active involvement in the China International Big Data Industry Expo 2023 (Big Data Expo 2023), which concluded successfully in Guiyang.

As the world's first big data expo, the Big Data Expo has now been held for nine consecutive sessions. Guided by the unwavering support of the CPC Central Committee and the State Council, and great support of relevant national ministries and commissions, as well as the steadfast leadership of the CPC Guizhou Committee and the People's Government of Guizhou, this year's expo followed the concept of “global vision, national level, industry perspectives and corporate standpoints” and continued the theme of “Data Creates More Value, Innovation Brings a Better Future,” and focused on the annual theme of “Integrating Digital and Real Economies, Unlocking the Future with Computing Power.” Throughout the event, we organized a total of 222 activities, including conference, exhibition, achievement release, contests, and investment promotion events. These activities garnered enthusiastic participation from over 180,000 attendees and featured 328 exhibitors. Moreover, we showcased more than 900 new products, technologies, and solutions in the field of big data, along with the publication of 20 domestic leading or world-leading technological advancements. The Big Data Expo 2023 stood as a testament to its higher levels of internationalization, professionalism, and marketization with its grand scale hitting the record high, and was hailed as an industry event that unites big data elites worldwide and drives the advancement of the global big data industry.

Each and every bit of progress and success that the Expo has achieved would not be possible without the attention, trust, support, and participation of our guests and different communities. Looking ahead, we are committed to enhancing the effectiveness of the Expo, cultivating an even more professional platform, and delivering an expanded range of services with meticulous attention to detail. Your continued participation will undoubtedly contribute to the sustained success and growth of the Big Data Expo. Therefore, we cordially invite you to join us for the upcoming 2024 session.

May joy, good health, and prosperity be your constant companions!

Organizing Committee of China International Big Data Industry Expo

June 19th, 2023

2023全球数字经济大会执委会办公室

感谢信

加布里埃尔·洛加：

由北京市人民政府、工业和信息化部、商务部、国家互联网信息办公室、中国科学技术协会共同主办2023全球数字经济大会于2023年7月4日至7日成功举办。本届大会以“数据驱动发展，智能引领未来”为主题，来自全球40余个国家和地区的数百位嘉宾汇聚北京，通过开幕式、主论坛、六大高峰论坛以及40多场专题论坛，开展了广泛深入的讨论。数字经济体验周、“数字之夜”城市脉搏点亮、首届中国数字音乐会、精品主题展等特色活动，共同烘托出数字北京的开放形象，赢得社会各界广泛关注和好评。

本次大会首次设置主宾国，增设新加坡海外分会场，全球18个城市和北京共同发起《全球数字经济伙伴城市合作倡议》，构建数字经济国际合作新网络，重磅发布北京数据“二十条”、《全球数字经济白皮书（2023年）》等百余项重要成果，促进引领技术产业新合作，探索交流国际治理新规则。全面展现了数字经济与生产生活的渗透融合。以大数据、云计算、人工智能等为代表的新一代信息技术加速融合蝶变，数字经济正成为引领创新发展的核心动能、促进社会转型的重要力量。

您作为大会重要嘉宾，分享您的思考和智慧，给我们呈现了一场精彩的思想盛宴。在此，大会执委会办公室对您的鼎力支持致以崇高的敬意和衷心的感谢！真诚地期待来年与您继续携手并进，再创佳绩，共同将大会打造成引领全球数字经济发展的国际交流合作新平台！

2023全球数字经济大会执委会办公室

二〇二三年七月

Executive Committee Office of Global Digital Economy Conference 2023

Appreciation Letter

Gabrielle Loga :

Co-organized by the People's Government of Beijing Municipality, the Ministry of Industry and Information Technology, the Ministry of Commerce, the Cyberspace Administration of China, and the China Association for Science and Technology, the Global Digital Economy Conference 2023 was successfully held from July 4th-7th, 2023. The theme of this conference was "Data Drives Development, Intelligence Leads the Future". Hundreds of guests from more than 40 countries and regions around the world gathered in Beijing, and engaged in extensive and thorough discussions through the opening ceremony, the main forum, six summit forums and more than 40 thematic forums. Featured activities such as Digital Economy Experience Week, “Digital Night” City Pulse Lighting, The First China Digital Music Concert, and boutique thematic exhibitions, all illustrated the openness of Digital Beijing and won widespread attention and recognition from all walks of life.

The Conference set up the guest country of honor for the first time, adding the Singapore Session. 18 cities around the world and Beijing jointly launched the "Global Digital Economy Partner City Cooperation Initiative", to build a new network for international cooperation in the digital economy. More than 100 important achievements were made, such as the "Twenty Articles" of Beijing data, and the White Paper on Global Digital Economy (2023). The conference promoted new cooperation in technology and industry, and explored new rules of international governance. It fully demonstrated the penetration and integration of digital economy in industry production and people's lives. The new generation of information technologies such as big data, cloud computing, artificial intelligence, etc. are accelerating the integration and transformation, as the digital economy is becoming the key driving force for innovation development and social transformation.

As an important guest, you shared your insights and wisdom, and presented us a wonderful feast of thoughts. The executive committee office of the conference would like to express its greatest respect and heartfelt thanks to you for your support! We sincerely look forward to continuing to work hand in hand with you in the coming year to achieve greater success, and together to build the conference into a new platform for international exchanges and cooperation in leading the development of the global digital economy!

ITEM 16

COMMITTEE WORK SCHEDULE

TO: Economic Growth Committee

MEETING DATE: 25 October 2023

TITLE: Work Schedule - October 2023

RECOMMENDATION TO ECONOMIC GROWTH COMMITTEE

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

COMMITTEE WORK SCHEDULE 2023- 2025

	Estimated Report Date	Subject	Officer Responsible	Current Position	Date of Instruction & Clause no.
~~1~~	~~25 Oct 2023~~	~~Road Maintenance Contract (six-monthly report on work programme and performance)~~	~~Chief Infrastructure Officer~~		~~16 March 2022 Clause 4-22~~
~~2~~	~~25 Oct 2023~~	~~PN Airport – Annual Report for 2022/23~~	~~Chief Financial Officer~~		~~Terms of Reference~~
~~3~~	~~25 Oct 2023~~	~~CEDA – Annual Report for 2022/23~~	~~Chief Planning Officer~~		~~Terms of Reference~~
4	~~25 Oct~~ 6 Dec 2023	PN Airport –Statement of Expectation for 2024/25	Chief Financial Officer	Present to Council	Terms of Reference
~~5~~	~~25 Oct 2023~~	~~Streets for People Update (6 monthly)~~	~~Chief Infrastructure Officer~~		~~Terms of Reference~~
~~6~~	~~25 Oct 2023~~	~~International Relations and Education Activities – 6 month update~~	~~Chief Planning Officer~~		~~Terms of Reference~~
~~7~~	~~25 Oct 2023~~	~~Bunnythorpe Infrastructure considerations~~	~~Chief Infrastructure Officer~~		~~Council 31 May 2023 Clause 88.13-23~~
8	6 Dec 2023	CEDA – Statement of Expectation	Chief Planning Officer	Present to Council	Terms of Reference
9	6 Dec	Quarter 1 Economic	Chief Planning	Present to	Terms of

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ITEM 16

	Estimated Report Date	Subject	Officer Responsible	Current Position	Date of Instruction & Clause no.
	2023	Report July-Sept 2023	Officer	Council	Reference
10	6 Dec 2023	Tamakuku Terrace Six Monthly Update	Chief Infrastructure Officer	Present to Council	Terms of Reference
11	Early 2024	Vogel Street Safety improvements – community feedback and analysis.	Chief Infrastructure Officer	Community feedback to be collected in November 2023	12 April 2023 Clause 14-23
12	Feb 2024	Annual Snapshot of Economic indicators for the city	Chief Planning Officer		30 Aug 2023 Clause 35-23
13	Feb 2024	Parking Framework – draft for consultation	Chief Planning Officer		
14	April 2024	CEDA – Six Month Report and draft Statement of Intent	Chief Planning Officer		Terms of Reference
15	April 2024	PN Airport – Six Month Report and draft Statement of Intent	Chief Financial Officer		Terms of Reference
16	April 2024	International Relations and Education Activities – 6 month update	Chief Planning Officer		Terms of Reference
17	April 2024	Quarter 2 Economic Report Jan-March 2023	Chief Planning Officer		Terms of Reference
18	April 2024	College St / Botanical Road Safety Improvements	Chief Infrastructure Officer		31 May 2023 Clause 88.19-23
19	April 2024	Parking Framework – Hearings	Chief Planning Officer		
20	June 2024	Streets for People Update (6 monthly)	Chief Infrastructure Officer		Terms of Reference
21	June 2024	Quarter 3 Economic Report Jan-March 2023	Chief Planning Officer		Terms of Reference

	Estimated Report Date	Subject	Officer Responsible	Current Position	Date of Instruction & Clause no.
22	June 2024	Tamakuku Terrace Update (6 monthly)	Chief Infrastructure Officer		Terms of Reference
23	June 2024	PNAL - Final Statement of Intent for 2024-27	Chief Financial Officer		Terms of Reference
24	June 2024	CEDA - Final Statement of Intent for 2024-27	Chief Planning Officer		Terms of Reference
25	June 2024	Update on infill lighting required to achieve compliance in P and V categories (update for Programme 1367)	Chief Infrastructure Officer		16 Mar 2022 Clause 3-22
26	June 2024	Parking Framework deliberation	Chief Planning Officer		
27	August 2024	Quarter 4 Economic Report April-June 2024	Chief Planning Officer		Terms of Reference
28	Early 2025	New Zealand Food Awards - Annual Report	Assistant Chief Executive		31 May 2023 Clause 88.12-23