



PAPAIOEA
PALMERSTON
NORTH
CITY

PALMERSTON NORTH CITY COUNCIL

AGENDA

ECONOMIC GROWTH COMMITTEE

9:00 AM, WEDNESDAY 24 APRIL 2024

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

MEMBERS

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

Mark Arnott
Brent Barrett
Rachel Bowen
Vaughan Dennison
Roly Fitzgerald

Lorna Johnson
Debi Marshall-Lobb
Billy Meehan
Orphée Mickalad

AGENDA ITEMS, IF NOT ATTACHED, CAN BE VIEWED AT

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

Waid Crockett

Chief Executive | PALMERSTON NORTH CITY COUNCIL

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

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PALMERSTON
NORTH
CITY

ECONOMIC GROWTH COMMITTEE MEETING

24 April 2024

ORDER OF BUSINESS

1. Karakia Timatanga

2. Apologies

3. Notification of Additional Items

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

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

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

4. Declarations of Interest (if any)

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

5. Public Comment

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

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

6. Confirmation of Minutes

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"That the minutes of the Economic Growth Committee meeting of 28 February 2024 Part I Public be confirmed as a true and correct record."

7. Puriri Terrace - Solutions for Improving Safety

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

8. Palmerston North Airport Limited - Interim Report for 6 Months to 31 December 2023

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

9. Palmerston North Airport Limited - Draft Statement of Intent for 2024/25 to 2026/27

Page 35

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

10. Central Economic Development Agency (CEDA): 6 Month Report 1 July 2023 to 31 December 2023 and Draft Statement of Intent 2024/25

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Memorandum, presented by David Murphy, Chief Planning Officer.

11. Amendment to the Appointment of Directors and Trustees Policy 2022 - Remuneration for Directors/Trustees of Council Controlled Organisations.

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Memorandum, presented by Sarah Claridge, Democracy and Governance Advisor.

- 12. Road Maintenance Contract 6 Monthly Update**

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

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- 13. Vogel Street Safety Improvements - Consultation Feedback**

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

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- 14. Bus Shelter Civil Works**

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

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- 15. Palmerston North Quarterly Economic Update**

Memorandum, presented by Stacey Andrews, City Economist.

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- 16. Palmerston North Economic Structure Summary Report 2023**

Memorandum, presented by Stacey Andrews, City Economist.

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- 17. International Relations and Education Activities 6 Monthly Report**

Memorandum, presented by Gabrielle Loga - International Relations Manager.

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- 18. Overseas Mission to China and Japan 2024**

Memorandum, presented by Mike Monaghan - Group Manager, Three Waters and Gabrielle Loga - International Relations Manager.

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- 19. Work Schedule - April 2024**

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- 20. Karakia Whakamutunga**

21. 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].

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 28 February 2024, commencing at 9.00am.

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

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

Apologies: Councillor Lorna Johnson (late arrival)

Councillor Lorna Johnson entered the meeting at 9.18am during consideration of clause 16. She was not present for clauses 13 to 15 inclusive.

13-24 Apologies

Moved Leonie Hapeta, seconded William Wood.

The **COMMITTEE RESOLVED**

1. That the Committee receive the apologies.

Clause 13-24 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, Vaughan Dennison, Roly Fitzgerald, Debi Marshall-Lobb, Billy Meehan, Orphée Mickalad, Lew Findlay, Patrick Handcock and Kaydee Zabelin.

14-24 Confirmation of Minutes

Moved Leonie Hapeta, seconded William Wood.

The **COMMITTEE RESOLVED**

1. That the minutes of the Economic Growth Committee meeting of 25 October 2023 Part I Public be confirmed as a true and correct record.

Clause 14-24 above was carried 12 votes to 0, with 2 abstentions, the voting being as follows:

For:

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

Abstained:

Councillors Vaughan Dennison and Lew Findlay.

15-24

Confirmation of Minutes

Moved William Wood, seconded Leonie Hapeta.

The **COMMITTEE RESOLVED**

1. That the minutes of the extraordinary Economic Growth Committee meeting of 15 February 2024 Part I Public be confirmed as a true and correct record.

Clause 15-24 above was carried 11 votes to 0, with 3 abstentions, the voting being as follows:

For:

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

Abstained:

Councillors Rachel Bowen, Lew Findlay and Kaydee Zabelin.

16-24

Pioneer Highway Signalised Dual Crossing

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

Councillor Lorna Johnson entered 9.18am

Moved Brent Barrett, seconded Lorna Johnson.

The **COMMITTEE RECOMMENDS**

1. That Council agree Option 1 and construct the signalised dual crossing in the location described in Attachment 2, noting this will remove the right-hand turn exit from the shopping centre.

Clause 16-24 above was carried 10 votes to 4, with 1 abstention, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors William Wood, Brent Barrett, Rachel Bowen, Lorna Johnson, Debi Marshall-Lobb, Orphée Mickalad, Lew Findlay, Patrick Handcock and Kaydee Zabelin.

Against:

Councillors Leonie Hapeta, Mark Arnott, Roly Fitzgerald and Billy Meehan.

Abstained:

Councillor Vaughan Dennison.

Moved William Wood, seconded Mark Arnott.

Note:

Motion 1: That Council agree Option 2 and construct the signalised dual crossing as described in Attachment 3, noting this will continue to allow a right-hand turn exit from the shopping centre.

The motion was lost 7 votes to 8, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Leonie Hapeta, William Wood, Mark Arnott, Vaughan Dennison, Roly Fitzgerald and Billy Meehan.

Against:

Councillors Brent Barrett, Rachel Bowen, Lorna Johnson, Debi Marshall-Lobb, Orphée Mickalad, Lew Findlay, Patrick Handcock and Kaydee Zabelin.

17-24

Annual economic snapshot - Palmerston North

Memorandum, presented by Stacey Andrews, City Economist.

Moved Leonie Hapeta, seconded William Wood.

The **COMMITTEE RESOLVED**

1. That the Committee receive the report titled 'Annual economic snapshot – Palmerston North 2024 (attachment 1)' presented to the Economic Growth Committee on 28 February 2024.

Clause 17-24 above was carried 15 votes to 0, the voting being as follows:

For:

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

The meeting adjourned at 10.37am

The meeting resumed at 10.50am

18-24

Central City Transformation - Streets for People 6 Monthly Update

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

Moved Leonie Hapeta, seconded William Wood.

The **COMMITTEE RESOLVED**

1. That the Committee receive the memorandum titled 'Central City

Transformation – Streets for People 6 Monthly Update' presented to the Economic Growth committee on 28 February 2024.

Clause 18-24 above was carried 15 votes to 0, the voting being as follows:

For:

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

19-24

Proposed Bus Shelter: 85 Amberley Avenue/ Clarke Avenue - Update

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

Officers decided to relocate the bus stop and its proposal of a bus shelter to mitigate safety risks.

Moved Leonie Hapeta, seconded William Wood.

The **COMMITTEE RESOLVED**

1. That the Committee lift the report '[Proposed Bus Shelter: 85 Amberley Avenue, Highbury](#)' from the table.

Clause 19.1-24 above was carried 15 votes to 0, the voting being as follows:

For:

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

Moved Leonie Hapeta, seconded William Wood.

The **COMMITTEE RESOLVED**

2. That the Committee note the Chief Executive will relocate the bus stop at 85 Amberley Ave.

The **COMMITTEE RECOMMENDS**

3. That Council decide not to proceed with the proposal for a bus shelter at 85 Amberley Avenue.

Clause 19.2-24 and 19.3-24 above were taken together and carried 15 votes to 0, the voting being as follows:

For:

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

Patrick Handcock and Kaydee Zabelin.

20-24 Work Schedule - February 2024

Moved Leonie Hapeta, seconded William Wood.

The **COMMITTEE RESOLVED**

1. That the Economic Growth Committee receive its Work Schedule dated February 2024.

Clause 20-24 above was carried 15 votes to 0, the voting being as follows:

For:

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

Karakia Whakamutunga

Councillor Debi Marshall-Lobb closed the meeting with Karakia.

The meeting finished at 11.15am

Confirmed 24 April 2024.

Chair

MEMORANDUM

TO: Economic Growth Committee

MEETING DATE: 24 April 2024

TITLE: Puriri Terrace - Solutions for Improving Safety

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 Committee note that no further speed management actions will be taken in Puriri Terrace at this time.

1. ISSUE

- 1.1 Mr. Morgan, a resident in Puriri Terrace, presented a signed petition from 33 residents in the street to the Economic Growth Committee in August 2023 expressing concern about the road safety of Puriri Terrace and requesting judder bars be installed.
- 1.2 In addition to receiving the petition, an additional recommendation was agreed by Elected Members 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.
- 1.3 After consideration of the issue, Officers suggest there are limited, if any, options that can be considered to prevent the perceived speed issues outside of speed humps/ judder bars, however, do not recommend any further action is taken.

2. BACKGROUND

- 2.1 Puriri Terrace is a straight street that links directly to Vautier Park, netball and tennis courts and Freyberg swimming pool. The carpark and street are used daily by teachers, hospital staff and students to park on and is often full.
- 2.2 The petition sighted that the residents were concerned about poor vision when leaving properties and the high speed being travelled by many cars on the road, particularly on Saturday mornings with the school sport, and at nights by street racers.

- 2.3 Speed was sighted as the cause of some near misses on the street, damage to parked vehicles, and the main contributor to residents and pedestrians feeling the street was unsafe.
- 2.4 The street is also regularly used for parking from staff and visitors to the Hospital on both sides of the road. This contributes to the road feeling narrower than it is, potentially exacerbating the perceived speed issues.

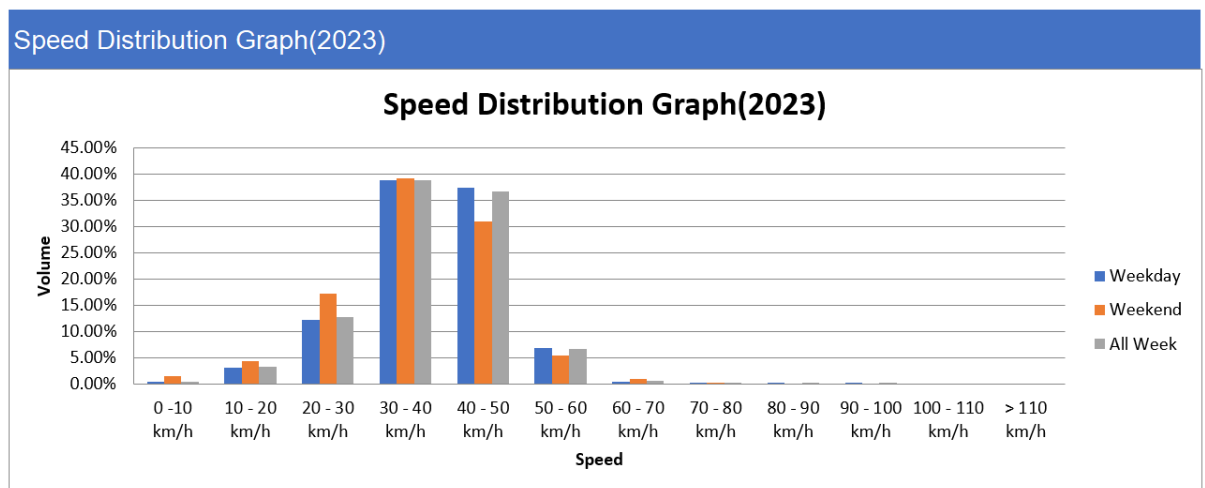
3. CONSIDERATIONS AND ASSESSMENT

Crash and Incident Data

- 3.1 In the last 20 years there have been 5 crashes and 3 near misses reported on Puriri Terrace, with 0 resulting in serious injury or fatality. Crash data suggests all 5 of the reported crashes were not related to speed on the street.

Speed Observations

- 3.2 Officers employed a speed tube on the road over the 8-day period of 29 August through to 5 September 2023.
- 3.3 Of the 557 vehicles that crossed the tube during the period (accounts for vehicles heading in either direction) the average speed was only 38km/h on weekdays and only 36km/h on weekends.
- 3.4 Below is a graph of the speed distribution of the vehicles on the street:



- 3.5 This data shows that circa 85% of all vehicles were travelling below the speed limit during the observation period.

Street Width and Speed Deterrents

- 3.6 Puriri Terrace has a circa 9m wide road corridor from curb to curb, which meets the engineering standards for a road width. That said, it is

acknowledged with a high number of vehicles parked on both sides of the road most of the time creates a perception that the road is narrower than it is.

- 3.7 Narrowing road corridors is often an effective speed deterrent measure. Conversely, a narrower corridor can also contribute to the perception that they are travelling faster than they are. Even if vehicles have slowed to say 36km/h, which is slower than the speed limit on the street, this may still seem a lot faster.
- 3.8 Speed humps or judder bars may be an effective measure to reduce speed and act as a deterrent to street racers on the street, although the evidence does not support that there is speeding in the main, but rather perceived speeding, additionally based on evidence on other streets, speed humps may simply push street racers on to another street.

Vautier Park

- 3.9 The entrance to the carpark to Vautier Park at the end of Puriri Terrace is already being closed by our security contractor each night. Noting that the timings of the gate closure vary throughout the year between summer and winter and around sporting events. Whilst not directly related to speed on Puriri Terrace itself, officers consider this important as it removes the possibility for street racers to use this as a meeting place.

Speed Cameras

- 3.10 The locations of speed cameras are determined by the New Zealand Police. Whilst Council can advocate for these, it is not something within Council's control. Given it is not a connecting street, officers suggest it is unlikely for this to be a tangible option.

4. NEXT STEPS

- 4.1 No further speed management actions will be taken at Puriri Terrace at this time.

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?	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		
<p>The recommendations contribute to the achievement of action/actions in Transport</p> <p>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</p>		
Contribution to strategic direction and to social, economic, environmental, and cultural well-being	Ensuring our roads are safe for all users directly contributes to the Transport Plan.	

ATTACHMENTS

Nil

MEMORANDUM

TO: Economic Growth Committee

MEETING DATE: 24 April 2024

TITLE: Palmerston North Airport Limited - Interim Report for 6 Months to 31 December 2023

PRESENTED BY: Steve Paterson, Strategy Manager - Finance

APPROVED BY: Cameron McKay, Chief Financial Officer

RECOMMENDATION TO ECONOMIC GROWTH COMMITTEE:

1. That the Committee receive the Interim Report and Financial Statements of Palmerston North Airport Limited for the period ended 31 December 2023 (Attachment 1), presented to the Economic Growth Committee on 24 April 2024.
-

1. ISSUE

- 1.1 Palmerston North Airport Limited (PNAL), as a Council-Controlled Organisation, is required to provide a 6-monthly report to Council. The report for the period ending 31 December 2023 is attached.

2. BACKGROUND

- 2.1 PNAL draft Statement of Intent (SOI) for 2023/24 was considered by Council in April 2023 and the final SOI was agreed to by Council in June 2023.
- 2.2 Performance for the 6-month period to 31 December 2023 is covered in the attached report by the Chair and Chief Executive.
- 2.3 The report outlines:
 - Growth in passenger numbers (slightly below the SOI expectation but higher than the same period last year) though caution about second half year outcomes
 - Income well ahead of budget and a focus on cost containment
 - Terminal development preliminary design selected and main contractor determined

- Completion of stage 1 of pickup and drop-off shelters
- Good progress with reducing scope 1, 2 and 3 carbon emissions
- On-going work with Council staff to enable Airport Drive to be vested to the Council (though the final timing of the transfer has yet to be determined)
- Key performance targets (apart from passenger movements) have all been achieved for the 6 months.

2.4 PNAL has now drawn a total of \$8m (\$5m in July 2022 and \$3m in August 2023) through the debt facility made available by the Council. This sum was raised by the Council from the Local Government Funding Agency and on-lent to PNAL. This arrangement was agreed to by the Council as a means of assisting PNAL (as a 100% subsidiary of the Council) to obtain funding at the best possible interest rates.

2.5 As earlier agreed with Council no dividend has been paid in relation to the 2023/24 year.

2.6 PNAL has prepared its draft SOI for the 2024/25 – 2026/27 period and this is being considered under a separate report.

3. NEXT STEPS


3.1 PNAL will prepare and forward an annual report after 30 June 2024.

4. COMPLIANCE AND ADMINISTRATION

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

Contribution to strategic direction and to social, economic, environmental and cultural well-being	This report outlines progress to date.
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ATTACHMENTS

1. PNAL Interim Report to 31 December 2023 [↓](#) 



PALMERSTON NORTH AIRPORT LIMITED

INTERIM REPORT TO 31 DECEMBER 2023

COMPANY DIRECTORY

Palmerston North Airport Limited

DIRECTORS:

M Georgel – Chair
 S Mitchell-Jenkins
 C Cardwell
 S Laurence
 S Everton

MANAGEMENT:

D Lanham	Chief Executive
M Lash	Chief Commercial Officer
J Baker	Chief Financial Officer
A Fechny	Safety and Operations Manager
M Dahlan	Capital Projects & Asset Manager
B Lawry	Terminal and Facilities Manager
T Cooney	Airfield Operations Manager

REGISTERED OFFICE:

Palmerston North Airport
 Terminal Building
 Airport Drive
 PALMERSTON NORTH 4442

Phone: +64 6 351 4415
 e-mail: info@pnairport.co.nz
 Web: www.pnairport.co.nz

TRADING BANKERS:

Bank of New Zealand

LEGAL ADVISORS:

CR Law

AUDITORS:

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

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JOINT REPORT OF THE CHAIR & CHIEF EXECUTIVE FOR THE SIX MONTHS ENDING 31 DECEMBER 2023

A steady rebound in passenger volumes drove an overall positive first half performance with a total of 283,914 passenger movements recorded, 3.8% below SOI and 2.9% ahead of the same period last year. Income to 31 December 2023 was 11% ahead of budget at \$7.98 million due to a strong aeronautical income result.

An ongoing focus on cost containment resulted in total expenditure, excluding runway maintenance costs, 5% below budget at \$3.6 million. Planned runway maintenance remains weather dependent and is now programmed to occur in February 24 and is anticipated to be on budget.

Terminal Redevelopment plans continued to progress with Preliminary Design approved in December 2023, while the main contractor selection process was concluding at half year. The completion of Stage 1 of Pickup & Dropoff shelters within the General Carpark was a terrific milestone during the period along with achieving Level 4 accreditation from the Airport Council International for our ongoing efforts to reduce scope 1, 2 and 3 carbon emissions. Palmerston North Airport becomes only the third airport in New Zealand to achieve Level 4 accreditation and only one of 23 airports globally.

A normalised half year net profit before tax of \$2.28 million was 133% ahead of budget, after adjusting for the deferred runway maintenance activity (now scheduled to occur in February 2024). Aeronautical income was the primary driver of the positive income result the consequence of the commencement of a recovery from airlines relating to the upcoming write-off of the existing terminal asset upon demolition. Cost savings were spread across operations, marketing and administration cost centres.

	Actual	SOI
Half-Year Net Profit Before Tax	\$2.98m	\$0.98m
Less: Deferred Runway Maintenance	\$0.70m	\$-
Normalised Half-Year Net Profit Before Tax	\$2.28m	\$0.98m

Notwithstanding the first half performance we anticipate a subdued second half driven off reduced leisure demand due to domestic airfares remaining elevated, a consequence of forced capacity reductions by Air New Zealand's given the Pratt & Whitney engine issues affecting the A320/A321 NEO fleet with flow on consequences for regional routes.

On this basis full year passenger movements are projected to be 551,000, 5% below the SOI budget of 581,100 passenger movements, although 3% ahead of the prior year 534,651 passenger movements.

Notwithstanding suppressed passenger demand the Company is optimistic of delivering income of \$15.5 million for the full year, 9% above the SOI. A major contributor of this relates to aeronautical income¹. Total year-end expenditure is forecasted at \$8.15 million, 2% below the SOI.

At the time of reporting the half year result, uncertainty around the treatment and timing of Airport Drive vesting and the write down of the existing terminal building, on financial performance remains. Based on assumed treatment, a \$2.1 million expense has been forecast in

¹ FY24 aeronautical income includes a partial recovery of the upcoming write-off of the existing terminal (scheduled to occur in FY25/FY26).

FY24 relating to the write-off of the existing roading asset upon vesting. Further related one-off expenses are anticipated to incur in FY25 and FY26 relating to the write-down of the existing terminal and associated demolition costs.

On this basis the Company is forecasting a Net Profit After Tax for FY24 of \$1.63 million, and a positive EBITDA result of \$7.35 million.

A total capex spend in excess of \$38 million is programmed for FY25, with the Terminal Development the primary driver along with airfreight & logistics related commercial developments. Cost control and cash preservation therefore remains critical.

Based on the projected FY24 result, in line with the Shareholder's expectation a dividend of 10% of NPAT (excluding fair value gains and one-off capital gains) totalling \$163,403 is anticipated to be paid (during FY25).



Murray Georgel
Chair



David Lanham
Chief Executive

STATEMENT OF SERVICE PERFORMANCE

The Company's Statement of Intent is dated 25 May 2023.

The Company is trading as Palmerston North Airport Limited.

Palmerston North Airport Limited has been maintained as an airport certificated pursuant to Civil Aviation Rule Part 139 and has achieved satisfactory audits during the period.

All obligations under the Resource Management Act and the District Plans of the Palmerston North City Council and Manawatu District Council have been met.

Performance Measures:

PERFORMANCE METRICS		Dec 2023 6 Months	Dec 2022 6 Months	SOI Target 6 Months
I	A ratio of surplus before interest/tax/depreciation to total assets	4.0%	3.1%	2.2%
II	A ratio of net surplus after tax to consolidated shareholders' funds inclusive of revaluation reserve	2.5%	2.0%	1.1%
III	To maintain a ratio of consolidated shareholders funds to total assets of at least 40%	79.7%	77.0%	72.5%
IV	To maintain an interest coverage ratio of EBITDA to interest of at least 2.5	15.6	11.0	7.0
V	To maintain a tangible net worth (total tangible assets after revaluations less total liabilities) above \$80m	\$86.5m	\$84.7m	\$86.9m
VI	Maintain a Net Promoter score of 45 or above	43	45	45
VII	Total passenger movements	283,914	275,896	294,942
VIII	Zero lost time injuries	Zero	Zero	Zero
IX	Maintain CAA Part 139 certification	Maintain	Maintain	Maintain
X	Net Debt* / EBITDA less than 4.5 (long term target)	2.4	3.6	6.9
XI	Funds from Operations (FFO**) / Net Debt greater than 11% (long term target)	31%	20%	13%

*Net Debt equals total borrowings less cash on hand


**FFO equals EBITDA less interest less tax

STATEMENT OF FINANCIAL PERFORMANCE

For the Six Months Ended 31 December 2023

	Note	31 Dec 23 6 Months Unaudited	31-Dec-22 6 Months Unaudited	30-Jun-24 12 Months SOI	30-Jun-23 12 Months Audited
REVENUE	4	7,983,503	6,414,957	14,188,600	12,585,130
OPERATING EXPENSES					
Airfield Services		323,205	265,425	622,692	516,945
Other Operating Expenses	5	1,111,783	1,048,012	3,704,210	2,404,768
TOTAL OPERATIONS AND MAINTENANCE		1,434,988	1,313,437	4,326,902	2,921,713
ADMINISTRATION EXPENSES:					
Audit Fees		58,530	27,287	120,000	105,421
Bad Debts Written Off		19,830	-	-	105
Changes in doubtful debt provision		(17,289)	(7,635)	5,000	9,654
Directors' Fees		69,257	67,500	135,000	135,000
Employee Expenses	6	1,137,723	976,245	2,166,888	1,906,128
Administration		819,974	622,952	1,353,225	1,279,282
Marketing		77,578	39,464	219,996	124,963
Cost of Goods Sold					
TOTAL ADMINISTRATION:		2,165,603	1,725,813	4,000,109	3,560,550
TOTAL OPERATING EXPENSES		3,600,591	3,039,250	8,327,011	6,482,263
Extraordinary Items	17	37,942	-	50,000	-
Operating Surplus before interest, depreciation & taxation (EBITDA)		4,344,970	3,375,707	5,811,588	6,102,867
FINANCE COSTS AND DEPRECIATION:					
Finance costs		279,031	307,167	1,104,142	594,399
Depreciation & Amortisation	14	1,082,112	1,078,145	2,021,718	2,173,143
Gain on Sale of Assets		(313)	(327,502)	-	(261,348)
TOTAL FINANCE COSTS & DEPRECIATION:		1,360,830	1,057,810	3,125,860	2,506,194
Revaluation Gain - Investment Properties		-	-	-	-
Operating Surplus before taxation		2,984,140	2,317,897	2,685,736	4,012,414
Taxation Expense on operating surplus	8	835,560	649,011	752,006	1,061,993
NET SURPLUS AFTER TAXATION		2,148,580	1,668,886	1,933,730	2,950,421

For and on behalf of the Board


Murray Georgel - Chair
Date: 22/02/2024


Shelly Mitchell-Jenkins - Director
Date: 22/02/2024

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

These financial statements are unaudited.

STATEMENT OF COMPREHENSIVE INCOME

For the Six Months Ended 31 December 2023

	Note	31 Dec 23 6 Months Unaudited	31-Dec-22 6 Months Unaudited	30-Jun-24 12 Months SOI	30-Jun-23 12 Months Audited
NET SURPLUS AFTER TAXATION		2,148,580	1,668,886	1,933,730	2,950,421
Gains on revaluation of land and buildings		-	-	-	(2,225,500)
Movement in deferred tax		-	-	-	623,140
Comprehensive income attributed to the shareholder		2,148,580	1,668,886	1,933,730	1,348,061

STATEMENT OF CHANGES IN EQUITY

For the Six Months Ended 31 December 2023

	Note	31 Dec 23 6 Months Unaudited	31-Dec-22 6 Months Unaudited	30-Jun-24 12 Months SOI	30-Jun-23 12 Months Audited
EQUITY AT THE BEGINNING OF THE YEAR		84,338,404	82,990,345	85,920,463	82,990,345
Total Comprehensive Revenue and Expense for the Period		2,148,580	1,668,886	1,933,729	1,348,061
Transfer out of Asset Revaluation Reserve for Sale of Assets		-	-	-	(118,727)
Transfer into Retained Earnings for Sale of Assets		-	-	-	118,727
Movement in Asset Revaluation Reserve		-	-	-	-
Distribution to shareholders during the year		-	-	(193,373) *	-
EQUITY AT THE END OF THE YEAR		86,486,985	84,659,231	87,660,818	84,338,404

*Declared dividends are paid in the following financial year

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

STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Note	31 Dec 23 Unaudited	31-Dec-22 Unaudited	30-Jun-24 SOI	30-Jun-23 Audited
CURRENT ASSETS					
Cash and Cash Equivalents	9	410,345	1,325,174	52,539	63,379
Trade accounts receivable	10	1,213,242	1,194,621	1,294,197	841,970
Sundry receivables and prepayments		470,783	448,345	610,702	201,364
TOTAL CURRENT ASSETS		2,094,370	2,968,140	1,957,438	1,106,713
Less: CURRENT LIABILITIES					
Income in advance		223,667	191,969	172,534	62,371
Trade accounts payable	11	435,356	236,386	2,821,061	604,857
Other creditors		758,573	692,998	49,866	1,158,826
Employee benefit liabilities	12	361,029	389,765	294,966	358,584
Short term borrowings		-	5,721,700	-	3,065,000
Tax payable		288,044	406,426	524,728	371,506
TOTAL CURRENT LIABILITIES		2,066,669	7,639,244	3,863,155	5,621,144
WORKING CAPITAL		27,701	(4,671,104)	(1,905,717)	(4,514,431)
Add: NON CURRENT ASSETS					
Property, Plant & Equipment	14	91,009,891	92,071,641	113,941,927	90,403,442
Investment Property		15,400,000	14,900,000	14,900,000	15,400,000
TOTAL NON CURRENT ASSETS		106,409,891	106,971,641	128,841,927	105,803,442
Less: NON CURRENT LIABILITIES					
Deferred tax liability	15	9,250,607	9,941,306	9,941,306	9,250,607
Long term borrowings	13	10,700,000	7,700,000	29,334,086	7,700,000
TOTAL NON CURRENT LIABILITIES		19,950,607	17,641,306	39,275,392	16,950,607
NET ASSETS		86,486,985	84,659,231	87,660,818	84,338,404
Represented by:					
SHAREHOLDERS' EQUITY					
Paid in Capital		9,380,400	9,380,400	9,380,400	9,380,400
Retained earnings		29,192,962	25,644,120	28,645,707	27,044,380
Asset revaluation reserve		47,913,623	49,634,711	49,634,711	47,913,624
TOTAL SHAREHOLDERS' EQUITY		86,486,985	84,659,231	87,660,818	84,338,404

For and on behalf of the Board


Murray Georgel - Chair
Date: 22/02/2024


Shelly Mitchell-Jenkins -
Director Date: 22/02/2024

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

These financial statements are unaudited.

STATEMENT of CASH FLOWS
For the Six Months Ended 31 December 2023

	Note	31 Dec 23 6 Months Unaudited	31-Dec-22 6 Months Unaudited	30-Jun-24 12 Months SOI	30-Jun-23 12 Months Audited
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash was provided from:					
Receipts from Customers		9,254,249	7,337,193	15,932,788	12,837,143
Interest Received		-	-	-	-
Income Tax Refund		-	-	-	-
Operating Cash Inflows		9,254,249	7,337,193	15,932,788	12,837,143
Cash was disbursed to:					
Payment to Suppliers and Employees		5,768,994	3,976,303	7,240,788	6,075,735
Tax Loss Payment to PNCC		-	-	-	43,105
Payment of Income Tax		919,021	177,000	608,723	649,355
Interest Payments		212,426	307,167	1,104,142	594,399
Operating Cash Outflows		6,900,441	4,460,470	8,953,653	7,362,595
Net cash flows from operating activities		2,353,808	2,876,723	6,979,135	5,474,548
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash was provided from:					
Sale of Property Plant and Equipment		313	486,516	-	486,516
Investing Cash Inflows		313	486,516	-	486,516
Cash was applied to:					
Acquisitions of Property, Plant & Equipment		1,942,157	967,926	24,591,694	1,980,685
Acquisitions of Investment Property		-	-	-	84,259
Investing Cash Outflows		1,942,157	967,926	24,591,694	2,064,944
Net Cash Flow from Investing Activities		(1,941,844)	(481,410)	(24,591,694)	(1,578,428)
CASH FLOW FROM FINANCING ACTIVITIES					
Cash was provided from:					
Borrowings		4,550,000	96,135	18,070,520	5,000,000
Financing Cash Inflows		4,550,000	96,135	18,070,520	5,000,000
Cash was applied to:					
Repayment of Borrowings		4,615,000	1,276,500	463,470	8,942,968
Payment of Dividends		-	-	-	-
Financing Cash Outflows		4,615,000	1,276,500	463,470	8,942,968
Net Cash from Financing Activities		(65,000)	(1,180,365)	17,607,050	(3,942,968)
Net Increase/(Decrease) in Cash, Cash Equivalents and Bank Overdrafts		346,964	1,214,948	(5,509)	(46,848)
Cash, Cash Equivalents and Bank Overdrafts at the Beginning of the year		63,381	110,229	58,049	110,229
Cash, Cash Equivalents and Bank Overdrafts at Year End		410,345	1,325,177	52,540	63,381

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

These financial statements are unaudited.

Statement of Commitments

For the Six Months Ended 31 December 2023

Non-cancellable Commitments - Operating Lessee

Not more than one year	122,831
One to two years	102,393
Two to five years	37,637
Over five years	-
Total	262,861

11 Commitments, incl Operating Leases,
Maintenance Contracts, and Vehicle
Leases

Non-cancellable Commitments - Operating Lessor

Not more than one year	1,768,919
One to two years	1,965,471
Two to five years	3,162,490
Over five years	4,229,573
Total	11,126,452

55 Property and Car Park Leases
With PNAL as the Lessor

NOTES TO THE FINANCIAL STATEMENTS

For the Six Months Ended 31 December 2023

1. **REPORTING ENTITY**

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

2. **BASIS OF PREPARATION**

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. The financial statements have been prepared in accordance with NZ GAAP. They have been prepared in accordance with Tier 2 PBE reporting standards.

The entity is eligible and has elected to report with Tier 2 PBE accounting standards RDR on the basis that the entity has no public accountability and has expenses >\$2m and ≤ \$30m.

Measurement base

The financial statements have been prepared on a historical cost basis except where modified by the revaluation of land and buildings and infrastructure assets.

Functional and presentation currency

The financial statements are presented in New Zealand Dollars and all values are rounded to the nearest dollar. The functional currency of the company is New Zealand Dollars.

3. **ACCOUNTING POLICIES**

Changes in accounting policies

There were no changes to accounting policies during the period being reported.

Specific accounting policies

The accounting policies as published in the Annual Report to 30 June 2023 have been applied consistently to all periods presented in these financial statements.

	31 Dec 23 6 Months Unaudited	31-Dec-22 6 Months Unaudited	30-Jun-24 12 Months SOI	30-Jun-23 12 Months Audited
4. ANALYSIS OF OPERATING REVENUE:				
Aeronautical revenue	5,193,068	4,227,593	8,647,920	8,167,352
Car park, rent and advertising	2,644,717	2,043,129	5,303,944	4,125,696
Other	145,718	144,235	236,736	292,082
Interest	-	-	-	-
Total	7,983,503	6,414,957	14,188,600	12,585,130

5. OTHER OPERATING EXPENSES

Rates	224,557	216,903	469,104	433,807
Power and Insurance	308,965	263,631	583,000	519,930
Repairs and maintenance	578,261	567,478	2,652,112	1,451,031
Total	1,111,783	1,048,012	3,704,216	2,404,768

6. EMPLOYEE EXPENSES

Salaries and wages*	1,104,650	840,851	2,071,335	1,774,355
Employer Contribution to Kiwi Saver	30,628	25,881	65,553	53,442
Movement in employee entitlement	2,445	109,514	30,000	78,332
Total	1,137,723	976,245	2,166,888	1,906,128

*Excludes Rescue Fire Service (RFS). Salaries and wages of RFS are included in Airfield Services expenditure.

7. FINANCE COST

Interest on term loans	279,031	307,167	1,104,142	594,399
Total	279,031	307,167	1,104,142	594,399

8. TAXATION

Current year tax payable	835,560	649,011	752,006	1,129,551
Prior year adjustments	-	-	-	(0)
Movement in deferred tax	-	-	-	(67,559)
Total	835,560	649,011	752,006	1,061,992

9. CASH & CASH EQUIVALENTS

BNZ Current account	406,973	1,320,372	48,228	59,311
Cash on hand	3,372	4,802	4,311	4,068
Short term deposits	-	-	-	-
Total	410,345	1,325,174	52,539	63,379

10. TRADE ACCOUNTS AND OTHER RECEIVABLES

Debtors and other receivables	1,213,242	1,191,771	1,294,197	859,259
Receivables from related party	-	2,850	-	-
Allowance for credit losses	-	-	-	(17,289)
Total	1,213,242	1,194,621	1,294,197	841,970

31 Dec 23	31-Dec-22	30-Jun-24	30-Jun-23
6 Months	6 Months	12 Months	12 Months
Unaudited	Unaudited	SOI	Audited

11. TRADE ACCOUNTS PAYABLE

Trade accounts payable	264,253	233,039	2,821,061	495,845
Payables to related party	171,103	3,347	-	109,012
Total	435,356	236,386	2,821,061	604,857

Debtors and other receivables are non-interest bearing and receipt is normally on 30-day terms. Therefore, the carrying value of debtors and other receivables approximates their fair value after making provisions for impairment on specific overdue accounts.

12. EMPLOYEE BENEFIT LIABILITIES

Accrued Pay	106,371	197,675	89,737	153,095
Annual leave	254,658	192,090	205,229	205,488
Total	361,029	389,765	294,966	358,584

13. BORROWINGS

Long term borrowings	10,700,000	7,700,000	29,334,086	7,700,000
Current portion of borrowings	-	5,721,700	-	3,065,000
Total	10,700,000	13,421,700	29,334,086	10,765,000

The Company has a bank facility of \$15.51 million which is secured by a registered first debenture and mortgage from the Bank of New Zealand over assets and property of the Company. This includes a facility of \$4.41m used for the construction of the Massey Aviation Training facility. The Company has a further facility with Palmerston North City Council (indirect LGFA funding) for \$32.27 million (indirect LGFA funding).

The carrying value of borrowings is materially consistent with their fair value.

Borrowings are classified as current liabilities where the debt tranche is floating or fixed for less than 12 months after 31 December 2023. Otherwise borrowings are classified as non-current.

14. PROPERTY, PLANT AND EQUIPMENT

	30-Jun-23 Carrying Amount	Additions	Disposals	Disposals Accum Depr	Depreciation	31 Dec 23 Carrying Amount
Land	32,855,065	-	-	-	-	32,855,065
Buildings	11,381,047	1,172,011	-	-	149,954	12,403,103
Infrastructure - Land	7,337,047	250,861	-	-	138,220	7,449,688
Infrastructure - Air	35,696,487	154,237	-	-	610,934	35,239,790
Plant & Equipment	1,499,069	39,413	-	-	111,918	1,426,564
Furniture & Fittings	82,541	5,671	-	-	8,472	79,740
Computer Equipment	26,096	16,732	6,773	6,773	8,206	34,623
Motor Vehicles	1,470,022	23,197	-	-	39,703	1,453,516
Intangibles	56,068	26,438	-	-	14,704	67,802
Total	90,403,442	1,688,561	6,773	6,773	1,082,112	91,009,891

It is Management's opinion that there is no reason that any of the assets should be impaired, as at 31 December 2023. Management note the current terminal is anticipated to be expensed via accelerated depreciation during the FY25 and FY26 income years upon commitment to demolition of the building. The net book value, subject to accelerated depreciation, as at 31 December 2023 totalled \$7.05 million.

15. DEFERRED TAX ASSETS/(LIABILITIES)

	Investment Property	Property, plant and equipment	Employee entitlements	Other provisions	Total
Balance at 30 June 2023	205,790	9,126,227	(76,169)	(5,242)	9,250,607
Change to profit and loss	-	-	-	-	-
Balance at 31 December 2023	205,790	9,126,227	(76,169)	(5,242)	9,250,607

16. CONTINGENCIES

Payments made under operating leases are recognised on a straight-line basis over the term of the lease.

17. EXTRAORDINARY ITEMS

The Extraordinary Items are soil, sediment, surface and ground water sampling for PFAS at Palmerston North Airport and adjacent sites including the Mangaone Stream.

MEMORANDUM

TO: Economic Growth Committee

MEETING DATE: 24 April 2024

TITLE: Palmerston North Airport Limited - Draft Statement of Intent for 2024/25 to 2026/27

PRESENTED BY: Steve Paterson, Strategy Manager - Finance

APPROVED BY: Cameron McKay, Chief Financial Officer

RECOMMENDATIONS TO ECONOMIC GROWTH COMMITTEE:

1. That the Committee receive the Palmerston North Airport Limited (PNAL) draft Statement of Intent for 2024/25 to 2026/27 (Attachment 1 and 2), presented to the Economic Growth Committee on 24 April 2024.
 2. That Palmerston North Airport Limited be advised:
 - a. Council supports the proposed direction and implementation strategy;
 - b. Council recognises the projected requirement for loans totalling \$44.9m by 30 June 2025 and that Palmerston North Airport Limited will be seeking to utilise the loan facility provided by the Council to fund a significant portion of this.
-

1. ISSUE

- 1.1 To present and provide comment on the draft Statement of Intent for Palmerston North Airport Limited (PNAL) for 2024/25 and the following two years.

2. BACKGROUND

- 2.1 PNAL is deemed a Council-Controlled Trading Organisation (CCTO) under the Local Government Act 2002. A CCTO must deliver a draft Statement of Intent (SOI) to shareholders by 1 March each year and adopt it by 30 June. The Council must, as soon as possible after a draft SOI is delivered to it, agree to a CCTO's SOI or, if it does not agree, take all practicable steps under clause 6 of Schedule 8 of the Local Government Act 2002 to require the SOI to be modified. The Board of the CCTO must consider any shareholder feedback by 1 May 2024.

- 2.2 The Council's reason for its shareholding in PNAL is to ensure that the capacity and image of the City's key transportation gateway is consistent with the Council's economic development objectives.
- 2.3 As a CCTO PNAL is required under the Local Government Act 2002 to have the following principal objective:
- Achieve the objectives of its shareholders, both commercial and non-commercial, as specified in the Statement of Intent; and
 - Be a good employer; and
 - Exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so; and
 - Conduct its affairs in accordance with sound business practice.
- 2.4 Council's shareholding represents 100% of the issued and paid-up capital.
- 2.5 On 6 December 2023 Council adopted a Statement of Expectations for PNAL and this was provided to PNAL in advance of its development of the draft SOI.

3. DRAFT SOI - OVERVIEW

- 3.1 Attached is a letter from PNAL to shareholders explaining the enclosed draft SOI and outlining the key assumptions (Attachment 1).
- 3.2 The draft SOI retains the vision from the current year, 'New Zealand's leading regional airport', and the purpose statement, 'Launching our communities into a promising future', as well as the five strategic objectives.
- 3.3 The SOI addresses all of the matters outlined in Council's Statement of Expectations.
- 3.4 It has been assumed there will be a gradual increase in passenger numbers to 599,000 by 2026/27 but the ongoing uncertainty is noted.
- 3.5 Operating revenues and costs both show significant increases – the reasons are explained in the covering letter.
- 3.6 The three-year budgets assume capital development (totalling \$65.9m; including terminal (\$38.1m), Ruapehu Aeropark and Airport Drive (\$16.4m), airside infrastructure (\$6.3m) and landside infrastructure (\$3.7m)) will be able to be accomplished by PNAL with additional borrowing (\$50.2m) but without the need for additional share capital.
- 3.7 The terminal development project will bring with it significant disruptions to the customer experience, day to day operations and the financial outcomes – some extraordinary expenditure is forecast to lead to an operating loss in

2024/25. PNAL indicate that managing disruption and customer communication are key priorities for them.

- 3.8 Shareholders' funds as a percentage of total assets are forecast to reduce to 59% in the first year and 53-54% through the rest of the three-year term of the SOI. This is still well above the expectation that it will remain over 40%.

4. DRAFT SOI – PERFORMANCE TARGETS

- 4.1 The following financial performance targets are included in the Draft SOI:

	Draft SOI 2024/25 Budget	Forecast 2023/24	SOI 2023/24 Budget
NPBIT: Total assets	5%	4%	4%
NPAIT: Shareholders' funds	(2%)	2%	2%
Shareholders' funds: Total assets (>40%)	59%	77%	67%
Interest cover (>2.5)	4.4	13.1	5.3
Tangible Net Worth (>\$80m)	\$84.1m	\$85.8m	\$87.7m
Total debt	\$44.9m	\$14.1m	\$29.3m
Debt to Equity ratio	53.4%	16.5%	33%
Net Debt*/EBIDA (< 4.5)	6.4	1.9	5.0
Funds from Operations (FFO**)/Net Debt (long term target > 11%)	13.5%	43.6%	13.5%

*Net Debt = total borrowings less cash on hand

**FFO = EBIDA less interest less tax

- 4.2 There are non-financial measures of performance for each of the strategic areas – compliance, customer, community, culture and commercial.

- 4.3 Examples include:

- Various compliance requirements including CAA part 139 recertification
- Maintaining a customer satisfaction Net Promoter score of 45 or above
- Serving 562,300 passengers during the 2024/25 year increasing to 581,500 for the following year and 598,700 in the June 2027 year
- Zero lost time injuries to those who work within the airport community

- Maintaining Airport Carbon Accreditation level 4 and implementing several specific initiatives
- Completion of physical works:
 - terminal development (stage 1 western end construction complete by June 2025 and stage 2 eastern end complete by June 2026)
 - Covered walkways to longstay carpark complete by June 2025 and oversize carpark by June 2027
 - Zone D warehouses complete (June 2025 assuming partner secured)

5. DRAFT SOI – DIVIDEND POLICY

5.1 Council's Statement of Expectations (SOE) outlines the expectation that:

“PNAL is required to have a commitment to retaining and growing long-term shareholder value. Council recognizes that shareholder value accretion occurs through PNAL's ongoing and significant investment in critical infrastructure including the terminal redevelopment to improve the customer experience and to facilitate sustainable growth in passenger and airfreight volumes, and investment in the development of Ruapehu Business Park which will provide income diversification and value accretion benefits. Council further recognizes that given the magnitude of the planned capital programme associated with the terminal replacement and commercial development opportunities PNAL's ability to preserve cash is likely to be constrained in the short-term.

Council however has an expectation that a dividend payment will be progressively re-instated, in line with PNAL's dividend policy, from the 2023/24 year (payable in 2024/25) and that the implications of this will be addressed annually through the SOI. As a guide Council expects the dividend payment for the 2024/25 year (payable in 2025/26) will be no less than 20% of net profit after tax and for the following two years no less than 40% of net profit after tax.”

5.2 The draft SOI contains a section relating to its dividend policy. It acknowledges the Council's dividend expectations and provides for them at the levels indicated in the SOE. PNAL provides information about projected cashflows and it's ability to fund the payment of dividends. It notes that although dividend payments are being planned for, in two of the three years of the SOI it will need to borrow to make the payments. It also notes:

“Directors will have the opportunity to assess a range of criteria before arriving at an appropriate dividend, including actual and projected performance. In establishing a dividend recommendation, the Directors will consider the following:

1. The scale of the company's capital expenditure plans including shareholder expectations,
2. The company's financial performance including cashflows from operations,
3. The company's ability to raise debt finance and the term thereof,
4. Compliance with performance metric targets,
5. The risks associated with airline schedule uncertainty in the short to medium term."

5.3 In summary then the forecast position is as outlined in the following table:

Forecast/Budget	Forecast 2023/24	SOI 2024/25	SOI 2025/26	SOI 2026/27
Net profit/(loss) after tax	\$1.634m	(\$1.677m)	\$2.173m	\$3.063m
Dividend declaration	\$163k (10% of NPAT)	\$0 (20% of NPAT)	\$869k (40% of NPAT)	\$1.225m (40% of NPAT)
Dividend payment		\$163k	\$0	\$869k

- 5.4 Council's draft Long-term Plan 2024-34 currently assumes there will be a dividend received of \$150k each year and indicates there is a high level of uncertainty regarding this assumption. Council recognises the dividend in the year of payment.
- 5.5 PNAL's forecasts reinforce the uncertainty of the assumption.
- 5.6 The matters highlighted by PNAL raise the issue of whether or not it is appropriate for the Council to expect dividends at a time when cash outgoings for essential development effectively mean PNAL is being required to borrow to fund the dividend payment.
- 5.7 The financial outcomes for 2024/25 will be very dependent on the actual progress with the terminal development and the extent to which the forecast extra-ordinary expenditure has been incurred. Once this is known the directors will be in a position to determine whether or not a dividend of up to 20% of NPAT should be declared – in the event there is a profit.
- 5.8 Directors of companies have an obligation to undertake appropriate solvency tests each year before declaring a dividend. A dividend in any year is therefore subject to successfully completing this test.

6. DRAFT SOI – DEBT FUNDING

- 6.1 The Council and PNAL have entered a loan facility agreement that involves the Council borrowing from the Local Government Funding Agency and on-

lending to PNAL in an effort to reduce the interest expense for PNAL. The intention of the agreement is that the Statement of Intent is a mechanism for determining the maximum facility agreement in any given year.

- 6.2 To date \$8m has been raised and on-lent under the terms of the facility. The draft SOI forecasts term liabilities increasing to \$64.4m over the coming three years (up to \$45m in year one) and that revenue will be adequate to service this level of debt assuming interest payable by them at rates of up to 6.5%. Whilst some of the term liabilities will reflect utilisation of PNAL's facility with its Bank it is anticipated that a significant portion of the increased debt will be obtained through the facility provided by the Council.
- 6.3 The basis of the loan arrangement is that the PNAL borrowing will not impact on the Council's ability to borrow for other Council funded capital expenditure. This relies on LGFA being prepared to treat the loan advance from the Council to PNAL as an asset that it will net off against the related borrowing. It is important PNAL's assessment of its ability to service the debt is robust and it is acknowledged there are many assumptions involved and there are potential risks.
- 6.4 PNAL believe the terminal development plan is fundamental to protecting the future of the City's airport business. The planned development addresses seismic resilience issues and enables the ability to introduce passenger and hold-bag screening if/when it becomes mandatory.

7. PNAL STRUCTURE &/OR INVESTMENT PARTNERSHIPS

- 7.1 The draft SOI makes reference to the on-going project to explore options for accelerating investment in the Ruapehu Aeropark.
- 7.2 A wide range of options are being investigated and this work is scheduled to conclude during the 2024/25 year. Any option that involves the creation of a subsidiary, changes to the structure of the company, or any other change that could impact on the debt facility being provided by the Council or the overall income tax position of the Council group will need Council involvement and agreement.

8. NEXT STEPS



- 8.1 Council can either endorse the SOI as presented or make suggestions for change to a greater or lesser extent.

9. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide?	Yes
Are the decisions significant?	No

If they are significant do they affect land or a body of water?	No
Can this decision only be made through a 10 Year Plan?	No
Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these actions?	Yes
Are the recommendations inconsistent with any of Council's policies or plans?	No
The recommendations contribute to Goal 1: An Innovative and Growing City	
<p>The recommendations contribute to the achievement of action/actions in Transport</p> <p>The action is: Work with the airport company to ensure the airport's strategic intent aligns with the City's aspirations</p>	
Contribution to strategic direction and to social, economic, environmental and cultural well-being	The draft Statement of Intent includes a direction and specific actions that are designed to continue to improve the airport for customers and stimulate growth.

ATTACHMENTS

1. Letter from Palmerston North Airport Limited - February 2024 [↓](#) 
2. Draft Statement of Intent FY 2025-27 [↓](#) 



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29th February 2024

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

Dear Waid,

DRAFT STATEMENT OF INTENT 2025-2027

Please find enclosed Palmerston North Airport Limited's (PNAL) Draft Statement of Intent (SOI) for FY25 through to FY27.

Palmerston North City Council (PNCC) expectations as outlined in the Statement of Expectations for FY25-FY27 dated 7 December 2023, and Shareholder strategic goals are reflected in this SOI.

The SOI has been reviewed and approved by the PNAL Board of Directors.

A presentation will be made to the Economic Growth Committee on Wednesday 24th April 2024.

What follows are key highlights of the SOI.

- This SOI reinforces many of the same themes raised for the FY24-FY26 SOI, namely the construction of the new terminal building, progress on key developments within Ruapehu Aeropark, and the constrained financial position of PNAL. Notwithstanding this, the SOI demonstrates the amount of planned activity and growth that is expected to occur during this SOI period.
- The terminal development is currently in its final design stages, with LT McGuinness engaged on an early contractor involvement basis during the design phase, with the intention they will progress as main contractor, subject to how the relationship progresses. The project budget remains at \$40m, with LT McGuinness supporting our efforts to remain within this budget.
- As requested, a PNCC representative (Chris Dyhrberg) has also joined the PNAL Terminal & Property Development Committee as an observer in respect of the terminal development.
- Demolition of the Western end of the existing terminal is due to commence in Q2 of FY25 with the build anticipated to take 24 months. While the new Western wing is constructed, we anticipate significant disruption to passengers, with operations condensed to a floor area approximately one third of the current terminal size for an estimated 12 months. After temporary operations are relocated to the newly constructed Western wing the demolition and rebuild of the Eastern wing will then occur, a further 12-month process. Managing the disruption and customer communications are key priorities for the PNAL team.
- Ruapehu Aeropark will see at least one new design/build development during the three-year SOI period the completion of a 6,000m² of freight & logistics warehousing facility on the Northern side of Airport Drive.
- Work will also progress on the refurbishment of a recently acquired hangar, which may ultimately become the location for a valuable community organisation. Discussions with prospective tenants will also continue relating to attracting high quality aeronautical organisations to the airport precinct.

- Several other projects within Ruapehu Aeropark have been identified for development, but these have been excluded from the SOI due to funding constraints. Should funding constraints be resolved, these projects will be reprioritised.
- In terms of funding constraints, this SOI contains capital expenditure of \$65.9m, which brings PNAL's total forecast debt to \$64.4m by the end of the SOI period. The Debt/Equity ratio reaches 73.8%. While this debt level is within PNAL's existing facilities and bank covenant, key financial metrics are extended to their upper limits. These metrics improve beyond the SOI period.
- Whilst the above developments are manageable, PNAL is considering options to accelerate its investment in Ruapehu Aeropark in order to achieve its revenue diversification objectives, whilst also maintaining a prudent balance sheet and compliance with key financial metrics. Several options are currently being explored which include differing methods by which investment partners could participate in the development opportunities. Other options being considered involve a PNAL-centric approach to development, which includes the establishment of a 100% owned subsidiary entity dedicated to property development and/or targeted land divestments within the wider Airport landholding. These options are expected to be resolved within the first year of the SOI. Under PNAL's constitution, and depending on options selection, approval from the shareholder may be required prior to a preferred approach being adopted.
- The FY25-FY27 SOI has been prepared on the basis that the remaining PNAL-owned sections of Airport Drive are vested to PNCC prior to the SOI's commencement (i.e. is vested in FY24), adding an expense into PNAL's current year forecast of ~\$2.1m (the current book value of the road to PNAL). PNAL is working with PNCC officers to achieve the vesting outcome this financial year.
- PNAL remains committed to a continued reinvestment in upgrading critical airside infrastructure and landside customer experience initiatives. In total \$6.3 million of airside improvements are anticipated over the three-year period, with a further \$4.9 million allocated to landside projects, including the construction of additional covered walkway areas within the carpark and Stage 2 of the Pick-up/Drop-off shelters. Beyond the SOI period, a mill and reseal of the main runway, with an estimated cost of \$15m (over three years) is also being planned.
- Sustainability, including emissions reductions, will continue to play an important role at PNAL. PNAL was formally awarded Airport Carbon Accreditation Level 4 (Transformation) in December 2023, making us one of only 23 airports globally to reach this level. While we are very proud of this achievement, we continue to invest in further sustainability initiatives. This includes ongoing partnering with our airport community to drive reductions in Scope 3 (third party) emissions. We are also actively pursuing opportunities to develop solar power infrastructure on the airport campus, with the ability to power the new terminal and Ruapehu Aeropark. We are also welcoming the addition of Hirlinga's hydrogen refueling station on airport land, due to open in early 2024.
- Underpinning everything mentioned above is PNAL's commitment to safety. We have a Zero Harm approach to those who visit and work within our airport community. We will also continue to meet our regulatory and statutory obligations including Civil Aviation Rule Part 139, Resource Management Act, Palmerston North and Manawatu District Plans.
- Passenger volume growth is expected to be modest during the SOI period. Our primary customer, Air New Zealand, has highlighted the likely suppression of demand across regional routes and this has been factored into the short-term growth projections. This SOI anticipates an ~3% growth in volumes per year, to 562,300 passengers in FY25, 581,500 in FY26 and 598,700 in FY27.
- In terms of financial performance, one-off and non-cash expenses during FY25 are anticipated to result in a net loss after tax for the year of \$1.78m. Financial performance is then anticipated to improve in FY26 and FY27 with net profit after tax (NPAT) forecasts of \$2.17m and \$3.06m respectively. The loss in FY25 is primarily driven by the write-off of the existing terminal upon demolition (via accelerated depreciation) and associated demolition costs (via Extraordinary Items), which are unrelated to core activities. Administration costs are elevated during FY24 (current year) and FY25, due to the ongoing project to accelerate Ruapehu Aeropark development (outlined earlier).
- Shareholder-related financial performance metrics have been included on page 16 of the SOI, while non-financial metrics have been outlined from page 20.

- PNAL recognises the shareholders' expectation regarding dividend payments. This SOI has been prepared in accordance with that expectation with dividends forecast based on the requested percentages of NPAT (excluding fair value and one-off capital gains). As illustrated in this SOI, PNAL's free cashflow (cash available for distribution via dividends or interest, after deduction of capital expenditure) is highly negative in FY25 and FY26, before improving from FY27 onwards. As such, any dividend payment in these years will be funded from additional debt.

We trust the above provides a useful overview of this SOI. We encourage you to read our SOI in detail for further explanations and look forward to the opportunity to discuss the SOI further with you on 24th April.

Yours sincerely



David Lanham
Chief Executive Officer

Architect impression of planned Palmerston North Airport Terminal

2025-2027 STATEMENT OF INTENT



**PALMERSTON NORTH
AIRPORT LIMITED**

STATEMENT OF INTENT FOR THE YEAR ENDING 30 JUNE 2025

29 February 2024

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2 STATEMENT OF INTENT 2025 – 2027



ITEM 9 - ATTACHMENT 2



This Statement of Intent is presented by the Directors of Palmerston North Airport Limited ("PNAL") in accordance with section 64 of the Local Government Act 2002.

PNAL falls within the definitions of both a Council-Controlled Organisation and a Council-Controlled Trading Organisation pursuant to section 6 of the Local Government Act 2002 as a consequence of the Palmerston North City Council's (PNCC) shareholding.

The purpose of the Statement of Intent is to publicly declare the activities and intentions of PNAL and provide an opportunity for shareholders to influence its direction.

It also provides a basis for accountability of Directors of PNAL to the Shareholder for performance. It is intended to comply with Schedule 8 of the Local Government Act and be consistent with PNAL's Constitution.

This Statement of Intent has been informed by PNCC's Statement of Expectation dated 7 December 2023.

The Statement of Intent has been prepared under the Public Benefit Entity (PBE) Standards based on International Public Sector Accounting (IPSAS) Standards.

Directors and team members of PNAL continue to acknowledge mana whenua Rangitāne and their customary relationship to this region. PNAL appreciates their manaakitanga shown towards the airport and all airport users. PNAL looks forward to further enriching its partnership with Rangitāne, mana whenua and other local iwi over the coming years.

PALMERSTON NORTH AIRPORT LIMITED

ITEM 9 - ATTACHMENT 2



CONTACT DETAILS

CONTACT DETAILS FOR BOTH THE CHAIR AND THE CHIEF EXECUTIVE ARE:

Palmerston North Airport Limited
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Palmerston North Airport
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PALMERSTON NORTH AIRPORT LIMITED



NATURE AND SCOPE OF ACTIVITIES

STATEMENT OF INTENT 2025 – 2027

Palmerston North Airport Limited (PNAL) owns and operates Palmerston North Airport, having purchased the airport business on 30 January 1990.

Palmerston North Airport is an asset of regional and national importance managed by PNAL. The airport services a regional catchment which includes Ruapehu District in the north, Whanganui, Rangitikei, Manawatu, and Horowhenua in the south, and across to Wairarapa, Tararua and Southern Hawkes Bay. A population base of close to one million live within two hours' drive of the airport.

Our purpose of "Launching our communities into a promising future" reflects our true reason for being and references our role as facilitating regional growth in social, economic, and environmental terms. This includes growing long-term shareholder value, and serving our communities whether defined by geographical location, ethnicity or socially, and our further enriching our special relationship with mana whenua, Rangitāne and other local iwi.

Our aspirational vision of being "New Zealand's leading regional airport" emphasises our airport's leadership amongst regional peers across many aspects of our airport business. These include asset management, safety and compliance, iwi engagement, environmental sustainability, customer experience, community engagement, freight & logistics, aviation tertiary training, property development and the wellbeing of our team.

PALMERSTON NORTH AIRPORT LIMITED

STRATEGIC OBJECTIVES

PNAL's strategic objectives are categorised within a Five Strategic Pillar framework also referred to as "the Five C's". They include Culture, Customer, Community, Commercial, and Compliance as follows:

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 with the objective of growing long-term shareholder value and providing a return to our shareholder when we have surplus funds 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.

PALMERSTON NORTH AIRPORT LIMITED

STATEMENT OF INTENT 2025 - 2027

EXECUTIVE SUMMARY

STATEMENT OF INTENT 2025 – 2027

PALMERSTON NORTH AIRPORT LIMITED

The FY25 – FY27 SOI period represents a period of significant change and growth for PNAL.

In total \$65.9m of capital expenditure is projected to be undertaken over the three-year SOI period. Within this period, the Terminal Development Plan (TDP) will be completed, design/build projects within Ruapehu Aeropark will also be completed, and PNAL will begin the reintroduction of dividend distributions to the shareholder. These initiatives are all discussed in greater detail within this SOI.

Capital projects planned for the SOI period result in Company debt reaching \$64.4m by FY27 and the Debt to Equity ratio reaching 73.8%. While the debt is within currently available lending facilities, key financial metrics are extended to their upper limits within the period. Longer term projections see these metrics improve. Whilst manageable in the shorter term, PNAL is presently considering alternative options which will address the projected elevated debt levels. These range from developing funding relationships and/or structures with like-minded third parties through to the establishment of a 100% owned subsidiary entity(s) and also the identification of non-strategic landholdings which could be sold.

The preferred approach(es) are yet to be confirmed but are anticipated to be identified within the first year of the SOI period. Shareholder approval may be required to support the preferred approach(es).

As signalled previously, the \$40m TDP project will commence from FY25 with the demolition of the Western end of the existing terminal. While the new Western-wing is constructed, we anticipate significant disruption to passengers, with operations condensed to a floor area approximately one third of the current terminal size for an estimated 12 months. After temporary operations are relocated to the newly constructed Western-wing the demolition and rebuild of the Eastern-wing will then occur, a further 12 month process. Altogether, disruption is anticipated to last for two years.

PNAL is focussed on minimising disruption during this time, with planning already underway. However we recognise that during the construction the customer experience may not be at the same level our valued customers have come to expect.

Upon completion the gateway experience will be one that our communities can be proud of, one which meets our Shareholders expectations and provides our region and city with a resilient & future proofed facility. Mana whenua Rangitāne, already close partners, have been involved in the co-design process for the new terminal, to ensure it reflects both mana whenua, regional iwi and narrative. We encourage our communities to visit the Company website to view updates on the TDP.

Ruapehu Aeropark will also witness tangible growth during the SOI period, including the completion of 6,000m² of warehousing on the Northern side of Airport Drive. The warehouses will facilitate the growth of airfreight and logistics activity at Palmerston North Airport. Work will also progress on the refurbishment of a recently acquired on-airport facility which may ultimately become the location for a valuable community organisation.

In addition PNAL has identified several other projects within Ruapehu Aeropark ready for development in the short term. These projects have not been included in this SOI due to the funding constraints outlined, however these projects may proceed within the SOI period should the funding constraints be resolved.

PNAL anticipates the vesting of the remaining sections of Airport Drive controlled by the Company to Palmerston North City Council within the current financial year (FY24).

PNAL recognises the support of the Shareholder in accepting the suspension of dividend distributions in recent years as the Company managed through a volatile trading period whilst readying itself for major capital spend on critical infrastructure.

The Shareholder has sought the phased re-introduction of dividends from the FY24 year, based on a percentage of NPAT, and PNAL intends to meet this requirement.



Architect impression of planned Palmerston North Airport Terminal



9 STATEMENT OF INTENT 2025 – 2027

The Shareholder via the Statement of Expectation requires the Company to ensure the City and region has an appropriate air gateway, and recognises the important role of the airport in contributing to the promotion of the city and wider region. It is a primary gateway and for many visitors provides their first and/ or last impression of our city and region.

While the thirty-year-old terminal has held us in good stead through major periods of growth, including with refits extending its useful life, it is no longer fit for purpose. The 5,000 m² new build modular terminal facility will ensure the Company is able to meet Shareholder expectations by future proofing the facility and addressing operational, growth and seismic resilience deficiencies associated with the present terminal. This includes enabling the introduction of passenger and hold-bag screening should screening become mandatory at regional airports.

The Terminal rebuild is programmed to occur within this three year SOI period, with the proposed \$40 million terminal the single largest investment undertaken by the airport in its history. The two-year construction period is programmed to be completed by Q4 of 2026.

As outlined earlier the Company is focussed on ensuring that customer experience levels are maintained as high as possible during the two years of disruption as we partially demolish and then construct the new terminal while continuing to manage day to day operations.

At the time of preparing this SOI the Company had just appointed LT McGuinness as the contractor to work alongside the Company and its design team. This will assist to ensure a construction program can be tailored to enable a high level of focus on health & safety, minimise customer disruption, meet budget expectations, and to explore opportunities to achieve energy and sustainability objectives.

PALMERSTON NORTH AIRPORT LIMITED

ITEM 9 - ATTACHMENT 2

KAITIAKITANGA / GUARDIANSHIP

WHĀNAU KOTAHI / ONE TEAM

Our highly skilled team are our greatest asset. We will continue to develop our Whānau Kotahi wellness program to further enhance team culture and engagement and the overall employee experience.

Whānau Kotahi improves the ability of PNAL to support both team and individual wellbeing and keep this at the forefront of all activities, ultimately increasing personal health levels, teamwork, engagement, and productivity. These benefits contribute to our employee value proposition (EVP) and expect to have a flow-on effect of improved attraction and retention of our people.

The objectives of the wellness program include;

- Improving team member wellbeing with the associated positive flow-on benefits in physical and mental health, employee engagement, and improved employee retention and productivity.
- Meeting the intent of PNAL's Culture and Health & Safety Policy objectives.
- Fostering diversity and inclusivity, and providing opportunities to grow and develop through increasing knowledge and learning of wellness.
- Being achievable, sustainable and cost-effective.
- Contributing to PNAL being an employer of choice.
- Encouraging creativity, vision, and openness for change and development.

OUR COMMUNITY

The Company remains acutely aware of how dynamic and non-permanent our social license to operate is and how quickly community beliefs and opinions can change as time passes, events occur, and new information is acquired. Investing in and actively engaging in our communities is essential to ensure we continue to meet the expectations placed on us by our community and society in general as a participant within the aviation industry.

In the past two years, our community focus has primarily been in the Manawatu area however, going forward the focus will be placed on re-engaging within the 90-minute drive market with priority given to Whanganui, Rangitikei, the Horowhenua, Kapiti Coast, Southern Hawkes Bay, Tararua and Wairarapa. By re-engaging with these communities, we will be able to build longstanding and worthy relationships that allow us to increase and grow brand awareness, strengthen our sponsorship partnerships and allow us to better understand how we can improve our customers journey with us.

A key focus remains working with Rangitāne to extend our support for mana whenua. An exciting opportunity to collaborate on aviation career pathways for rangatahi while in its infancy will be developed over the SOI period.

OUR ENVIRONMENT

With sustainability at the core of our operations, we are committed to fostering sustainability, supporting the community, and contributing to a more environmentally responsible future for aviation. Following the major achievement of receiving (ACI) Airport Carbon Accreditation (ACA) Level 4 in FY24, we will not rest on our laurels as we focus on how to further drive meaningful change at our airport and amongst aviation industry participants. The key focus will become energy and sustainability gains that can be achieved within the Terminal development project.

In addition to the ongoing pursuit of sustainability gains through continuous improvement in our airport operations and collaboration with third-party businesses, other priority areas include further exploration of renewable energy generation opportunities, including the potential of solar to power our terminal, Ruapehu Aeropark and potentially provide an energy source for next generation aircraft. More generally the Company will also continue to keep abreast of infrastructure requirements necessary to ultimately facilitate decarbonised aviation technology.

MANAAKITANGA / CUSTOMER EXPERIENCE

CUSTOMER EXPERIENCE MAINTENANCE

In our desire to deliver on our vision to be New Zealand's leading regional airport, the Tiaki Promise to care for people, place, and culture, and to improve the Manaakitanga / customer experience for all airport customers and visitors, we have progressed with our action plans included in our customer experience roadmap. This included engaging with customers via 'think tank' focus groups and continuing to explore innovative ways to engage with and receive valuable insights from those using our services and facilities.

Initiatives in planning and to be delivered during this SOI period, include the enhancement of our terminal and carpark wayfinding and signage, creation of customer journey maps and the refinement of our brand and customer engagement strategy. We will also focus on maintaining our Gold Sustainable Tourism Business Award with Qualmark annually across the SOI period.

As discussed earlier the Company anticipates our high levels of customer experience are likely to be compromised during the terminal demolition and rebuild. A range of initiatives are already underway to minimise disruption and to make the journey through our airport as seamless as possible during this time.

MARKET DEVELOPMENT

The Company recognises the important role we play as the primary air gateway to the eight regions we serve within our 90-minute drive market. We don't take regional support for our airport for granted, we have strong competition and so we must continue to build awareness of our value proposition focused on convenience and ease of use, enhance our customer experience, and further leverage of the Fly Palmy brand to ensure people select Palmerston North Airport as their airport of choice.



AIRSIDE/LANDSIDE PROJECTS

A total of \$6.3m is planned to be spent over the SOI on the ongoing upgrade of critical airside infrastructure, primarily pavement upgrades. In addition, a further \$4.9m is anticipated to be spent over the three-year SOI on landside infrastructure and property, plant & equipment. These primarily focus on customer enhancements in the carpark. Customer enhancements planned include the construction of covered walkway areas and Stage 2 of the project to provide Pick-up/Drop-off shelters.

Beyond the SOI period, a mill and reseat of the runway surface has been identified. This is planned to occur over three financial years at an estimated total cost of \$15m. The timing of the reseat is subject to ongoing runway condition assessments.

Airport Drive

PNAL anticipates the vesting of the remaining sections of Airport Drive controlled by the Company to Palmerston North City Council within the current financial year (FY24). This will require the existing road asset to be written-off by PNAL for their net book value of ~\$2.1m.

PALMERSTON NORTH AIRPORT LIMITED

COMMERCIAL

AIR SERVICE DEVELOPMENT

Passenger movements are projected to grow modestly during the SOI period to 580,000 by FY26. Our primary customer Air New Zealand has highlighted the likely suppression of demand across regional routes and this has been factored into the short-term growth projections.

We do however continue to view air service development with a strategic mindset and look beyond what may be a short-term impact. Work will progress on the A320 pathway project with the objective of ultimately achieving the re-introduction of jet services / or larger gauge aircraft on the Auckland - Palmerston North route.

Work will also progress on understanding how Palmerston North Airport can leverage the opportunity ahead in terms of low emission/ next generation aircraft and the likely disruption they cause to the status quo in terms of the New Zealand domestic network system. This will include exploration of renewable energy generation opportunities previously outlined.

RUAPEHU AEROPARK / INCOME DIVERSIFICATION

Recent history has highlighted the volatility of the aviation industry and risk associated with an over-reliance on income primarily sourced from aeronautical activity. The Company is the custodian of a vital component of the economic infrastructure of the City with an associated longterm capital-intensive development and investment program outlined earlier. Income diversification is therefore a strategy that the Company will continue to deploy as a means of mitigating against future downturns in aviation and associated impact aeronautical income levels and consequently our ability to continue to fund operations and re-invest in critical infrastructure.

The Shareholder also requires the Company to play its role in the development of Te Utanganui - The Central New Zealand Distribution Hub through the ongoing development of airfreight & associated logistics activities at Palmerston North Airport.

Commercial development within Ruapehu Aeropark is therefore a critical component of the Company's investment plans, enabling the achievement of income diversification and airfreight & logistics related activity including the development of Te Utanganui.

During the SOI period the Company will progress the following developments:

- The development of 6,000 m2 of prime warehousing south-west of the terminal on Airport Drive. This development, which has airside access, is currently in the final phases of design and subject to securing a tenant will progress to construction in late FY24. Construction is anticipated to be completed by late FY25/early FY26.
- Refurbishment and seismic strengthening of the H1 hangar, acquired by PNAL in early FY24, to enable the leasing to a valued community organisation. This project also remains subject to business case validation and testing with the market.

Altogether, the above represents ~\$15.8m of investment by PNAL in Ruapehu Aeropark over the SOI period. In addition to the above, PNAL have identified a further ~\$12m of design/build projects. However, due to the Company's increased debt (to fund prioritised assets), these projects will not commence within the SOI period unless additional funds are realised via third party investment or sales of non-strategic assets.

COMPLIANCE

HEALTH & SAFETY

Underlying all activity is the Company's core focus on keeping all airport users safe. During the SOI period we will continue to foster a strong aerodrome-wide safety culture, and further refine the Airport Company's Safety Management System. The Airport company's five-year NZCAA Part 139 re-certification will occur in FY24, along with the second external SMS audit. As referenced earlier the Company will also be working very closely with the Terminal design team and main contractor to ensure our high levels of health and safety are maintained during the terminal demolition and rebuild period.

DISTRICT PLAN

With the benefit of curfew-free operations, and because of the prime location of the airport and the proximity to both the residential area and to the CBD, the Company recognises the importance of ensuring noise emissions from aircraft and ground operations are managed within District Plan limits. Work will therefore continue on noise management in accordance with the Company's Noise Management Plan.

FINANCIAL PERFORMANCE TARGETS

PASSENGER MOVEMENTS

The three-year passenger movement projections to FY27 represents a muted passenger demand scenario which balances the current recovery in air travel against potential headwinds associated with geo-political and macro-economic conditions including an economic slowdown, ongoing impacts of elevated inflation and restrictive monetary policy, the high cost of living, and labour shortages.

The muted passenger growth scenario reflects anticipated leisure demand suppression due to ongoing higher fares, reductions in Air New Zealand capacity relating to the Pratt & Whitney engine issues affecting the A320/A321 NEO fleet (with flow on consequences to regional routes) and a conservative approach to disruption caused by the terminal redevelopment.

During the SOI period passenger volumes are assumed to grow at approximately 3% per annum, in line with long-term average passenger movement growth rates, reaching 599,000 passengers by FY27.

INCOME

Notwithstanding the income diversification program outlined in this SOI, the primary contributor to income projections remains aeronautical and carparking revenue. Land and building lease income grows towards the latter years of this SOI, as the next phase of Ruapehu Aeropark developments is completed.

Budgeted income for FY25 of \$17.03m represents an increase of \$1.52m or 10% on the FY24 forecast, driven by growth in aeronautical and carparking revenue.

OPERATING COSTS

Total costs (excl depreciation, interest and gain/loss on sale) are projected to increase 23% to \$10.05m, \$1.89m above the FY24 forecast.

Fixed costs are anticipated to increase at levels above long-term averages, including rates, energy costs and insurance. Legal and consultant fees are also anticipated to be elevated above historical levels, as PNAL continues to explore alternative options and strategic partnerships.

Repairs & proactive maintenance remains a high priority to ensure PNAL delivers a high-quality and compliant airside and landside environment and positive customer experience.

Extraordinary items are projected to increase by \$1m in FY25, and remain high in FY26 (by ~\$0.8m), and relate to the expensing of terminal demolition costs in two stages.

CAPEX

The FY25-FY27 capital expenditure budget of \$65.9m is focused the completion of the TDP (\$38m across the SOI period) and the delivery of two developments in Ruapehu Aeropark (\$15.8m across the SOI period).

PNAL also has an ongoing focus on ensuring an appropriate investment in airside infrastructure renewals (\$6.3m across the SOI period) as well as various customer experience enhancements, including the next phase of Pick-up/Drop-off shelters and covered walkways through the carpark.

PERFORMANCE METRIC TARGETS

	<i>Jul 23 - Jun 24 Forecast</i>	<i>Jul 24 - Jun 25 SOI</i>	<i>Jul 25 - Jun 26 SOI</i>	<i>Jul 26 - Jun 27 SOI</i>
Total Debt	\$14.1m	\$44.9m	\$62.7m	\$64.4m
To maintain a tangible net worth (total tangible assets after revaluations less total liabilities) above \$80 million	\$85.8m	\$84.1m	\$85.4m	\$87.3m
Debt to Equity ratio	16.5%	53.4%	73.4%	73.8%
A ratio of surplus before interest/tax/ depreciation/revaluations to total assets	4%	5%	6%	7%
A ratio of net surplus after tax to consolidated shareholders' funds inclusive of revaluation reserve	2%	(2%)	3%	4%
To maintain a ratio of consolidated shareholders funds to total assets of at least 40%	77%	59%	53%	54%
To maintain an interest coverage ratio of EBITDA (excl revaluations) to interest of at least 2.5	13.1	4.4	3.0	2.9
Net Debt* / EBITDA less than 4.5 (long term target)	1.9	6.4	6.1	5.4
Funds From Operations (FFO**) / Net Debt greater than 11% (long term target)	43.6%	13.5%	9.5%	10.4%

* Net Debt equals total borrowings less cash on hand

** FFO equals EBITDA less interest less tax

DEBT FUNDING AND RELATED PERFORMANCE METRICS

PNAL currently has two separate debt funders, the Bank of New Zealand (BNZ) and PNCC (indirect LGFA funding).

The PNCC facility was established in FY22 given the lower cost of debt compared with that available commercially. In exchange, PNAL pays PNCC a fair market margin (above LGFA interest rates) on this debt.

PNAL's Performance Metric Targets outlined above include four metrics specific to debt funding. These are:

1. A prudent debt to equity ratio
2. PNAL's debt covenant to maintain an interest coverage ratio of EBITDA to interest of not less than 2.5;
3. A long term target to achieve Net Debt / EBITDA of less than 4.5 and;
4. A long term target to achieve FFO / Net Debt greater than 11%.

This SOI contains a significant level of capital spend, most notably in respect of the terminal redevelopment and Ruapehu Aeropark design/builds. As a result, the Company's debt reaches \$64.4m by FY27 and the Debt to Equity ratio reaches 73.8%. While the debt is within currently available lending facilities (see below), key financial metrics are extended to their upper limits within the period. Longer term projections see these metrics improve.

Maximum debt specified in this SOI of \$64.4m in FY27 is below currently available debt facilities. BNZ facilities (as at 30 June 2024) total \$15.36m while the PNCC funding facility limit is tied to approved SOI debt plus 10%, to a maximum of \$50m. The current maximum available debt is therefore \$65.36m.

It is anticipated that investment by like-minded partners to support commercial development and/or sales of non-strategic land will enable projected debt levels to be reduced. Alternatively, access to additional debt funding facilities could ensure a prudent level of headroom can be maintained. These approaches will also improve the key financial metrics specified above.

In addition to the capital spend specified in this SOI, PNAL has identified further design/build projects within Ruapehu Aeropark which are ready for development. Due to the increased debt (to fund prioritised assets) these projects will not commence within the SOI period unless additional funds are realised via third party investment or sales of non-strategic assets.



PNAL STRUCTURE AND/OR INVESTMENT PARTNERSHIPS

18 STATEMENT OF INTENT 2025 - 2027

PNAL continues to explore options to accelerate its investment in Ruapehu Aeropark in order to achieve its revenue diversification objectives, whilst also maintaining a prudent balance sheet and compliance with key financial metrics.

Several options are currently being explored which include differing methods by which like-minded third parties may invest in the development of the Airport company and/or Ruapehu Aeropark. Other options being considered involve a PNAL-centric approach to development, which includes the establishment of a 100% owned subsidiary entity dedicated to property development and/or targeted land sales within the wider Airport landholding.

The preferred approach(es) are yet to be confirmed but are anticipated to be identified within the first year of the SOI period. Under PNAL's constitution, approval from the shareholder may be required prior to a preferred approach being adopted. Regardless of the approach(es) adopted, this will represent a complete step change for PNAL and is anticipated to result in changes to PNAL's staff resourcing, accounting setup, treasury/banking arrangements, debt covenants and financial metrics.

This SOI has been prepared on a 'status quo' basis, until the preferred approach(es) are confirmed, meaning there has been no assumption made of additional equity, no changes to covenants/financial metrics, no changes to resourcing and no changes to structures.

Actual financial results may vary from this SOI, should these changes occur.

PALMERSTON NORTH AIRPORT LIMITED

KEY OBJECTIVES

PALMERSTON NORTH AIRPORT LIMITED

COMPLIANCE

<i>Strategic project</i>	<i>Measure</i>	<i>Completion</i>
CAA Part 139 Compliance	Recertification achieved	FY 2024*
IT infrastructure resilience	Upgrade / installation of key IT infrastructure	FY 2025
Ongoing SMS development	· SMS Audit	FY 2024*
	· Audit recommendations adopted	FY 2025
Airside pavement upgrades	Key airside pavement upgrades complete	Ongoing
Compliance software management	· OneReg implementation	FY 2024*
	· OneReg enhancements	FY 2025
Obstacle Limitation Surface Management	· Completion of Obstacle Limitation Survey (OLS)	FY 2024*
	· Stakeholder engagement and compliance with OLS	FY 2025
Noise Management	· Complete ground noise review	FY 2024*
	· Refresh Noise Management Plan	FY 2024*
PFAS Management	· Global consent obtained	FY 2025
	· Ongoing management and compliance with global consent	Ongoing

CUSTOMER

Terminal Development Plan	· Detailed design complete	FY2024*
	· Stage 1 (Western end) construction complete	FY 2025
	· Stage 2 (Eastern end) construction complete	FY 2026
Customer Loyalty	· TDP communication strategy complete	FY2024*
	· TDP customer service operations plan implemented	FY2024*
	· Net Promotor Score as close as reasonably practical to tourism industry benchmark of 45	FY 2025
	· Branding refresh	FY 2025
Carpark upgrades products and systems	· Licence Plate Recognition implemented in all carparks	FY 2024*
	· Covered walkway – Longstay to General carpark	FY 2025
	· Covered walkway – Oversize carpark	FY 2026
	· Pickup/Dropoff shelters – Stage 2 Southern zone	FY 2027

COMMUNITY

Strategic project	Measure	Completion
Sustainability	· Airport Carbon Accreditation Level 4 maintained	FY 2025
	· Additional Scope 1 & 2 carbon reduction initiatives implemented	FY 2025
	· Tenant stakeholder engagement plan established (Scope 3 emissions focus)	FY 2025
Community Engagement	Community Engagement Plan implemented	FY 2024*
Sponsorship Strategy	· Strategy refreshed	FY 2024*
	· Strategy implemented	FY 2025

CULTURE

Continual improvement of aerodrome safety culture	· Zero lost time injuries	Ongoing
	· Improved aerodrome safety culture scores	Ongoing
	· SMS Maturity level assessed as "Effective" (currently "Operating")	FY 2026
Whanau Kotahi / One Team Wellness Plan	· Wellness Plan updated annually and implemented	Ongoing
	· Team engagement scores in line with or exceeding external benchmarks	Ongoing
Payroll/ HRIS system	· Implementation of a new HRIS / payroll system	FY 2025

COMMERCIAL

Airport Drive	Vest to PNCC	FY 2024*
Ruapehu Aeropark – strategic partnership(s)	Strategic partner(s) identified and commercial terms agreed	FY 2025
Ruapehu Aeropark - property development strategy	Completion of property development strategy, including Ruapehu Aeropark Extension	FY 2024*
Ruapehu Aeropark – commercial developments	· Zone D warehouses – 50% preleased	FY 2024*
	· Zone D warehouses construction complete	FY 2025
	· H1 hangar upgrade	FY 2025
Passenger movements	· 562,300	FY 2025
	· 581,500	FY 2026
	· 598,700	FY 2027

* The FY24 Strategic Projects aimed for completion by June 2024 are in progress at the time of writing the SOI and noted as they may provide for continuity in the SOI period.

A photograph of a wooden sculpture on a white pedestal in an airport terminal. The sculpture is made of dark wood and has a complex, swirling, organic shape. It sits on a plain white rectangular pedestal. The background is a blurred airport terminal with people and structural elements.

PALMERSTON NORTH AIRPORT LIMITED

SOI FINANCIAL STATEMENTS

22 STATEMENT OF INTENT 2025 – 2027

PALMERSTON NORTH AIRPORT LIMITED

STATEMENT OF FINANCIAL PERFORMANCE

For the 12 Months to 30 June

** The Extraordinary Items relate to PFAS contamination management and/or demolition costs associated with the existing terminal.*

The impact of revaluations has not been included in the Statement of Financial Performance

	Jul 23 - Jun 24 SOI	Jul 23 - Jun 24 Forecast	Jul 24 - Jun 25 SOI	Jul 25 - Jun 26 SOI	Jul 26 - Jun 27 SOI
Income	14,188,600	15,508,923	17,029,390	20,090,083	21,392,842
Operating Expenditure	4,326,904	3,881,626	4,152,032	4,292,220	4,510,214
Administration Expenditure	4,000,107	4,210,479	4,832,601	4,697,449	4,888,211
Extraordinary Items*	50,000	62,942	1,063,580	848,380	54,080
Total Operating Expenditure	8,377,011	8,155,047	10,048,213	9,838,049	9,452,505
EBITDA	5,811,589	7,353,876	6,981,177	10,252,034	11,940,337
(Gain)/Loss on Sale	-	2,442,825	-	-	-
Depreciation & Amortisation	2,021,713	2,081,338	7,727,731	3,795,158	3,630,915
EBIT	3,789,876	2,829,713	(746,554)	6,456,876	8,309,422
Interest Expense	1,104,141	560,225	1,582,583	3,439,275	4,054,851
Profit before Income Tax	2,685,735	2,269,488	(2,329,137)	3,017,601	4,254,571
Income Tax Expense	752,006	635,456	(652,158)	844,928	1,191,280
Net Profit after Tax	1,933,729	1,634,032	(1,676,979)	2,172,673	3,063,291

STATEMENT OF CHANGES IN EQUITY

For the 12 months to 30 June

	Jul 23 - Jun 24 SOI	Jul 23 - Jun 24 Forecast	Jul 24 - Jun 25 SOI	Jul 25 - Jun 26 SOI	Jul 26 - Jun 27 SOI
Equity at the beginning of the year	85,920,463	84,338,404	85,809,033	84,132,055	85,435,658
Asset revaluation reserve movement					
Total Comprehensive Income / Loss	1,933,729	1,634,031	(1,676,979)	2,172,672	3,063,292
Dividends declared*	(193,373)	(163,403)	-	(869,069)	(1,225,316)
Equity at the end of the year	87,660,818	85,809,033	84,132,055	85,435,658	87,273,633

**Declared dividends are paid in the following financial year*

STATEMENT OF FINANCIAL POSITION

As At 30 June

*The impact of revaluations has not been
included in the Statement of Financial Position*

24 STATEMENT OF INTENT 2025 – 2027

	Jul 23 - Jun 24 SOI	Jul 23 - Jun 24 Forecast	Jul 24 - Jun 25 SOI	Jul 25 - Jun 26 SOI	Jul 26 - Jun 27 SOI
Current Assets					
Bank Accounts	52,539	53,889	46,735	51,447	53,610
Receivables	1,294,197	1,605,490	1,715,905	2,036,724	2,189,115
Prepayments	403,528	549,217	606,004	668,398	702,746
Other Current Assets	207,174	245,828	245,828	245,828	245,828
Total Current Assets	1,957,438	2,454,424	2,614,471	3,002,396	3,191,299
Non Current Assets					
Tangible Assets					
Land	32,855,065	32,855,065	32,855,065	32,855,065	32,855,065
Buildings	34,956,542	15,629,387	46,893,758	60,666,781	61,053,060
Infrastructural - Land	12,411,485	10,483,328	11,708,328	13,533,324	15,098,322
Infrastructural - Air	39,235,091	39,124,062	39,666,861	41,544,537	45,402,213
Plant & Equipment	3,230,145	3,658,920	4,203,920	4,823,920	4,943,920
Furniture & Fittings	399,278	392,664	432,664	472,660	512,656
Computers	247,532	320,869	410,869	435,865	460,861
Motor Vehicles	1,462,782	1,560,876	1,560,876	1,560,876	1,560,876
Investment Property	14,900,000	15,400,000	15,400,000	15,400,000	15,400,000
Accumulated Depreciation	(10,863,329)	(10,953,165)	(13,913,858)	(14,427,656)	(18,058,571)
Total Tangible Assets	128,834,591	108,472,006	139,218,483	156,865,372	159,228,402
Intangible Assets	7,336	6,965	2,085	-	-
Total Non Current Assets	128,841,927	108,478,971	139,220,568	156,865,372	159,228,402
TOTAL ASSETS	130,799,365	110,933,395	141,835,039	159,867,769	162,419,701
Current Liabilities					
Payables	2,821,061	779,064	4,693,652	3,651,654	2,506,365
GST/VAT	(217,860)	42,297	(395,526)	(104,038)	111,482
Income Tax	524,728	(12,059)	(1,684,217)	(2,039,289)	(2,038,009)
Loans Payable - Current	-	-	-	-	-
Provisions	600,191	660,574	660,574	660,574	660,574
Other Current Liabilities	135,034	223,668	223,668	223,668	223,668
Total Current Liabilities	3,863,155	1,693,544	3,498,150	2,392,569	1,464,079
Non Current Liabilities					
Loans Payable - Non Current	29,334,086	14,180,212	44,954,227	62,788,935	64,431,382
Other Non Current Liabilities	9,941,306	9,250,607	9,250,607	9,250,607	9,250,607
Total Non Current Liabilities	39,275,392	23,430,819	54,204,834	72,039,542	73,681,989
TOTAL LIABILITIES	43,138,548	25,124,363	57,702,984	74,432,110	75,146,068
NET ASSETS	87,660,818	85,809,033	84,132,055	85,435,658	87,273,633
Capital and Reserves					
Share Capital	9,380,400	9,380,400	9,380,400	9,380,400	9,380,400
Reserves	49,634,711	47,913,623	47,913,623	47,913,623	47,913,623
Retained Earnings	28,645,707	28,515,010	26,838,032	28,141,635	29,979,610
Total Capital and Reserves	87,660,818	85,809,033	84,132,055	85,435,658	87,273,633
TOTAL EQUITY	87,660,818	85,809,033	84,132,055	85,435,658	87,273,633

PALMERSTON NORTH AIRPORT LIMITED

STATEMENT OF CASH FLOWS

For the 12 Months to 30 June

	Jul 23 - Jun 24 SOI	Jul 23 - Jun 24 Forecast	Jul 24 - Jun 25 SOI	Jul 25 - Jun 26 SOI	Jul 26 - Jun 27 SOI
Cash Flows From Operating Activities					
<i>Cash was provided from:</i>					
Receipts from Customers	15,932,788	17,516,232	19,473,384	22,782,776	24,449,377
Interest Received	-	-	-	-	-
Income Tax Refund	-	-	-	-	-
Operating Cash Inflows	15,932,788	17,516,232	19,473,384	22,782,776	24,449,377
<i>Cash was disbursed to:</i>					
Payment to Suppliers and Employees	7,240,789	11,281,707	6,566,705	9,373,625	11,526,844
Tax Loss Payment to PNCC	-	-	-	-	-
Payment of Income Tax	608,723	1,019,021	1,020,000	1,200,000	1,190,000
Interest Payments	1,104,141	560,225	1,582,583	3,439,275	4,054,851
Operating Cash Outflows	8,953,653	12,860,953	9,169,288	14,012,900	16,771,695
Net Cash Flows from Operating Activities	6,979,135	4,655,279	10,304,096	8,769,876	7,677,682
Cash Flows From Investing Activities					
<i>Cash was provided from:</i>					
Sale of Property, Plant and Equipment	-	-	-	-	-
Investing Cash Inflows	-	-	-	-	-
<i>Cash was applied to:</i>					
Acquisitions of Property, Plant and Equipment	24,591,694	8,255,657	40,921,862	26,599,872	8,448,897
Acquisitions of Investment Property	-	-	-	-	-
Investing Cash Outflows	24,591,694	8,255,657	40,921,862	26,599,872	8,448,897
Net Cash Flow from Investing Activities	(24,591,694)	(8,255,657)	(40,921,862)	(26,599,872)	(8,448,897)
Cash Flow From Financing Activities					
<i>Cash was provided from:</i>					
Borrowings	18,070,520	11,195,216	31,267,103	18,367,318	5,045,234
Financing Cash Inflows	18,070,520	11,195,216	31,267,103	18,367,318	5,045,234
<i>Cash was applied to:</i>					
Repayment of Borrowings	463,471	7,604,328	493,088	532,610	3,402,787
Payment of Dividends	-	-	163,403	-	869,069
Financing Cash Outflows	463,471	7,604,328	656,491	532,610	4,271,856
Net Cash from Financing Activities	17,607,049	3,590,888	30,610,612	17,834,708	773,378
Net Increase/ (Decrease) in Cash, Cash Equivalents and Bank Overdrafts	(5,510)	(9,490)	(7,154)	4,712	2,163
Cash, Cash Equivalents and Bank Overdrafts at the Beginning of the Year	58,049	63,379	53,889	46,735	51,447
Cash, Cash Equivalents and Bank Overdrafts Year End	52,539	53,889	46,735	51,447	53,610

CAPITAL EXPENDITURE PROGRAMME

For the 12 months to 30 June

	Jul 23 - Jun 24 SOI	Jul 23 - Jun 24 Forecast	Jul 24 - Jun 25 SOI	Jul 25 - Jun 26 SOI	Jul 26 - Jun 27 SOI
Capital Expenditure Programme					
Land	-	-	-	-	-
Buildings	500,000	905,000	15,000	-	-
Terminal Development	14,250,000	2,479,745	20,610,527	17,052,297	386,279
Infrastructure - Landside	1,280,000	1,127,770	905,000	1,775,000	975,000
Infrastructure - Airside	1,500,000	1,385,000	542,800	1,877,680	3,857,680
Plant & Equipment	180,000	200,000	525,000	600,000	100,000
Furniture and Fittings	40,000	40,000	40,000	40,000	40,000
Computers	25,000	52,803	90,000	25,000	25,000
Fire Appliances	20,000	23,197	20,000	20,000	20,000
Ruapehu Aero Park and Airport Dr development	4,729,496	986,491	15,721,000	50,000	590,000
Intangibles	-	-	-	-	-
Total Capital Expenditure	22,524,496	7,200,005	38,469,327	21,439,977	5,993,959

DIVIDEND POLICY

The achievement of the strategic objectives outlined in this Statement of Intent will ensure PNAL is well placed in the medium to long-term to generate enhanced financial returns and to maximise value to our Shareholder through a balance between regional economic and social outcomes, reinvestment and dividend distributions.

In total \$65.9m of capital expenditure is projected to be undertaken over the three-year SOI period. The level of investment is unprecedented in PNAL's history with the TDP alone anticipated to cost \$40m and together with Ruapehu Aeropark developments, is set to ensure a sustainable and well diversified business into the future. Debt will peak at \$64.4 million by FY27.

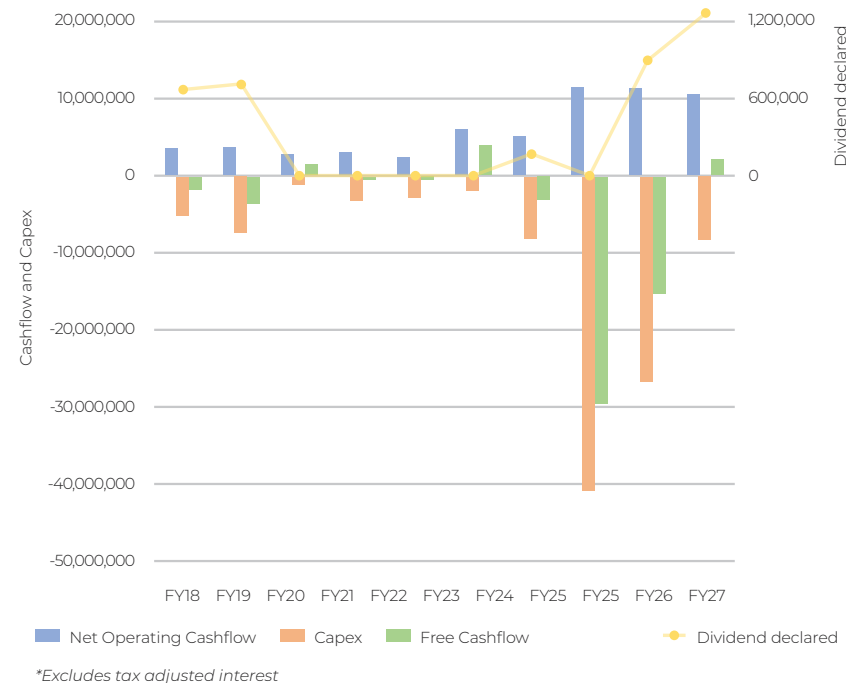
As outlined elsewhere in this SOI, PNAL is actively seeking to share the cost of the investment in Ruapehu Aeropark with like-minded partners, however given the debt level being managed a prudent focus on cashflow management remains as critical as it did during the Covid-19 pandemic and rebound period.

Notwithstanding the Company's dividend policy, which was refreshed in 2023 (discussed further below), and the financial outlook described in this SOI, PNAL will return to paying dividends in accordance with the Shareholder's expectations as follows: 20% of NPAT for FY25 (payable in FY26); 40% of NPAT for FY26 and FY27, and 10% of NPAT for FY24 (current year).

It is important to note that any dividend payable based on NPAT will be calculated on NPAT excluding fair value gains and one-off capital gains (e.g. land sales).

As illustrated below, PNAL's free cashflow (cash available for distribution via dividends or interest, after deduction of capital expenditure) is highly negative in FY25 and FY26, before improving from FY27 onwards. As such, any dividend payment in these years will be required to be funded from additional debt.

Operating Cashflow vs Free Cashflow



For completeness of this explanation PNAL's refreshed dividend policy provided Directors with the opportunity to assess a range of criteria before arriving at an appropriate dividend, including actual and projected performance. In establishing a dividend recommendation, the Directors will consider the following:

1. The scale of the company's capital expenditure plans including shareholder expectations,
2. The company's financial performance including cashflows from operations,
3. The Company's ability to raise debt finance and the terms thereof,
4. Compliance with performance metric targets,
5. The risks associated with airline schedule uncertainty in the short to medium term.

GOVERNANCE

Governance Objectives

The Board's approach to governance of PNAL is to preserve and enhance shareholder value. The Board is committed to ensuring a high level of governance of company processes and policies, including health and safety and encouraging ethical and responsible decision making to ensure Management effectively achieve the Company's goals.

Due to the everchanging commercial environment of the aviation and airport industry, the Board is committed to ensuring regular reviews of all aspects of the business and the implementation of best practice.

Regulatory Framework and Statement of Intent

The Board is responsible for the proper direction and control of PNAL's activities and is accountable to the shareholder within the strategic framework set out in this Statement of Intent, PNAL's Constitution, and the provisions of the Local Government Act 2002 (LGA), and the Companies Act 1993.

Shareholder Statement of Expectation

The Board is also responsible for ensuring it meets the requirements of the shareholder's Statement of Expectations dated 7 December 2023 for the three-year period of the Statement of Intent, with particular reference to Schedule 8, Part 2 LGA, Section 64B (1) and 64B (2). Importantly the Board will ensure alignment of the Company's objectives with the Shareholder's vision, goals and key strategies and the District Plan.

Board Composition and Fees

The Board is comprised of five Directors appointed by the Shareholder in accordance with PNAL's Constitution. Director appointments are for a period of three years with retiring directors able to be reappointed by the Shareholder.

The Board normally meets eleven times per year with intervening meetings in person or by other means as required. To enhance efficiency, the Board may formally document and delegate some of its powers and authorities to the Chief Executive or other senior executives.

PNAL has an Audit & Risk Committee (ARC) comprised of three directors of the PNAL Board. The Committee has a board-approved Charter, outlining its membership, authority, primary and secondary roles and reporting procedures.

The ARC meets three to four times each year and is responsible for overseeing the financial accounting, financial statements and audit activities of PNAL. This includes the adequacy and effectiveness of internal controls, external auditor performance, insurances, risk management and financial and accounting policies.

PNAL also 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 meets bi-monthly (or more frequently where required) and 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.

As requested by the shareholder, a PNCC Officer has been appointed as an independent observer on the TPDC, who attends discussions relating to terminal redevelopment project.

The total remuneration for the Directors is set annually by a resolution of shareholders in accordance with the Company's constitution. The Council's policy is that the total remuneration will be increased annually by the movement in the CPI for the year to 30 June and that there will be a market test of the sum at least once every three years.

SHAREHOLDERS EQUITY IN PNAL

PNAL's land, building, and airside infrastructure assets are revalued on a three yearly cycle, unless warranted earlier. PNAL's land and airside infrastructure were last revalued at 30 June 2022. PNAL's buildings were last revalued at 30 June 2023. Fair value assessments and/or revaluations will be conducted annually at year-end.

PNAL's investment property is revalued annually, in line with accounting standards.

Shareholder equity as shown in the Statement of Financial Position as at 30 June 2023 is \$83.34m. The Directors consider that this represents a reasonable estimate of the commercial value of PNAL.

The ratio of consolidated shareholder's equity to total assets will be maintained at no less than 40%. For the purposes of this ratio, 'consolidated shareholder's equity' is total shareholder funds inclusive of retained earnings and revaluation surplus, and 'total assets' are current assets plus net book value of fixed assets plus future tax benefit (if any).

Any declared dividend will be considered in respect of PNAL's dividend policy (included in this SOI) and will be calculated exclusive of fair value gains and one-off capital gains (e.g. land sales).

INFORMATION TO BE PROVIDED TO THE SHAREHOLDER

The Shareholder will receive:

- An Annual Report including audited financial statements within three months of balance date.
- A summary of PNAL's achievements of the Key Objectives and its performance against the metric targets as outlined in this SOI.
- An Interim Report including non-audited financial statements within two months of the end of the first half of the financial year.
- A Statement of Intent submitted for shareholder consideration in accordance with the Local Government Act 2002.
- Other interim reports as agreed with the Shareholder.

Timeframes for the Interim and Annual Reports are legislative maxima. However, PNAL will meet the reporting and governance requirements of the Shareholder.

ACCOUNTING POLICIES

The accounting policies adopted by PNAL are consistent with New Zealand's Financial Reporting Standards, with PNAL designated as a Public Benefit Entity (PBE) for financial reporting purposes. The policies are included in PNAL's Annual Report which is available on PNAL's website: www.pnairport.co.nz/corporate/corporate-profile.

FORECAST FINANCIAL STATEMENTS

The financial information contained in the SOI is a forecast for the purposes of the PBE financial reporting standard (FRS) 42. This information may not be appropriate for purposes other than those described. It has been prepared on the basis of assumptions as to future events that PNAL reasonably expects to occur, associated with the actions it reasonably expects to take, as at the date the forecast was prepared. The actual results are likely to vary from the information presented and may vary materially depending on the circumstances that arise during the period.

COMPENSATION SOUGHT FROM THE SHAREHOLDER

PNAL acknowledges that the Palmerston North City Council holds shares in PNAL for strategic reasons and that PNAL needs to facilitate the development and promotion of both aeronautical and complimentary non-aeronautical business activities. As well as direct benefit to PNAL this impacts through to the economic development of the city and the wider region.

At the request of the shareholder, PNAL may undertake activities that are not consistent with normal commercial objectives subject to the Shareholder providing a specific subsidy to meet the full commercial cost for providing such activities.

PNAL anticipates significant future capital investment within this SOI period and will be required to materially increase its debt levels in order to fund this investment. Refer to the separate debt funding section within this SOI for further details.

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MORE THAN
A FLIGHT

MEMORANDUM

TO: Economic Growth Committee

MEETING DATE: 24 April 2024

TITLE: Central Economic Development Agency (CEDA): 6-Month Report 1 July 2023 to 31 December 2023 and Draft Statement of Intent 2024/25

PRESENTED BY: David Murphy, Chief Planning Officer

APPROVED BY: David Murphy, Chief Planning Officer

RECOMMENDATIONS TO ECONOMIC GROWTH COMMITTEE:

1. That the Committee receive Central Economic Development Agency (CEDA) 6-Month Report 1 July 2023 to 31 December 2023 (Attachment 1) presented to the Economic Growth Committee on 24 April 2024.
 2. That the Committee receive Central Economic Development Agency (CEDA) draft Statement of Intent 2024-25 (Attachment 3) presented to the Economic Growth Committee on 24 April 2024.
 3. That the Committee approve the comments outlined in the Central Economic Development Agency (CEDA) draft Statement of Intent 2024-25 (Table 1) presented to the Economic Growth Committee on 24 April 2024.
-

1. ISSUE

- 1.1 The Central Economic Development Agency (CEDA) has delivered its 6-month report 1 July 2023 to 31 December 2023 (6-month report) and draft Statement of Intent 2024/25 (SOI 2024/25). This report includes analysis of both documents.
- 1.2 The 6-month report is included as Attachment 1.
- 1.3 The approved Statement of Expectations 2024/25 to 2026/27 (SOE 2024/25 to 2026/27) and draft SOI 2024/25 are included as Attachment 2 and 3.
- 1.4 Under the Local Government Act 2002 (LGA), when preparing the final SOI, a Council Controlled Organisation (CCO) must consider any comments made on the draft by the Council prior to delivering a final SOI by 30 June 2024.
- 1.5 The Economic Growth Committee has the delegation to receive the 6-month report and agree the Statement of Intent for CEDA on Council's behalf.

- 1.6 The purpose of this report is to receive the 6-month report and provide an opportunity for Council to give feedback to CEDA on their draft SOI 2024/25.
- 1.7 As a joint shareholder of CEDA with the Manawātū District Council (MDC), any feedback to CEDA on the draft SOI 2024/25 should carefully consider any implications for MDC and the views of MDC on the draft SOI 2024/25. The content of this memorandum and comments on the draft SOI 2024/25 have been shared with MDC.

2. BACKGROUND

- 2.1 CEDA is a Council Controlled Organisation (CCO) under the LGA and is jointly owned by PNCC and MDC. A CCO must deliver a draft SOI to PNCC and MDC and a final SOI by 30 June 2024.
- 2.2 The CEDA Board must consider any feedback from the shareholders before delivering a final SOI for approval in June 2024.
- 2.3 The Council is required by the LGA to regularly undertake performance monitoring of its CCOs. Council is required to evaluate:
 - The contribution of each CCO to the Council's objectives for the CCO;
 - The desired results set out in the SOI; and
 - The overall aims and outcomes of the Council based on the 6-month reports.

3. 6-MONTH REPORT 1 JULY TO 31 DECEMBER 2023

- 3.1 The 6-month report allows the Committee to track CEDA's progress against their SOI 2023/24.
- 3.2 A copy of the 6-month report is included as Attachment 1.
- 3.3 From a contract-manager perspective, we have seen a continued focus from CEDA in the last 12-months to actively connect with partners and foster inward investment opportunities that are aligned to the region's strategic objectives. This has been particularly evident with regards to the work completed on Te Utanganui, Central New Zealand Distribution Hub, where projects of this nature require a commitment to long-term relationships.
- 3.4 The 6-month report is based around the following three strategic pillars:
 - Business - Attract, retain, and develop business and investment in the region.
 - People - Attract, retain, and develop talent in the region.

- Place - Profile the region to attract people, business, and investment.

3.5 Key focus areas within CEDA's 6-month report include:

Business:

- Te Utanganui – Central New Zealand Distribution Hub.
- Manawatū Regional Food Strategy.
- Supporting investment opportunities
- Destination Management Plan
- Sustainable is Attainable Project
- Accommodation Sector Capability and Enhancement
- Agritourism Accelerator Programme cohort one
- Business engagements
- Business Attraction, Retention and Expansion Strategy
- Partnerships with The Factory and Sprout Agritech

People:

- Business profiles
- A Summer of Tech partnerships
- Massey Business School
- Health Sector Accelerate Academy Programme
- Careers Expo New Zealand

Place:

- Manawatū Regional Identity: Five content pieces have been created and published
- 19 Media Features secured profiling the city and region
- 124,319 total sessions on ManawatuNZ.co.nz
- 30,872 Social Media Followers, 22,530 ManawatūNZ Facebook
- Dig In to Manawatū Campaign

Iwi partner projects:

- Rangitāne o Manawatū Māori Tourism Strategy
- He Ara Kotahi, Hei Ara Kōrero

3.6 CEDA's financial performance is detailed on pages 18 to 22 of the 6-month report and includes a \$158,114 surplus for the 6-months to 31 December 2023 (unaudited). CEDA has been working hard to operate within its current Council funding. For example, CEDA recently relocated to a new lower cost premise. The signalled reduction in CEDA directors by the two shareholders will also provide a further small saving for CEDA.

4. STATEMENT OF EXPECTATIONS 2024/25 to 2026/27 (2024/34 Long Term Plan)

- 4.1 A copy of the SOE 2024/25 to 2026/27 as approved by PNCC and MDC is included as Attachment 2.
- 4.2 The SOE 2024/25 to 2026/27 was largely a rollover from previous years and maintained a focus on developing a talent pipeline (people); inward investment (business); and domestic visitation (place).
- 4.3 This SOE covers the period 1 July 2024 to 30 June 2027, which is years 1-3 of the Shareholders' 2024/34 Long Term Plan. Amendments to the Statement of Expectations may be sought during this period.
- 4.4 A key addition to the SOE 2024/25 to 2026/27 was the inclusion of 'Inward investment in the Feilding town centre and Palmerston North city centre' as a top priority for both councils. We are already seeing CEDA begin to operate in this space following investment leads for new hotels in both Feilding and Palmerston North.

5. DRAFT STATEMENT OF INTENT 2024/25

- 5.1 A copy of the draft SOI 2024/25 is included as Attachment 3.
- 5.2 CEDA has presented a draft SOI that aligns with the SOE, as outlined in table 1 below.

Table 1: Comparison of CEDA SOE with the SOI

Statement of Expectation	CEDA Draft SOI 2023/24	Comments
Taking a leadership position and building strategic relationships in the Manawatū region and beyond, is fundamental for CEDA to achieve its purpose.	CEDA has addressed strategic partners at page 18 of the SOE and in the performance measures on page 26.	While it is not an explicit replication of the SOE list, a number of the projects and activities listed in the SOE will involve working with the partners listed in the SOE.

<p>The shareholders have identified the following key partners for CEDA: Palmerston North City Council, Manawātū District Council, Horizons Regional Council, Iwi, Manawātū Chamber of Commerce, NZ Defence Force, Federated Farmers, Accelerate 25, KiwiRail, FoodHQ, Massey University, The Factory, Palmy BID, Feilding & District Promotions, and key Government agencies.</p>		
<p>Stimulate inward investment (both national and international), retention and expansion of business in the Manawātū region.</p> <p>Developing a talent pipeline.</p> <p>Support domestic visitation and tourism</p>	<p>CEDA has addressed these outcomes via the three pillars, statement of intent outcomes, projects, activities and strategies summarised on page 8 and the performance measures for each are captured on pages 25 and 26.</p>	<p>No comment. Priorities addressed.</p>
<p>Top priorities are:</p> <p>Te Utanganui, Central New Zealand Distribution Hub.</p> <p>Strategic oversight and coordination of the Manawātū Food Strategy.</p> <p>Promotion and development of key tourism and visitor destinations.</p> <p>Inward investment in the Feilding town centre and Palmerston North city</p>	<p>CEDA has addressed its work to support Te Utanganui, Central NZ Distribution Hub at page 10.</p> <p>Manawātū Regional Food Strategy is addressed at page 10.</p> <p>Visitor activity is addressed via pillar three (place) and the supporting statement of intent outcomes, projects and activities summarised on page 8.</p> <p>The focus on Feilding town centre and Palmerston</p>	<p>Priorities addressed. While there are no specific performance measures for each of these priorities individually, progress will be reflected in the achievement of the overall performance measures captured in pages 25 and 26.</p>

centre.	North city centre is addressed at page 10 under inward investment opportunities.	
<p>CEDA's success will be measured by the shareholders using the following indicators of the health of the regional economy:</p> <p>Job growth.</p> <p>Increase in median household income.</p> <p>Number of investment leads and deals secured.</p> <p>Strength of the relationship with strategic partners.</p>	<p>Addressed in the performance measures (pages 25 and 26).</p> <p>The specific monitoring indicators included in previous SOI such as change in median salaries and wages are not included in this SOI.</p>	<p>Seek clarification from CEDA regarding the exclusion of specific monitoring indicators included in previous SOIs.</p>
Financials		The titles for the budget years on page 31 should be updated.

- 5.3 A budget for 2024/5 (year 1) and a forecast for 2025/26 (year 2) and 2026/27 is included in the financial performance on pages 30 and 301 of the Draft SOI. The Council funding assumption is based on the figures contained within the PNCC and MDC Draft 2024/34 Long Term Plans. While CEDA are forecasting a small deficit for years 1-3, this is not considered significant given the cash and cash equivalents detailed on page 32 is \$912,235 in year 1.




6. NEXT STEPS

- 6.1 Provide comments on the draft SOI in writing to CEDA, noting that any comments on the draft SOI agreed by Council will need to be cognisant of what they mean for MDC as a joint shareholder.
- 6.2 CEDA will deliver its final SOI to both councils (shareholders) in June 2024.

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

ATTACHMENTS

1. CEDA 6-month Report 1 July 2023 to 31 December 2023 [↓](#) 
2. CEDA Statement of Expectations 2024/25 to 2026/27 [↓](#) 
3. CEDA Draft Statement of Intent 2024/25 [↓](#) 



Central Economic Development Agency Limited

Pūrongo Tau Haurua Half Yearly Report

to 31 December 2023

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Company Directory

Central Economic Development Agency Limited Ltd

Level 1, 5 Broadway Ave
Palmerston North 4410

Phone: 06 350 1830

Website: [CEDA.nz](https://ceda.nz)

Chief Executive

Jeremy Shearman (Jerry)

Directors

Robyn O'Fee (Bobbie) - Chairperson

Paul Bayly

Kathleen Brosnahan (Katie)

Margharita Mare (Margy)

David Norman

Robbie Pickford

Registered Office

Morrison Creed Advisory

236 Broadway Avenue, Palmerston North

Bankers

Westpac New Zealand Ltd

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 Manawātū District Council (50%) CEDA is a Council Controlled Organisation as defined in section 6 of the Local Government Act 2002.

Pūrongo Ngātahi a te Heamana me te Tumuaki

Joint Report of Chairman and Chief Executive

Tēnā koutou katoa

The New Zealand and regional economy have proven incredibly resilient to the pressures of the last few years with employment, earnings, and economic activity well above earlier expectations. In the region, our strong economic performance has been driven by the diversity of our regional economy and underpinned by our large public sector, growth in our construction and logistics and distribution sectors, and our excellence in food production. Business sentiment remains mainly positive for the longer-term outlook, and there are certainly positive signs that we will start to see improving conditions for businesses as we move through 2024.

With a refreshed vision statement and goals for the region, we have continued to focus on the key pillars of People, Place, and Business as we work on supporting the economic positioning of the region. Leveraging off key economic growth projects we seek opportunities for existing businesses to grow, as well as attracting new business, visitors, talent, and investment to the region. This can only be done through collaboration and working in partnership with our shareholders, iwi, stakeholders and regional businesses to enable sustainable growth for Manawātū.

Te Utanganui - Central New Zealand Distribution Hub, continues to be a key project for our region and for central New Zealand with the work in advocacy and communication, inward investment and

acceleration, and master planning all progressing well. A number of investors are showing interest in the project and with a refreshed governance and implementation focus in place, key elements of the project are set to enable that investment to materialise. This is a complex multi-agency programme of work, providing medium to long-term outcomes for our region and for the national transport and freight network. Key to this is the establishment of a Te Utanganui Programme Director role that will be stood up in early 2024.

The Manawātū Regional Food Strategy was completed in October and launched in December delivering three overarching enduring priorities, and 13 strategic imperatives across the near, medium, and long-term. This strategy sets a shared vision, ensuring a bright future for the food and agriculture ecosystem here, guiding stakeholders from all corners of the sector. The success of the strategy, though, relies on the focused implementation plan, which is currently underway. CEDA is well positioned to coordinate this implementation with a collaborative approach uniting the entire food value web network.

Our work in business attraction, retention and expansion has focused on increased targeted engagements across the business community to deliver business growth and capability through our suite of tools, including the Regional Business Partner Programme. An enhanced focus on sector development and the talent pipeline, further underpins the focus we have on future proofing our region for business and talent, through a number of initiatives.

The team at CEDA continues our focus on retaining talent in the region by working with businesses and partners. We support pathways to learning through the New Zealand Careers Expo which is to be held in May 2024 and we have been working with ManawaTech to bring the Summer of Tech recruitment platform for Manawātū, which is set to launch in early 2024. CEDA also plays a key role in working with regional and government partners to provide

intel and advice for workforce planning needs.

We're one year into delivery of the Manawatū Destination Management Plan, which sets out the strategic direction for the region's visitor economy. Progress continues across multiple activities from advocating for infrastructure growth, working collaboratively to target markets that align with our region's offerings, and working on product development opportunities such as Te Āpiti - Manawatū Gorge.


We are looking forward to delivering on our outcomes for the region over the next six months. Our ongoing work with our shareholders, iwi, partners and stakeholders will continue to be crucial, and we value and appreciate these highly productive relationships. The ambitions and aspirations of Manawatū rely on us all working together.

He rau ringa e oti ai – Many hands make light work

Ngā mihi nui ki a koutou katoa,

A blue ink signature, appearing to read 'Bobbie O'Fee', written in a cursive style.

Bobbie O'Fee
Chairperson

A black ink signature, appearing to read 'Jerry Shearman', written in a cursive style.

Jerry Shearman
Chief Executive

Tā Mātou Mahere Arorau Our Intervention Logic

CEDA operates within a simplified intervention logic that shows the connection between the programmes of work and activities undertaken, and the desired outcomes for the region. This is supported by key performance indicators in the Statement of Service Performance table, project deliverables, and through the measurement of stakeholder and client satisfaction. Together these form the basis of CEDA's accountability and performance reporting. Long-term regional outcomes are also monitored through regional monitoring indicators measured by CEDA's shareholders (see page 17).

VISION Manawatū: Ko te rohe tino ahu whakamua o Aotearoa hei te 2030 Manawatū: New Zealand's most progressive region 2030			
GOALS <ul style="list-style-type: none"> Manawatū is renowned for its exceptional lifestyle, competitive advantages, and is a magnet for investment, business, talent and visitors Manawatū is a world leading agrihub Manawatū is a leading distribution hub, and leverages off its role in central New Zealand 			
STRATEGIC PILLARS	Business	People	Place
STATEMENT OF INTENT OUTCOMES	Attract, retain, and develop, business and investment in the region	Attract, retain, and develop talent in the region	Profile the region to attract people, business, and investment
PROJECTS/ ACTIVITIES STRATEGIES	<ul style="list-style-type: none"> Te Utanganui Central New Zealand Distribution Hub Strategy Manawatū Food Strategy Inward Investment Framework Destination Management Plan Sector development Business Attraction, Retention and Expansion Start-up and innovation support 	<ul style="list-style-type: none"> Talent & Skills attraction and retention Profiling the region Success stories and business profiles Talent and workplace development Integrated industry groups Pathways to employment 	<ul style="list-style-type: none"> Regional Identity PR Machine Featuring the region through media Direct media features ManawatuNZ.co.nz and social media engagement
Partnerships – The connections that make our region tick			
STATEMENT OF INTENT OUTCOMES		PROJECTS/ACTIVITIES	
Lead inclusive and sustainable economic development for the region		Partnership agreements with key partners and iwi, outcomes aligned with partnership and funding agreements, iwi lead projects, Rangitāne o Manawatū Māori Tourism Strategy, research, data and insights, economic updates, stakeholder and business community e-newsletters, reporting and legislative requirements.	

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 Manawātū to be a leading distribution hub, be recognised as a world leading agrihub, and a magnet for investment, business, and talent.

Support the development and growth of business and sectors of strength in the region including inward investment

Inward Investment Strategy implementation, with regional partners to attract investment to the region

Te Utanganui - Central New Zealand Distribution Hub

Work to raise the profile and support the development of funding opportunities has continued with confirmation of Te Utanganui as part of the New Zealand Transport and Logistics network solution through advocacy with the sector, potential investors, and partners. This included presentations at KiwiRail's two-day strategic workshop, Napier Port's launch of their new supply chain service over three locations, and at the Taituarā branch meeting (regional chapter of Local Government New Zealand).

CEDA Half Yearly Report to December 2023

CEDA also hosted a number of international visits including the British High Commission.

Continuation of efforts to seek investment into Te Utanganui has included opportunities to present to a wide range of stakeholders at the 2023 Asia Pacific Cities Summit and Mayors' Forum in Brisbane, along with hosting a number of potential investors in the region. Potential opportunities for inward investment continued to be strong with engagement with a finance institution, the infrastructure and construction sector and, partnering with Palmerston North Airport, a strong bid to be the Air New Zealand Next Gen host for a freight demonstration airport.

Manawātū Regional Food Strategy

The strategy was completed in late 2023 and was launched in collaboration with FoodHQ in mid-December. An implementation plan was confirmed for the year with four projects currently underway aligned to the strategic imperatives coming out of the strategy. CEDA has the lead on two of these projects, in delivery of the BOMA E Tipu conference and promotion of the local food culture, and is working with two regional partners on outcomes around alternative proteins, and talent and skills in the vocational training sector.

Supporting investment opportunities

CEDA has identified ten additional inward investment leads in the year to date outside of Te Utanganui. Eight of these leads are currently active and include five general investment opportunities and three in the visitor sector. These vary across a range of opportunities, including hotel investment, the finance sector, renewable energy, and work to attract new investment to existing vacant industrial space as part of the Manawātū Regional Food Strategy.

Page 6

Developing our priority sectors through targeted business development and retention initiatives

Destination Management Plan

Following the refresh and communication of the Plan, three key projects have been progressed alongside several of the recommendations and strategic initiatives which have informed our marketing, insights and inward investment approach including ongoing support of Te Āpiti - Manawatū Gorge, and the Gorge Quarter development.

Developing Trade Ready experiences, CEDA hosted Tourism New Zealand in the region as part of a tri-regional fam, which included Manawatū, Whanganui and Taranaki. This visit was designed to further build our relationship with Tourism New Zealand, while 'testing' out some of our experiences with a view to developing them for the offshore travel trade space. The overall experiences were very well received, with the arts and culture experiences coupled with the food stories singled out for special mention. Feedback has been passed on to participating businesses, including commentary on their travel trade readiness.

Gardens Cluster project Commenced in response to the insights from CEDA's Visitor Segmentation Report. The first phase of development started with a two-week pilot festival programme in the middle of November. The festival included a cluster of events and a visitor trail of seven gardens throughout the region. A post-event survey was undertaken to evaluate the impact of the festival and to inform planning for the next programme scheduled for next year. CEDA curated a digital hub to showcase the key events and gardens to visit and promoted this through a targeted digital campaign which received over 6,500 visits during the 18-day campaign period.

Manawatū Scenic Route has seen further enhancement with work undertaken to improve the visitor experience, by working with the Rangiwahia community on the development of new, and refreshed signage in and around the key walks in the village. The most northern Manawatū village on the official scenic route, Rangiwahia is a key gateway for visitors to the region, especially for groups and motorhome enthusiasts. Signage has been co-developed and installed to provide clearer way finding information and local insights around the Rangiwahia Scenic Reserve and Kaikawaka Scenic Reserve.

Coastal Arts Trail project has continued at a slower pace due to external funding concluding in June 2023. CEDA has been working alongside the Taranaki and Whanganui economic development agencies to share resources in the short term to enable the trail to work towards a financially independent operating model. Future development initiatives currently being explored include a membership approach and a trail-wide system for collecting visitor data.

Sector Development

Sustainable is Attainable Project proposal, to support the development of circular economy principles in the primary sector has been developed. The project seeks to diversify the local and national economy by building capability in the food reuse industry within the Manawatū district with a view to expanding into the wider region, with potential to service areas throughout central New Zealand. CEDA has developed and provided a letter of support alongside funding applications to progress the project.

Accommodation Sector Capability and Enhancement

through an Accommodation Sector Workshop to develop the sector and secure future visitor attraction in the region will be hosted in early 2024 and planning is well under way. Participants and key invitees within the sector have all been identified and invites has been shared. Content planning is being developed in preparation for the work.

Agritourism Accelerator Programme cohort one was concluded in September. This program focused on the opportunities of diversification into the visitor sector for existing primary sector businesses through the identification, setup and development of agritourism operations. A total of 23 businesses were part of this cohort, which saw a wide depth of topics covered. The programme has provided key resources for participants to support them to further develop their ideas and operations. Planning is underway for a second cohort.

Business Engagement and Support

Business engagements with a total of 308 businesses have been completed in the year to date. This includes the support of business attraction, retention, and expansion in the region, small to medium enterprises, and innovation support, and covers a range of sectors and industries.

Business Attraction, Retention and Expansion strategy implementation continues through planned engagement of 150 identified key businesses in the region, and through targeted sector support with businesses within the region's sectors of strength. The purpose of the engagements is to identify investment opportunities, and support expansion and retention of businesses in the region. In the year to date, 33 business engagements and 81 sector support business engagements have been completed.

Small and medium enterprises supported through 197 businesses engagements in the year to date including 22 Māori businesses, through the Regional Business Partner Programme and seventeen Business Mentors New Zealand mentor matches. A total of 154 individual businesses were actively engaged in the Regional Business Partner Programme, with capability funding of \$84,474 issued.

Supporting, Innovation and Startups

Partnerships with The Factory and Sprout Agritech continue to support and accelerate tech start-ups and entrepreneurs including the Factory Start-up 101 and Innovate programme and the Sprout Accelerator cohorts.

The Factory's programme of work supported 24 businesses through its pre-incubation Start-up programme and five new businesses through the Innovate incubation programme with a total of \$500,000 of investment raised to support businesses coming through the pipeline.

Sprouts Cohort XI of their Accelerator Programme saw a wide range of entrepreneurs enter, from technology to create a zero-waste plant-based milk, to sheep's wool growing media, and a machine vision enabled platform to detect, count, and spray cows. There were 13 businesses involved in this latest accelerator, with a mix of food and agri tech.

61 businesses supported with Research and Development through Callaghan Innovation programmes, with four of these businesses being new startups. 54 grant applications were submitted with 41 accepted, and a total of \$925,000 of grants issued.

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 one of the biggest challenges 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 now and, in the future, the support of existing businesses and attraction of new businesses that create jobs in the region, and initiatives that support youth into employment is key to the region being able to grow and prosper.

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

**Lead and support the 'Manawatu Talent and Skills
Framework' with an integrated sector approach**

Talent attraction and profiling of the region

Business profiles are underway for two businesses in the region in the distribution and logistics, and primary sectors, looking at various roles and career pathways within these key sectors of Manawātū. This has resulted in three video stories being created for the logistic sector in the year to date. These videos will be profiled on ManawatuNZ.

Talent and Workplace Development

A Summer of Tech partnership has been established with ManawaTech to create a regional access gateway for businesses in the region to leverage the Summer of Tech recruitment platform. This will allow businesses to have direct access to tech talent both in and out of the region. Over 120 business will initially be targeted to register and utilise the tool which will be going 'live' in February 2024.

Massey Business School collaboration was commenced in the first half of the year to strengthen the regional sell when attracting students, and potential future talent to the region. This included curating Manawātū content for use in their marketing and promotional material. Plans are in place to profile Massey in CEDA communications in the second half of the year.

Pathways to employment

Health Sector Accelerate Academy Programme developed to give insight into employment opportunities available in the health sector for rangatahi Māori students has been reviewed and planning is underway with Ministry of Education and Ministry of Health to run this programme again in the second half of this financial year.

Careers Expo New Zealand planning work is well under way for the Palmerston North expo to be held on the 22nd of May 2024. CEDA's focus is on driving participation of Schools in the region and encouraging exhibitors to sign up, particularly those aligned to our sectors of strength. As at December, seven schools and 15 exhibitors had registered with more to ramp up in the new year.

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, talent, and visitors. This work underpins all CEDAs activities in ensuring our region is a compelling destination for all.

Profile Manawatū locally, nationally, and globally

Lead and develop stories of Manawatū, creating a narrative and collective voice, incorporating the cultural heritage of iwi

Manawatū's regional identity

Five content pieces have been created and published, made up of content features on key visitor experiences including 'Taste the Globe Manawatū', a feature on a new hospitality business with a twist, and a story on one of our key visitor attractions in northern Manawatū. A story on the benefits of doing business in Manawatū, highlighting the regions business networks and opportunities was also published.

These content pieces have been published on ManawatuNZ, along with some in the PalmyProud magazine, and on CEDA.nz, and will be used in our ongoing marketing of the region as a place to live, work, visit and invest.

Featuring the region through media

19 Media Features secured profiling the city and region to various audiences including businesses, investors, and visitors with a total reach of 144,426,658. Just over 100,000,000 of this was secured through South Korean publications, as a result of our partnership with Tourism New Zealand. These international features showcased one of our newer products, Coastal Equi Retreat glamping at Himatangi, as part of a broader feature on unique stays in New Zealand.

Domestic and Australasian media features included coverage on Te Utanganui with ADA's new premisses and the planned Regional Freight Hub on Stuff.co.nz, RNZ National Radio, One News, and Asia Pacific Defence Reporter. Additional coverage includes content on Stuff.co.nz on our unique lifestyle, and on The Rock on our visitor sector growth.

Grow engagement on regional web and digital platforms for increased promotion of and information on the region

ManawatuNZ.co.nz and social media

124,319 total sessions on ManawatuNZ.co.nz from 108,512 for the same period in the previous year (14.56% increase).

30,872 Social Media followers across Palmy & Manawatū Facebook and Manawatū_NZ Instagram channels, from 29,712 in December 2022 (3.9% increase).

22,530 ManawatūNZ Facebook followers from 20,659 in December 2022 (9.1% increase), and 8,342 Manawatū_NZ Instagram followers from 7,830 in December 2022 (6.5% increase).

‘Dig In to Manawatū’ Campaign was designed to attract visitors to the region during spring and emphasise the highlights of Manawatū during this season. The focus of the campaign was on gardens, culture, events, retail and dining experiences with strong linkages to spring through key messaging of “Dig up, dig deep, dig in... to Manawatū”. During the campaign period, ManawatuNZ.co.nz saw 58,566 web sessions. Compared to the same period in 2022, this amounts to a 56.32% growth in sessions. Our regional Facebook page also saw a 208.2% increase in reach during the campaign period.

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

Grow and foster relationships with Māori, iwi and hapu in the region

Iwi partner projects

Rangitāne o Manawatū Māori Tourism Strategy printed brochure of key cultural sites in the city was distributed across the lower North Island over summer. The pamphlet shares the significant sites and narratives of Rangitāne o Manawatū to all visitors and locals to learn about kōrero tuku iho along the Manawatū Awa (stories of the Manawatū river handed down from ancestors).

He Ara Kotahi, Hei Ara Kōrero project is on track to create a digital platform focused on Rangitāne o Manawatū cultural and environmental mātauranga (knowledge) related to the Manawatū Awa. Funded through the Ministry of Culture and Heritage, the project

will result in a publicly accessible storytelling experience of the Awa on a digital platform, with interactive cultural and historical maps linked in. This would become a virtual classroom for students supporting place-based learning and Aotearoa history curriculum learning experiences outside the classroom or in the classroom.

Milestones in the year to date include video capture of Rangitāne narratives, including interviews with multiple Rangitāne mātanga (specialist) kōrero tuku iho; teacher curriculum resources developed, to create educator centred resources for schools and education practitioners based on Rangitāne kōrero tuku iho; and the build of the digital platform which will be the home for He ara kotahi, hei ara kōrero content and resources.

Build on relationships with shareholders, central government agencies, and regional stakeholders

Partnership agreements in place

Central government partners: Ministry of Business, Innovation and Employment agreement in place for the Regional Business Partner Programme, and Ministry for Culture and Heritage for the iwi led He Ara Kotahi, Hei Ara Kōrero project.

National, and regional partners: Rangitāne o Manawatū, Manawatū Business Chamber, The Factory, Sprout Agritech, UCOL | Te Pukenga, NZ Careers Expo, BOMA, and Business Mentors NZ agreements in place, and Regional Business Partner Programme agreements in place with Whanganui & Partners (Horowhenua, Rangitikei, Ruapehu and Whanganui, districts) and Te Manu Atatū (Māori Business Growth Advisor role).

Te Utanganui project partners: CentrePort and Napier Port.

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

Economic impact information regularly communicated to stakeholders and business

Business and stakeholder communication

26 stakeholder communications published to the end of **December** including 60 Seconds with CEDA, Training and Development Guides, and Quarterly Economic Snapshots on the latest trends and insights.

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. These form the basis of our accountability and will be reported on six-monthly. In our reporting, additional commentary will be used to inform on the delivery and effectiveness of the full range of CEDA's activity.

Service Level Statement	Performance Measure	2023/24	Year to 31 December 2023
Support the development and growth of business and sectors of strength in the region including inward investment	Implementation of Inward Investment strategy with regional partners, through the attraction of investment to the region including key regional projects	Te Utanganui implementation through 10 advocacy engagements and identification of 6 potential investment opportunities	6 advocacy engagements year to date; Napier Port, KiwiRail (3), Taituarā regional chapter of Local Government New Zealand, and the New Zealand British High Commission. There were 3 potential investment opportunities identified, in the finance industry, infrastructure and construction sector and airfreight.
		Support implementation of the Manawātū Food Strategy through delivery of 3 outcomes that relate to the strategic priorities identified	Manawātū Regional Food Strategy development completed and launched on 13 th December. An implementation plan is confirmed with CEDA lead on 2 initiatives; BOMA E-Tipu conference, and promotion of local food culture, and in support of 2 other partner initiatives.
		4 leads/activities linked to other investment opportunities or promoting the region for investment	10 new additional investment leads identified in the year to December 2023 (excluding Te Utanganui as above), 8 active; finance sector (2), renewable energy, solar energy, hotel, serviced offices, vacant industrial building, and primary sector.
	Development of priority sectors through targeted business development and retention initiatives	Facilitate implementation of the Destination Management Plan through delivery of 3 activities or initiatives	3 initiatives completed to date; Tourism New Zealand Trade Ready visit, Gardens Cluster pilot project, and Manawātū Scenic Route enhancement.
		Deliver 6 sector development initiatives to support the regions sectors of strength	3 initiatives underway; Sustainable is Attainable proposal project, Accommodation Sector Capability and Enhancement project, AgriTourism Accelerator Cohort I completion and planning for Cohort II underway
		400 engagements with businesses including support of Business, Attraction, Retention and Expansion in the region, and including 320 businesses actively engaged through the Regional Business Partner Programme.	308 total businesses engagements year to date; including 154 businesses actively engaged through the Regional Business Partner Programme.

		Partner with key stakeholders including Sprout Agritech, The Factory and Callaghan Innovation to deliver 6 start-up and innovation activities or initiatives	2 innovation and start up activities completed year to date; Sprout Agritech Accelerator Cohort XI, with planning underway for Cohort XII, and The Factory Start Up 101 Investment Ready Programme completed. 61 unique businesses supported through Callaghan Innovation with 41 Grant Applications accepted with grants issued to a value of \$925K.
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 and skills through an integrated approach.	Develop 4 success stories and business profiles to showcase successes in attraction and retention of talent	2 business profiles underway for the distribution and logistics and primary sectors with three video stories on various career paths and types within the logistics sector produced year to date.
		Deliver 3 talent and skills initiatives to support industry in the region	Planning underway for Summer of Tech project, and Massey Business School collaboration
		Deliver 2 initiatives that support youth into employment	Planning underway for a follow up Accelerate Academy with Ministry of Education and Manatū Hauora Ministry of Health, and the New Zealand Careers Expo to be held in May 2024.
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	5 content pieces targeting key audiences to support growing the profile and narrative of the city and region, leveraging the Regional Identity	5 content pieces created; 'Taste the Globe from Manawatū' feature, 2 features on a regional visitor attraction, a Q&A with a new start up business, and a story on the benefits of Manawatū's business networks.
		20 direct media features published profiling the region, with a reach of more than 1.5 million**	19 direct media features published with a reach of 144,426,658.
	Grow engagement on regional web and digital platforms for increased promotion of and information on the region	180,000 'sessions on ManawatuNZ for the year, and a 3% increase in social media engagement	124,319 website sessions on ManawatuNZ.co.nz year to date, with a 1.35% increase in social media followers to 30,859.
Develop strategic partner relationships, leveraging opportunities	Grow and foster relationships with Māori, iwi and hapu in the region	Deliver 3 initiatives to support iwi engagement including support of iwi led projects	Providing ongoing support of 2 iwi led projects being the Rangitāne o Manawatū Māori Tourism Strategy and He Ara Kotahi, Hei Ara Kōrero stories of the Manawatū Awa (river).
	Build on relationships with shareholders, central government agencies, and regional stakeholders	10 Partnership and funding agreements in place.	14 agreements in place; Manawatū Business Chamber, UCOL Te Pukenga, Ministry of Business, Innovation and Employment, Ministry for Culture and Heritage, Whanganui & Partners, Te Manu Atatū,

		Completion of an independent Customer Satisfaction survey with key insights shared with Shareholders	Business Mentors New Zealand, CentrePort, Napier Port, Sprout Agritech, The Factory, Rangitāne o Manawātū, New Zealand Careers Expo, BOMA E-Tipu. Customer satisfaction survey to be completed in June 2024.
Data and insights communications on the performance of the region's economy	Economic impact information regularly communicated to stakeholders and business	50 communications to key sectors and businesses in the region including economic updates	26 communications sent, including Quarterly Economic Snapshots, Training and Development Guides, and 60 Seconds with CEDA.

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

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	2024	2025	2026	Regional target*
Change in total number of jobs (employees and self-employed)	1.9% increase	1.9% increase	1.9% increase	1.9% average annual increase over three years
Change in average salaries and wages	2.6% increase	2.6% increase	2.6% increase	2.6% pa increase
Change in total earnings (salaries, wages, and self-employment income)	3.7% increase	3.7% increase	3.7% increase	3.7% pa increase, average annual increase of \$104 million
Change in total GDP	1.8% GDP	1.8% GDP	1.8% GDP	1.8% average annual increase in total GDP
Change in per capita GDP	0.6% per capita	0.6% per capita	0.6% per capita	0.6% average annual increase in per capita GDP
Estimated population change	1,350 increase	1,350 increase	1,350 increase	1,350 population increase pa, 1.2% average increase
65 years and over population (for demographic monitoring)	530 increase	530 increase	530 increase	Estimated 530 population increase pa, 3.3% pa.
Electronic card spending by visitors in Manawātū region	5.7% increase	5.7% increase	5.7% increase	5.7% pa increase, average annual increase of \$22 million
Number of guest nights in Manawātū region	1.6% increase	1.6% increase	1.6% increase	1.6% pa increase
Change in MSD job seeker benefit recipients	1.6% decline	1.6% decline	1.6% decline	1.6% pa 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 Manawātū 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 Manawātū 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 Manawātū 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 between four and six (currently 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 Manawātū 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.

Purpose of the Half Yearly Report

This Half Yearly 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 2023-24 financial year.

Tutukinga Ahumoni Financial Performance

Central Economic Development Agency Limited Group Statement of Comprehensive Revenue & Expenses

For the 6 Months to December

Account	Notes	Jul-Dec 2023 (Unaudited)	Jul-Dec 2022 (Audited)	30 Jun 2024 (Budget)	30 Jun 2023 (Audited)
Revenue					
Council Funding	4	1,317,427	1,268,101	2,645,261	2,536,201
Other Services Revenue		745,589	894,269	930,887	1,602,255
Project Revenue		0	375,000	0	660,000
Total Revenue		2,063,016	2,537,370	3,576,148	4,798,456
Cost of Sales					
Other Services Expenses		402,335	1,024,454	1,065,511	2,160,488
Project Expenses		1,254	2,102	0	3,191
Total Cost of Sales		403,589	1,026,556	1,065,511	2,163,679
Gross Surplus (Deficit)		1,659,427	1,510,814	2,510,637	2,634,777
Other Revenue					
Interest Revenue		30,591	29,121	10,000	72,471
Sundry Revenue		0	0	0	241
Total Other Revenue		30,591	29,121	10,000	72,712
Expenses					
Depreciation		1,948	1,890	3,900	4,035
Directors' Fees		90,000	87,917	180,000	174,288
Employee Expense	5	727,359	632,413	1,594,538	1,276,488
Financing Expenses		0	0	200	0
Other Operating Expenses	6	712,598	623,127	820,610	1,237,489

Total Expenses	1,531,905	1,345,348	2,599,248	2,692,299
Surplus (Deficit) before Taxation	158,114	194,587	(78,611)	15,190
Taxation				
Income Tax Expense	7	0	0	(0)
Total Taxation	0	0	0	(0)
Surplus (Deficit) after Taxation	158,114	194,587	(78,611)	15,190

Account	Jul-Dec 2023 (Unaudited)	Jul-Dec 2022 (Audited)	30 Jun 2024 (Budget)	30 Jun 2023 (Audited)
Other comprehensive revenue and expense				
Items that could be reclassified to surplus (deficit)	0	0	0	0
Total Other comprehensive revenue and expense	0	0	0	0
Total comprehensive revenue and expense				
Total comprehensive revenue and expense	158,114	194,587	(78,611)	15,190
Total comprehensive revenue and expense attributable to:				
Palmerston North City Council	79,057	97,294	(39,306)	7,595
Manawatu District Council	79,057	97,294	(39,306)	7,595
Total comprehensive revenue and expenses	158,114	194,587	(78,611)	15,190

The accompanying accounting policies and notes form part of and are to be read in conjunction with these financial statements.
Variations on comparatives from the previous Half Yearly Report, December 2022 are due to adjustments as part of the year end process.

Central Economic Development Agency Limited Group Statement of Financial Position

As at 31 December

Account	Notes	31 Dec 2023 (Unaudited)	31 Dec 2022 (Audited)	30 June 2024 (Budget)	30 Jun 2023 (Audited)
Assets					
Current Assets					
Cash and Cash Equivalents	8	944,391	1,783,520	810,717	1,852,199
Receivables and Accruals	9	41,077	536,556	57,106	111,628
Prepayments		41,204	30,604	1,400	2,901
Total Current Assets		1,026,672	2,350,680	869,223	1,966,728
Non-Current Assets					
Property, Plant and Equipment	10	24,055	28,146	22,104	26,002
Total Non-Current Assets		24,055	28,146	22,104	26,002
Total Assets		1,050,726	2,378,827	891,327	1,992,730
Liabilities					
Current Liabilities					
Payables and Deferred Revenue	11	214,825	1,529,487	133,947	1,321,573
Employee Entitlements		92,708	84,864	92,935	86,079
Total Current Liabilities		307,534	1,614,351	226,882	1,407,651
Total Liabilities		307,534	1,614,351	226,882	1,407,651
Net Assets		743,192	764,475	664,445	585,079
Equity					
Contributed Capital	12	1,000	1,000	1,000	1,000
Retained Earnings		742,192	763,475	663,445	584,079
Total Equity		743,192	764,475	664,445	585,079

The accompanying accounting policies and notes form part of and are to be read in conjunction with these financial statements.
Variations on comparatives from the previous Half Yearly Report, December 2022 are due to adjustments as part of the year end process.

Central Economic Development Agency Limited Group Statement of Changes in Equity

For the 6 Months to December

Account	Jul-Dec 2023 (Unaudited)	Jul-Dec 2022 (Audited)	30 June 2024 (Budget)	30 Jun 2023 (Audited)
Equity				
Opening Balance	585,079	569,889	743,056	569,889
Increases				
Total comprehensive revenue and expense for the period	158,114	194,587	(78,611)	15,190
Total Increases	158,114	194,587	(78,611)	15,190
Total Equity	743,192	764,475	664,445	585,079
Total comprehensive revenue and expense attributable to:				
Palmerston North City Council	79,057	97,294	(39,306)	7,595
Manawatu District Council	79,057	97,294	(39,306)	7,595
Total comprehensive revenue and expense	158,114	194,587	(78,611)	15,190

The accompanying accounting policies and notes form part of and are to be read in conjunction with these financial statements.
Variations on comparatives from the previous Half Yearly Report, December 2022 are due to adjustments as part of the year end process.

Central Economic Development Agency Limited Group Statement of Cash Flows

For the 6 Months to December

Account	Jul-Dec 2023 (Unaudited)	Jul-Dec 2022 (Audited)	30 June 2024 (Budget)	30 Jun 2023 (Audited)
Cash Flows from Operating Activities				
Receipts of council funding	1,317,427	1,213,463	3,041,008	2,536,201
Interest received	22,583	19,479	10,000	52,382
Receipts from other operating activities	263,956	1,012,345	633,432	1,830,310
Income tax refunded/(paid)	0	0	0	4,193
GST	(743)	(63,285)	(166,100)	19,124
Finance costs	0	0	(200)	0
Payments to suppliers and employees	(2,511,031)	(2,434,155)	(3,952,524)	(4,625,684)
Total Cash Flows from Operating Activities	(907,808)	(252,153)	(434,384)	(183,475)
Cash Flows from Investing Activities				
Payment for property, plant and equipment	0	(3,381)	0	(3,381)
Total Cash Flows from Investing Activities	0	(3,381)	0	(3,381)
Net Cash Flows	(907,808)	(255,534)	(434,384)	(186,856)
Cash Balances				
Cash and cash equivalents at beginning of period	1,852,199	2,03,054	1,245,112	2,039,054
Cash and cash equivalents at end of period	944,391	1,783,520	810,728	1,852,199
Net change in cash for period	(907,808)	(255,534)	(434,384)	(186,856)

The accompanying accounting policies and notes form part of and are to be read in conjunction with these financial statements.
Variations on comparatives from the previous Half Yearly Report, December 2022 are due to adjustments as part of the year end process.

Notes to Accounts

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 Manawātū 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 6 months ended 31 December 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. New group standards have been applied but have resulted in no impact to the financial statements.

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.

Inventories

Inventories held for use in the provision of goods and services on a commercial basis are valued at the lower of cost and net realisable value.

The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in the surplus (deficit) in the period of the write-down.

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 used	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 11.

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 Manawātū Trust. The consolidation of the Events Manawātū 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	Jul-Dec 2023	Jul-Dec 2022
4. Council Funding		
Palmerston North City Council	(979,764)	(940,273)
Manawatu District Council	(337,663)	(327,828)
Total Council Funding	(1,317,427)	(1,268,101)

Project income, as disclosed in the Statement of Comprehensive Revenue and Expense, includes income from Council's specifically received for project or other services delivery. This income is not included in Council Funding income.

Council Funding included in Project Revenue

Palmerston North City Council	0	0
Manawatu District Council	0	0
Total Council Funding in Project Revenue	0	0

Critical judgements in applying accounting policies - funding received
CEDA must exercise judgement when recognising project or specific programme revenue to determine when conditions of the funding contract have been satisfied. As at 31 December 2023 35,341 (2022:1,203,175) has been recognised as a liability as the conditions attached to the receipt of this funding have not yet been met.

Account	Jul-Dec 2023	Jul-Dec 2022
5. Employee Expenses		
Salaries and wages	700,281	613,706
Employer contribution to Kiwisaver	20,448	16,604
Movement in employee entitlements	6,630	2,103
Total Employee Expenses	727,359	632,413
6. Other Operating Expenses		
Fees to Grant Thornton Audit New Zealand for the audit of the financial statements	21,901	14,500
Other operating expenses	241,385	219,102
Total Other Operating Expenses	263,286	233,602
7. Income Tax Expense		
Net Profit (Loss) Before Tax	158,114	194,587
Tax at 28%	44,272	54,484
Plus (less) tax effect of:		
Non deductible expenditure	0	0
Non-taxable income	0	0
Tax loss not recognised (recognised)	(44,272)	(54,484)
Deferred tax adjustment	0	0
Tax expense	(0)	0
Components of tax expense		
Current year	0	0
Deferred tax	0	0
Total Deductions from Tax Payable	0	0

Account	Jul-Dec 2023	Jul-Dec 2022
8. Cash and Cash equivalents		
CEDA Current Account	43,391	132,520
CEDA Money Market Account	900,000	1,650,000
CEDA Trust Account	1,000	1,000
Total Cash and Cash equivalents	944,391	1,783,520
9. Receivables and Accruals		
Accounts Receivable	875	516,789
Less: Provision for impairment	0	0
Provisional tax paid	28,201	11,728
Accrued Interest	0	2,210
Funding Accruals	12,000	0
Total Receivables and Accruals	41,077	530,728
Total Receivables and Accruals Comprise		
Receivables from exchange transactions	0	2,307
Receivables from non-exchange transactions	41,077	528,421
Total Total Receivables and Accruals Comprise	41,077	530,728

10. Property, Plant & Equipment

	Opening Value	Accum Dep	Carrying Amount	Additions	Disposals	Depn	Closing Value	Accum Depn	Carrying Amount
Leasehold Improvements	13,049	(8,614)	4,435	0	0	(222)	13,049	(8,836)	4,213
Office Furniture & Equipment	74,435	(54,176)	20,259	0	0	(1,530)	74,435	(55,706)	18,729
Vehicles	19,382	(18,074)	1,308	0	0	(196)	19,382	(18,270)	1,112
Total	106,866	(80,864)	26,002	0	0	(1,948)	106,866	(82,812)	24,055

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.

Account	Jul-Dec 2023	Jul-Dec 2022
11. Payables and Deferred Income		
Accruals General	24,841	35,718
Accounts Payable	114,724	284,548
Funding in Advance	35,341	809,087
Funding in Advance - Sector Development	0	394,088
GST	32,147	(5,828)
Credit Cards	7,773	6,045
Total Payables and Deferred Income	214,825	1,523,659

Total Payables and Deferred Income Comprise

Payables under exchange transactions	146,225	316,012
Payables under non-exchange transactions	68,600	1,207,647
Total Payables and Deferred Income Comprise	214,825	1,523,659

12. Equity

Share Capital		
Opening Balance	1,000	1,000
Total Share Capital	1,000	1,000
Retained Earnings		
Opening Balance	584,079	568,889
Current Year Earnings	158,114	194,587
Total Retained Earnings	742,192	763,475
Total Equity	743,192	764,475

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

Directors	2023	2022
Remuneration	90,000	87,917
Full-time equivalent members	6	6

Due to the difficulty in determining the full time equivalent for Directors the full time equivalent figure is taken as the number of Directors.

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 Manawatu 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 than those that it is reasonable to expect CEDA and the group would have adopted in dealing with the party at arm's length in the same circumstances.

Account	Jul-Dec 2023	Jul-Dec 2022
15. Financial Instruments		
Financial Assets		
Loans and Receivables		
Accounts Receivable	875	516,789
Accrued Interest	0	2,210
Cash and cash equivalents	944,391	1,783,520
Funding Accruals	12,000	0
Total Loans and Receivables	957,266	2,302,520
Total Financial Assets	957,266	2,302,520
Financial Liabilities		
Financial Liabilities at amortised cost		
Payables	(159,905)	(316,071)
Total Financial Liabilities at amortised cost	(159,905)	(316,071)
Total Financial Liabilities	(159,905)	(316,071)

16. Operating leases as lessee

The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:

Account	Jul-Dec 2023	Jul-Dec 2022
Operating leases as lessee		
Not later than one year	154,237	160,476
Later than one year and not later than five years	202,820	85,019
Later than five years	0	0
Total non-cancellable operating leases	357,057	245,495

The office space located at Level 1, TSB Towers, 1-19 Fitzherbert Avenue, Palmerston North will cease as of 30 June 2024. A new sub lease is to commence for an office space located at Level 1, 5 Broadway Ave for a term of three years and Five months, to 30 June 2027. This disclosure has included lease payments up to the end of the term of both leases.

17. Events after balance date

There are no significant events after balance date.

Ō Mātou Hoa Mahi Tahī **Our Partner Organisations**

Local

Central Skills Hub
 Feilding and District Promotion
 FoodHQ
 IPU New Zealand
 Lamberts
 ManawaTech
 Manawātū Business Chamber
 Manawātū District Council
 Manawātū Young Chamber
 Manawātū Young Professionals Network
 Manfeild
 Massey University Te Kunenga ki Pūrehuroa
 National Driver Training Centre
 Network of Skilled Migrants Manawātū
 Palmerston North City Council
 Palmerston North Airport
 Palmy BID
 Poutama Trust
 Rangitāne o Manawātū
 Regional Schools
 Sport Manawātū
 Sprout Agritech
 Talent Central
 Te Au Pakihi
 Te Manawa
 The Factory
 UCOL | Te Pūkenga
 Venues and Events Palmerston North
 Welcoming Communities

Regional

Accelerate25
 Business Central and Export NZ
 Horizons Regional Council
 Horowhenua District Council
 MidCentral Health | Te Pae Hauora o Ruahine o Taranaki
 Regional Skills Leadership Group Manawātū-Whanganui
 Rangitīkei District Council
 Ruapehu District Council
 Taranaki District Council
 Te Manu Atātū
 The Horowhenua Company
 Te Utanganui partners, Kiwirail, Centreport and Napier Ports
 Venture Taranaki
 Whanganui and Partners
 Whanganui Chamber of Commerce

National

AgResearch
 Agritech NZ
 Air New Zealand
 Business Mentors New Zealand
 Callaghan Innovation
 Department of Internal Affairs | Te Tari Taiwhenua
 Economic Development New Zealand
 Immigration New Zealand
 Ministry of Business, Innovation and Employment | Hīkina Whakatutuki
 Ministry of Culture and Heritage | Manatū Taonga
 Ministry of Education | Te Tāhuhu o te Māturanga
 New Zealand Careers Expo
 New Zealand Motor Caravan Association
 New Zealand Trade and Enterprise | Te Taurapa Tuhono
 Regional Tourism Organisations New Zealand
 Te Whatu Ora | Health New Zealand
 Tourism Industry Aotearoa
 Tourism New Zealand
 Waka Kotahi New Zealand Transport Agency
 Workforce Development Councils



22 December 2023

Bobbie O'Fee
Chair
Central Economic Development Agency Ltd
Level 1/1-19 Fitzherbert Avenue
PALMERSTON NORTH 4410

Dear Bobbie,

CEDA Statement of Expectations 2024/25 to 2026/27 (2024/34 Long Term Plan)

This Statement of Expectations (SOE) covers the period 1 July 2024 to 30 June 2027, which is years 1-3 of the Shareholders' 2024/34 Long Term Plan. Amendments to the Statement of Expectations may be sought during this period.

The purpose of this SOE is to provide CEDA with the Shareholders' focus and priorities for delivery, against its purpose of driving and facilitating the creation and growth of economic wealth in the Manawatū region and beyond.

When working beyond the Manawatū, there must be a causal link of the outcomes or benefits back to the Manawatū region based on the core functions and measures of success outlined below.

It is also expected that CEDA will use this SOE to guide the development of an annual Statement of Intent (SOI) for 2024/25, 2025/26 and 2026/27.

Strategic Relationships

Taking a leadership position and building strategic relationships in the Manawatū region and beyond, is fundamental for CEDA to achieve its purpose. CEDA must be relationship-driven at all levels and we appreciate your commitment to this. From our perspective (both as shareholders and partners), this means CEDA developing a deep understanding of the roles of its strategic partner organisations, what their priorities and strengths are, and how CEDA can add value to the relationship (and vice versa) to achieve better economic outcomes for the region.

CEDA formalising these strategic relationships, is important to us as shareholders, to ensure we have cohesion in the region around economic development activities. We would like this to be driven further by CEDA through mutually agreed partnership agreements or similar, to ensure everyone is on the same page and provide the basis for a consistent and collective approach with measurable outcomes.

Ongoing review of the existing strategic partnership agreements already in place is expected.

The shareholders have identified the following key partners for CEDA: Palmerston North City Council, Manawatū District Council, Horizons Regional Council, Iwi, Manawatū Chamber of Commerce, NZ Defence Force, Federated Farmers, Accelerate 25, KiwiRail, FoodHQ, Massey University, The Factory, Palmy BID, Feilding & District Promotions, and key Government agencies.

The Shareholders and CEDA will continue to work together to update the existing list of strategic partners.

Key Agreed Functions and Outcomes

We understand that to be effective, CEDA must be able to focus on key outcomes within a well-defined mandate. We also recognize this is a challenge given there can be differing stakeholder expectations.

This means CEDA focusing on the delivery of its core functions and outcomes in:

- Stimulate inward investment (both national and international), retention and expansion of business in the Manawatū region.
- Developing a talent pipeline.
- Support domestic visitation and tourism.

Top priorities are:

- Te Utanganui, Central New Zealand Distribution Hub.
- Strategic oversight and coordination of the Manawatū Food Strategy.
- Promotion and development of key tourism and visitor destinations.
- Inward investment in the Feilding town centre and Palmerston North city centre.

Action plans to deliver on these core functions should identify KPIs based on clear intervention logic. The SOI should include specific KPIs for the new top priority regarding inward investment in the Feilding town centre and Palmerston North city centre.

It is expected that CEDA will work very closely with key stakeholders of the regions strengths of food production and research, distribution and logistics, defence, health, visitor, education (domestic and international), digital and technology, and a growing Māori economy.

CEDA is expected to scan for new opportunities, whether or not it is a key strength, where this can benefit the region.

CEDA's success will be measured by the shareholders using the following indicators of the health of the regional economy:

- Job growth.
- Increase in median household income.
- Number of investment leads and deals secured.
- Strength of the relationship with strategic partners.

The Shareholders acknowledge that the first two measures are not directly under CEDA's control. Significant changes in international and national economic factors will be taken into account when the Shareholders measure CEDA's performance.

Understanding the strategic drivers of the Shareholders and aligning CEDA's core functions to those drivers is critical to the partnership between the Councils and CEDA.

The Shareholders have a key role in setting the economic environment for business to flourish and CEDA acts on the Councils behalf in facilitating opportunities for improved economic outcomes. CEDA is the Councils' agency for the delivery of economic development across the region.

Therefore, it is expected that CEDA will engage with the Councils in the development and implementation of their strategies and plans. These strategies and plans are expected to demonstrate active engagement with other strategic partners in their development.

The Councils are obliged to ensure that our services are delivered effectively and efficiently. As a Council-Controlled Organisation (CCO), this expectation extends to CEDA. The Shareholders require CEDA to provide an activity-based budget so the Councils can effectively communicate levels of service and value for money to their ratepayers. In addition, there are many opportunities where shared resourcing, expertise and services should be explored and we would like to discuss these opportunities from both a short-term and long-term perspective.

To ensure the Shareholders and CEDA are on the same page, the focus, scope of activity, and priorities will be set through the Statement of Intent (SOI), and delivery managed through any relationship agreement that is put in place.

The Shareholders expect that where CEDA is marketing the Manawatū region and this requires differentiating between the Manawatu, Feilding and Palmerston North, that this will continue to be delivered by CEDA in close collaboration with both Shareholders.

The Shareholders would like to continue the bi-monthly team meeting between the Mayors, Council CE's and relationship managers with the CEDA Chair and CE.

The Shareholders will invite CEDA to formally report to each Shareholder twice per year, being the 6-month report and Annual Report.

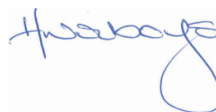
CEDA will host two informal meetings with the Shareholders together to share progress on key priorities and connect outside of the formal reporting processes.

We look forward to working with CEDA to develop an economic development model that successfully delivers. We thank the Board, CEDA CE, and CEDA staff for their continued commitment to economic growth in the Manawatū region.

Yours sincerely



Grant Smith
Mayor
PALMERSTON NORTH CITY COUNCIL



Helen Worboys
Mayor
MANAWATŪ DISTRICT COUNCIL

Te Tauākī Takune Statement of Intent

2024-25

1 March 2023

Te Tauākī Takune

Statement of Intent

2024–25

Rārangitanga Umanga

Company Directory

Central Economic Development Agency Limited

Level 1, 5 Broadway Avenue
Palmerston North 4410
Phone: 06 350 1830
Website: CEDA.nz

Chief Executive

Jeremy Shearman

Directors

Robyn O'Fee (Bobbie) (Chairperson)
Paul Bayly
Margharita Mare (Margy)
David Norman
Robbie Pickford
Katie Brosnahan

Registered Office

Morrison Creed Advisory
236 Broadway Avenue
Palmerston North 4410

Bankers

Westpac New Zealand Limited

Auditors

Grant Thornton Audit New Zealand 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 Manawātū District Council (50%) CEDA is a Council Controlled Organisation as defined in section 6 of the Local Government Act 2002.

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Kupu Takamua

Foreword

Tēnā koutou katoa

We are pleased to present our Statement of Intent for 2024-25.

In the ever-evolving landscape of economic growth and development, the Manawātū region has remained steadfast in its progress, innovation, and resilience. While the past year has brought both challenges and opportunities, Manawātū has not only weathered the storm but emerged in a strong position setting us up well for the coming years.

Our 2024-25 statement of Intent continues CEDA's focus on priority projects, our regional tourism function, ensuring that we are positioned to respond to emerging and future economic opportunities, and business support. As the regional economic development agency, we work to attract new businesses to the region, showcase Manawātū to attract more talent, investment, and visitors to our region, and support and grow existing businesses. Our key priorities for the year remain Te Utanganui – The Central New Zealand Distribution Hub, implementing the recently completed Manawātū Regional Food Strategy, and progressing key projects outlined in Manawātū 2032 – Manawātū's Destination Management Plan.

Te Utanganui is a classic 'growth pole' economic development activity that will see medium and long term economic, social and environmental benefits for the region and Aotearoa for decades to come and plays a key role in the New Zealand freight and supply chain solution. Over 50 businesses already call Te Utanganui home, and this is growing. Key to that growth is advancing strategic infrastructure projects including the planned Regional Freight Hub at Bunnythorpe and progressing the Regional

Freight Ring Road to complement existing infrastructure, unlock central government investment and attract more business and investment into the region.

The Manawātū Regional Food Strategy was launched in late 2023 and will progress through the upcoming year as we focus on the implementation of key outcomes. The success of this strategy will be linked to strong relationships with industry, iwi, and key partners through the multi-stakeholder action plan which focuses on the key theme of sustainable nutrition.

Implementing the Manawātū Destination Management Plan continues to be a focus for CEDA as we look to grow and broaden the experiences visitors to the region can access. The plan is a shared vision for the region, and we look forward to facilitating and driving its implementation, working with partners, shareholders and industry to support the development of the opportunities identified within the plan.

The nature of economic development requires collaboration and partnerships, something which CEDA continues to prioritise and develop. We'd like to acknowledge the support and collaboration we have from our key partners including Rangitāne o Manawātū, Ngāti Kauwhata, Ngāti Raukawa, The Factory, Sprout Agritech, Manawātū Business Chamber, Feilding and District Promotion, Massey University, UCOL | Te Pūkenga, and IPU. These organisations share our passion for and commitment to the region, and it is through these partnerships that we can work together to foster innovation, attract investment and talent, facilitate business growth, and bring people and visitors to our slice of Aotearoa. Added to this, the connectivity and support amongst our businesses and stakeholder community,

and the passion and resilience that defines the people of Manawātū continues to position our region for success.

Our continued connection with national organisations such as Air New Zealand, KiwiRail, Waka Kotahi, Tourism New Zealand and Regional Tourism New Zealand, and the Ministry of Business, Innovation and Employment enables a national view across to our work and supports bringing opportunities to, and advocacy for, our region.

We look forward to the next 12 months with our refreshed vision well embedded, and a high performing CEDA team in place. We are confident that our work will continue to position Manawātū well for economic growth as we contribute to the New Zealand Inc story.

I'd like to thank our shareholders, the CEDA board and team, iwi, partners, and stakeholders for their ongoing support for CEDA's vision for the region. Our success is evidenced by the progress and achievements of the regions businesses that continue to feed our economic performance and we are grateful to have that support.

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

Ngā mihi nui ki a koutou katoua,



Bobbie O'Fee
Heamana Chairperson

Ngā Take o te Tauākī Takune Purpose of the Statement of Intent

This Statement of Intent 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 annual Statement of Intent publicly states the activities and intentions of CEDA for the next three years, and the objectives to which those activities will contribute.

This Statement of Intent takes the shareholder Statement of Expectations comments into consideration and includes performance measures and targets as the basis of organisational accountability, through the [Statement of Service Performance](#), and [financial forecasting](#).

Ngā Tohu Aroturuki Monitoring Indicators

In addition to CEDAs performance measures, the shareholders have identified a further set of monitoring indicators. These indicators reflect regional outcomes 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. CEDAs shareholder councils have the responsibility to report on these indicators.

As per the 2024-2027 Statement of Expectations from the shareholders have identified the following additional monitoring indicators:

- Job growth
- Increase in median household income

These are represented by the following economic data collated by Palmerston North City Council, and will be reported in CEDAs Annual Report:

- Change in total number of jobs
- Change in median salaries and wages
- Change in total earnings (salaries, wages and self-employed income)

Two further indicators as detailed in the Statement of Expectations are reported through CEDAs Statement of Service Performance each year.

- Number of investment leads and deals secured
- Strength of the relationship with strategic partners (reported biennially)

Other indicators that we will report on in CEDAs Annual Report include:

- Change in total GDP
- GDP per capita
- Electronic card spending by visitors in Manawātū region
- Number of guest nights in Manawātū region

Tā Mātou Matawhānui

Our Vision

Manawatū 2030

Ko te rohe tino ahu whakamua o Aotearoa

New Zealand's most
progressive region

Our vision is purposely bold, and it encompasses the aspirations of both our shareholder Councils. It requires our region to be ambitious, proactive, and future focused, and to be adaptable to the fast-moving economic landscape we face. We believe that Manawatū has strong leadership and the ingredients to position itself on the national stage - a vibrant and innovative region that will be first choice for talent, business, visitors, and investment.

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



Manawatū is renowned for its exceptional lifestyle, competitive advantages, and is a magnet for investment, business, talent and visitors



Manawatū is a world leading agrihub



Manawatū is a leading distribution hub, and leverages off its role in central New Zealand

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

Ā Mātou Whāinga Rautaki

Our Strategic Objectives

Te Whakatutuki i te Matawhānui

Achieving our vision

CEDA works across the three strategic pillars of economic development; Business, People, and Place, 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 Manawātū district.

These key objectives guide the development of our short and medium-term programmes of work as articulated through this Statement of Intent for 2024-25.

When considering how to prioritise our efforts, based on our current resources and functions, and guided by our intervention logic, 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 Mahi What We Do

7 CEDA
TE TAUĀKI TAKUNE STATEMENT OF INTENT
1 MARCH 2024




Tā Mātou Mahere Arorau

Our Intervention Logic

CEDA operates within a simplified intervention logic that shows the connection between the programmes of work and activities undertaken, and the desired outcomes for the region. This is supported by key

performance indicators in the Statement of Service Performance table, project deliverables, and through the measurement of stakeholder and client satisfaction. Together these form the basis of CEDA's accountability

and performance reporting. Long-term regional outcomes are also monitored through regional monitoring indicators measured by CEDA's shareholders.

VISION Manawatū 2030; Ko te rohe tino ahu whakamua o Aotearoa New Zealand’s most progressive region			
GOALS			
 Manawatū is renowned for its exceptional lifestyle, competitive advantages, and is a magnet for investment, business, talent and visitors		 Manawatū is a world leading agrihub	
		 Manawatū is a leading distribution hub, and leverages off its role in central New Zealand	
STRATEGIC PILLARS	Business	People	Place
STATEMENT OF INTENT OUTCOMES	Attract, retain, and develop, business in the region	Attract, retain, and develop talent in the region	Profile the region to attract people, business, and investment
PROJECTS/ACTIVITIES STRATEGIES	<ul style="list-style-type: none"> • Te Utanganui, the Central New Zealand Distribution Hub • Manawatū Regional Food Strategy • Destination Management Plan • Inward Investment Framework • Integrated sector development initiatives and business engagement • Business capability funding and support • Start-up and innovation support 	<ul style="list-style-type: none"> • Pathways to employment • Project and sector led workforce development • Intel and insights for central government • Success stories and business profiles • Distribution of resources and tools through our business engagements 	<ul style="list-style-type: none"> • Regional identity; featuring the region through media and partnerships • ManawatuNZ.co.nz the region's 'shop window' • Developing stories and content of our people, places and businesses • Growing social media engagement • Targeted marketing, pitching the region
Partnerships – The connections that make our region tick			
Effective Partnerships with councils, government, Māori, and business support groups are the key to successfully delivering outcomes			
STATEMENT OF INTENT OUTCOMES		PROJECTS/ACTIVITIES	
Lead inclusive and sustainable economic development for the region		Partnership agreements with key partners and iwi, Māori business and iwi led projects, Rangitāne o Manawatū Māori Tourism Strategy, He Ara Kotahi, Hei Ara Kōrero, compiling research, data and insights, and economic trends for our stakeholder and business community, reporting and legislative requirements.	

BUSINESS

Whakamaneatia, puritia, whakawhanaketia ngā pakihi me ngā haumitanga 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. This is at the forefront of CEDA's key outcomes for Manawatū. International best practice in driving inward investment requires strategic marketing, proactive targeting of carefully identified investors and intermediaries, investment facilitation to

ensure that prospects are converted into realised projects and a targeted approach to investor after-care. CEDA's work focuses on our sectors of strength including food, transport and logistics, and the visitor sector, profiling the region, developing a targeted pipeline, and removing barriers to investment.

Support the development and growth of business and sectors of strength in the region including inward investment.

Identification and Development of Investment Opportunities with regional partners to support attraction of investment to the region, leveraging key regional projects.

Te Utanganui, the Central New Zealand Distribution Hub

The central location of the region, and the growth of Te Utanganui to more than 50 businesses, further underpins Manawatū's strengths and opportunities for investment from both the private and public sector. The district and the city have both identified significant areas for growth in distribution and logistics with the development of Te Utanganui confirming Manawatū as the third node of distribution in New Zealand's national freight network providing significant economic growth opportunities for the region.

The strategy for Te Utanganui builds on the region's comparative advantages to increase distribution capabilities and freight volumes, significantly contributing to economic growth of the region. CEDA's role is championing and driving this project, with a focus on attracting and facilitating investment, supporting growth in precincts such as the Kawakawa Road industrial development in the district for potential investment, advocacy and profile of the opportunity and benefits, including to central government, and enhancing regional, business and inter-regional collaboration for the benefit of the central North Island and the national freight network.

Manawatū Regional Food Strategy

At the heart of our Manawatū Regional Food Strategy that was launched in December 2023 is the way we work together to create a secure and resilient food system that nurtures the entire community's wellbeing, empowering producers, and fostering sustainable food systems. From our depth of science and innovation, through to on farm expertise, Manawatū will continue to play a significant role in the evolving food story for Aotearoa New Zealand.

The strategy has a core unifying concept of **Sustainable Nutrition**. This was identified through extensive interviews of key sector stakeholders, partners, and through desktop reviews of key documents and data. Sustainable Nutrition, in the context of this strategy, means fulfilling the needs of current generations while enhancing the ability for future generations to continue meeting their needs from the field to the consumer.

Inward Investment Opportunities

As identified by the Manawatū Destination Management plan CEDA will continue to lead the positioning of Manawatū as a strategic investment location, with a new focus on the Feilding town centre and the Palmerston North city centre. This focus will initially be in relation to hotels, serviced accommodation, office space or retail opportunities with this work to be initially defined and scoped through engagement with our shareholder councils, and also supported through relationships with real estate agencies and commercial property developers. Further opportunities as identified for Te Apiti – Manawatū Gorge will continue to be a priority.

We will support regional stakeholders committed to seeing growth in the regional economy and will seek further inward investment opportunities or act on leads provided to us.

BUSINESS

Development of priority sectors through targeted business development, retention initiatives, and innovation partnerships.

Sector Development

Through CEDAs business engagement programmes of work we will look to support identified opportunities for growth focusing on the regions sectors of strength. As a priority, but not exclusively, we will lead out and align our initiatives to key regional strengths and strategies including Te Utanganui, Manawatū Regional Food Strategy, and the Manawatū Destination Management Plan, working closely with the sector s and industries to support and deliver on outcomes.

We will have an integrated approach with our work in the development of the talent and skills pipeline to support the future proofing of our businesses and these key sectors for the region.

Additionally, we will continue to work closely with visitor sector operators to help stimulate growth in the visitor economy and provide quality experiences for visitors and residents alike, including through The Country Road programme. This work will be closely integrated in the way we profile the Manawatū, through our role as the Regional Tourism Organisation for Palmerston North city and Manawatū, to ensure this enhances the overall visitor experience and maximises growth for the region.

Business Attraction, Retention & Expansion Initiatives

Business attraction, retention and expansion are well established economic development tools, and are key areas of focus for any economic development agency. CEDA will continue supporting business attraction, retention, and expansion, primarily through targeted business support, tailored programmes, and supporting key projects and inward investment opportunities in the region. The delivery of the Regional Business Partner Programme and Business Mentors Programme will continue to be core components of our SME business engagement toolbox, including the sharing of our own digital tools in the Employer Workplace Hub. We will target these business support activities to businesses in growth mode, on Māori businesses and by making connections, and referrals to other key regional agencies.

We will focus our engagement on businesses across sectors of strength and by connecting with key business leaders and stakeholders. These engagements will ensure we have access to the latest insights into business sentiment, regional opportunities through connections and trends, and are able to proactively respond to and support business expansion and investment opportunities.

Supporting Innovation and Start-ups in the Region

Fueling innovation is key to fostering our competitive advantage as a region, and in creating jobs and investment opportunities. CEDA focuses on delivering on these outcomes through key partnerships with The Factory and Sprout Agritech. CEDA are also the conduit to the market for Callaghan Innovation, supporting innovation and research and development services to suit each stage of business growth.

The Factory's Pre-incubation and Incubation programmes have been designed to help potential entrepreneurs transform ideas into early stage start-up businesses. CEDA contributes to the partnership by way of funding and mentoring support to help facilitate and grow the next generation of innovators and entrepreneurs.

The Sprout Agritech Accelerator programme selects national and international start-ups and businesses to undergo an intensive mentorship process to accelerate innovation with a view to commercialising technology. This programme is a highly effective mechanism to nurture our regions innovative start-ups and to attract start-up interest in the region. As a key partner of Sprout Agritech, CEDA provides funding and support, and works with Sprout on the selection process to ensure successful outcomes for the programme and highlight the capability we have within the region.

People

Whakamaneatia, puritia, whakawhanaketia ngā iho pūmanawa 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 industry support, the attraction of those with the skills and

experience our businesses need, and the training and development of the people they already have is key. This along with an understanding of the future needs of our sectors and businesses will support the region being able to grow and prosper.

PEOPLE

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

Support the development of the regions attraction and retention of talent and skills through an integrated sector approach.

Pathways to Employment – Future Proofing the talent pipeline

CEDA will continue its work with secondary schools and employers to support transitions and pathways into employment. This will include activities that provide opportunities for rangatahi, secondary school students, and staff to engage with employers through the development of a Pathways Partnership program and the New Zealand Careers Expo, Manawatū.

To support the future proofing of our regions talent pool we will focus on key sectors of strength, and where applicable, align with key regional strategies including Te Utanganui, Manawatū Destination Management Plan and the Manawatū Regional Food Strategy. Taking a sector-based approach, CEDA will focus on talent and skills initiatives that will drive the actions for our sectors of strength in relation to talent and skills needs, integrated with our broader sector development work and support.

CEDA will play a key role in collecting and sharing regional intel and insights with key central government agencies to further ensure the future needs of the region are being met and supported.

Talent and Workplace Development – Skills of existing workforce

We will continue the development and roll out of tools to build businesses own capabilities to drive attraction, integration and retention of talent and skills in the region. We deliver these through our digital Employer and Workplace Hub on CEDA.nz and sharing through our business engagement approach.

We will continue to partner with our key tertiary education collaborators to provision for future skills needs, and ensure that key regional projects such as Te Utanganui, the Central New Zealand Distribution Hub, are supported in identifying and fulfilling the training, attraction, and retention needs to support the growth and ambitions of the region's priority investment projects.

Regional Identity to support recruitment of talent

Working with key sectors and partners, CEDA will continue to raise the profile of the Manawatū region as a compelling destination for talent attraction. This will help ensure that we are consistent as a region in how we attract potential talent to our region. We will leverage tools such as ManawatuNZ.co.nz and in some case bespoke content to support recruitment needs and really showcase the regional benefits of living and working here.

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

Profile the region to attract people, business and investment

CEDA works to profile the region to highlight our strengths, our people and our places through a shared regional identity, targeted storytelling and partnerships across our key pillars of People, Place and Business and are aligned to our core areas of work. We know that if you create a region where people want to visit, you have

created a place where people will choose to live. If you have created a place where people want to live and work, then you have created a region where businesses will want to invest, and if you have created a region where businesses want to invest, then you have a place that people will want to visit.

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.

Regional Identity

Through the regional identity and brand, CEDA will continue to raise the profile of the Manawatū region as a compelling destination for investment, business, talent, and visitors through targeted storytelling and media partnerships.

The profiling of our region is done alongside our projects and strategic plans including inward investment, destination management, visitor sector marketing, talent and skills attraction and retention, and business attraction and retention. Using key channels, and working with regional stakeholders and partners, we will work to grow the profile of our city and region and collectively showcase on our distinct and respected value proposition to build momentum and awareness of the city, district, and region.

CEDA will focus on building the awareness of Manawatū and what the region has to offer, by managing and executing on the messaging and tone, imagery, campaign work, stories, digital presence and every touch point we have going forward to ensure Manawatū is seen as a distinctive and compelling proposition.

Featuring the region through media and stories

Our work with local, national, and international media ensures a strong and consistent regional presence and rhetoric across all traditional and digital channels. CEDA will continue to leverage existing media relationships and proactively build new ones to pitch stories and features to national and local media organisations and publications to attract investment, business, visitation, and talent.

CEDA's focus on the development, sourcing and sharing of stories of the region through the lens of our people and businesses will continue to be a core focus as we work to raise awareness and profile of Manawatū. These stories will be shared with media and publications, and with our wider stakeholder community to collectively share the narrative of our people and place in a cohesive way.

The ManawatuNZ.co.nz regional website and Resource Hub will further support our partners, stakeholders, business community, and media with fresh, engaging imagery and content of the city and region to build a consistent and strong rhetoric of Manawatū's strengths, opportunities, and identity.

In our role as the Regional Tourism Organisation for Palmerston North and Manawatū, we work with key national organisations including Tourism New Zealand, Air New Zealand, Tourism Industry Aotearoa and more to ensure we are maximising our relationships and opportunities for the region while also seeking targeted opportunities for business and investment profiling, through recognised publications and channels.

PLACE

Deliver online initiatives to support the attraction of inward investment, talent and business to the region.

CEDA's marketing initiatives and campaigns are designed to support our key pillars of People, Place and Business and are aligned to our core areas of work. Whether it be a talent campaign, investment prospectus, or a seasonal marketing initiative to drive visitation, there is a clear link between all of these areas. A coordinated approach to showcasing the strengths of our region, telling the stories of our people and places, and profiling our successes is key to building a strong reputation as a city and region.

Reputation and profiling of the region

Profiling the regions competitive lifestyle advantages and career opportunities through the sharing and ongoing development of tools, content, and targeted marketing initiatives, CEDA will support the regions business community to collectively showcase our regions offerings and opportunities.

Through targeted initiatives, CEDA will seek to drive visitation and increase the spend and stay of our visitor markets, leveraging events particularly where regional businesses benefit, such as gardens.

Aligned to our investment pipeline and engagement, collateral will be developed to sell our region, including the right data and insights to present to potential and existing investors and businesses looking to expand. These pitches rely on consistent key messaging that highlight our strengths and opportunities to effectively position our region and profile.

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1 MARCH 2024

Grow engagement on regional website for increased awareness of, and information on the region.

ManawatuNZ.co.nz and social media

Underpinning all of CEDA's marketing activity to profile the region is our digital platforms. The regional website ManawatuNZ.co.nz is the shop window to Manawātū and plays a key role in connecting with our audiences and profiling the region's strengths to attract talent and investment into the region, showcase our lifestyle advantages, inspire visitation, and tell our region's stories. Our digital platforms including social media are one of our most important tools in building awareness of what Palmerston North and Manawātū has to offer. Through our regional social media channels and the regional website, we continue to build on our narrative as a region to ensure we can collectively profile the region on a local, national, and global stage.



Partners

Aratakina ngā whanaketanga 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 resources, 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.

PARTNERS

Develop strategic partner relationships, leveraging opportunities.

Grow and foster relationships with Māori, iwi and hapu in the region.

CEDA works collaboratively with regional iwi through our key strategic projects for the region to increase business and employment opportunities for Māori, and in supporting iwi led projects such as the Rangitāne o Manawātū Māori Tourism Strategy, He Ara Kotahi Hei Ara Kōrero project, and profile and use of the Regional Identity “Te Mauri o Manawātū”

Mahia te mahi hei painga mo te iwi. We will continue to work on our engagement with local iwi, hapu and development of partnerships with Māori business networks such as Te Au Pakihi, and the Poutama Trust, to support initiatives that build capability for Māori business, iwi and hapu and their aspirations.

To help support our relationships with iwi, hapu, and Māori organisations to ensure these relationships are meaningful, Ahakoa he iti he pounamu.

Whaia te matauranga hei oranga mōu, we continue to work on developing CEDA's internal capability in understanding Te Ao Māori and all that it encompasses.

Build on relationships with shareholders, central government agencies, and regional stakeholders.

Strategic relationships with partners, iwi, central government, economic development agencies and key stakeholders, such as Rangitāne o Manawātū, Ngati Kauwhata, Ngati Raukawa, The Factory, Sprout Agritech, Manawātū Business Chamber, Feilding and District Promotions, Palmy Bid, Massey University, UCOL | Te Pūkenga, IPU, Air New Zealand, Tourism New Zealand, Regional Tourism New Zealand, and Immigration New Zealand, enable CEDA to connect, discover and leverage mutual opportunities.

We review our partnership agreements and workplans, including identifying new opportunities for partnerships, to ensure plans are in place to support working collectively and identifying opportunities across all that we do.

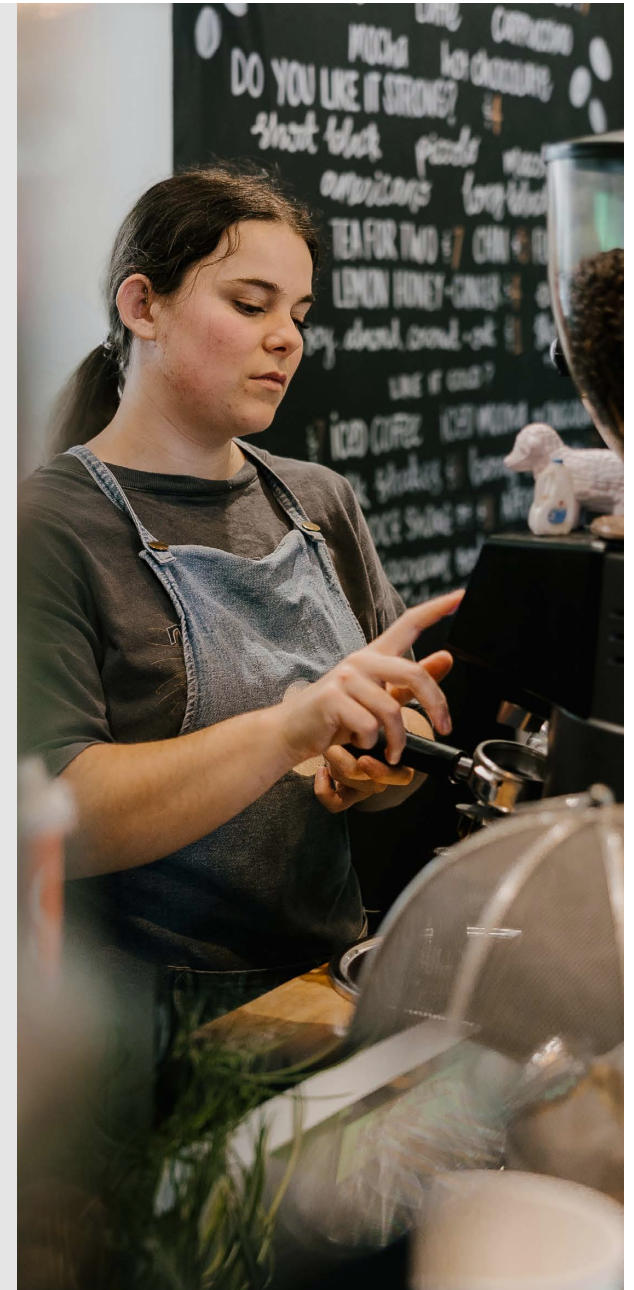
PARTNERS

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

Economic impact information regularly communicated to stakeholders and business.

CEDA works with national data and statistic agencies, Tourism New Zealand, and the Ministry of Business, Innovation and Employment to provide the latest information from the visitor and retail sectors, our sectors of strength and key growth indicators such as GDP, population, housing prices, consents, employment, and more. This data is important in providing our businesses and stakeholders with current trends and economic insights.

This information is published on a regular basis through targeted communication channels such as 60 Seconds (e-newsletter), ManawatuNZ.co.nz, CEDA.nz, and the Manawātū Quarterly Economic Snapshots and dashboards. This includes partnering with Palmerston North City Council, Manawātū District Council, and key industry leaders, to analyse the data and insights, and provide context around the regions economic performance.





Kotahi te kākano, He nui ngā hua o te rākau

A tree comes from one seed,
but bears many fruit

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1 MARCH 2024

Where we focus our time and money

CEDA receives funding from Palmerston North City Council and Manawātū District Council, its shareholders, and also funding from institutions and central government partners for initiatives that bring benefit to the wider region and New Zealand.

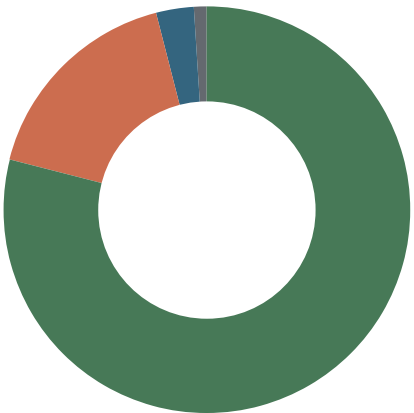
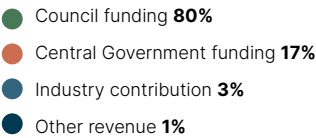
This funding gives us the ability to deliver and partner in programmes of work across the region, business and community including targeted sector specific work that will bring benefit to the wider region in the long term.

Further funding may also be received from stakeholders or industry for support of programmes and joint projects. An example of this for the 2024-25 year is the special project funding received for Te Utanganui.

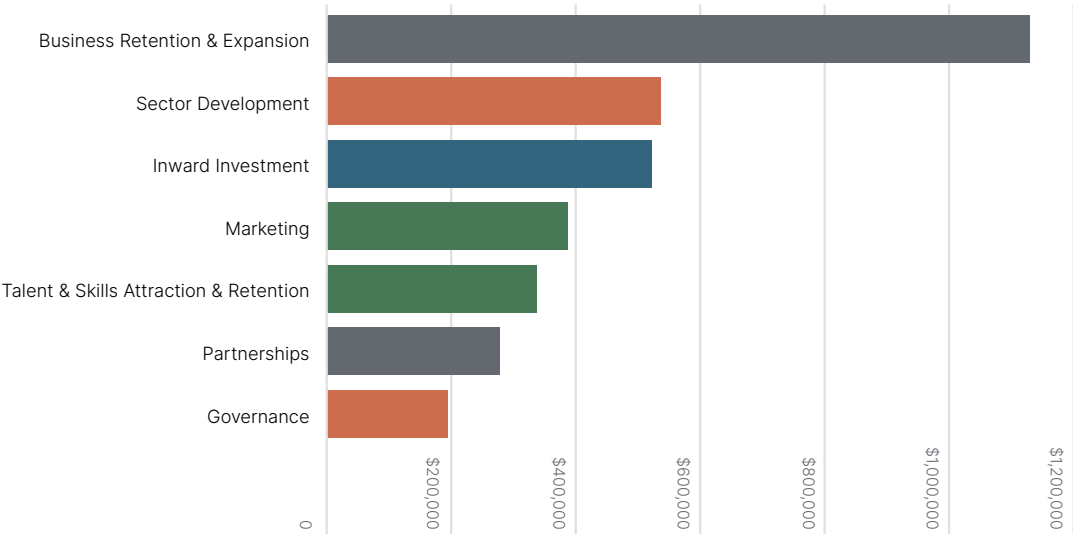
*Note:

1. Council funding includes Councils contribution to projects.
2. Industry/project contribution includes funding for Te Utanganui from Horizons regional council, Rangitāne o Manawātū, Ngāti Kauwhata, Kiwirail and Palmerston North Airport.
3. Marketing costs where directly related to an activity are included in the budgeted costs for that activity.
4. Business Retention and Expansion includes the Regional Business Partner Programme
5. Inward Investment includes project costs for the Te Utanganui programme.
6. Employee and operating expenses where not directly related to an activity have been allocated on a percentage of expenditure basis.

Our Funding*



How we’re going to allocate our funding*



Ko Mātou Who we are

CEDA is a team of people who are passionate about our region.

We are thought leaders, subject matter experts, and doers, working together with the common purpose of prosperity for our region and its people. Our success

is underpinned by our people, connections, partnerships, and networks locally, nationally, and internationally.

We are committed to operating efficiently and effectively, and as a future-focused organisation, to supporting initiatives that enhance and protect our natural and built environment.

Our values



**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

Te Tiriti o Waitangi

We recognise the principles of Te Tiriti o Waitangi and acknowledge the importance of partnering with local iwi and recognition of Tangata Whenua in the region through localised partnering.

Our focus will continue to be on Participation through our growing relationships with regional iwi and mana whenua across Palmerston North and Manawātū. 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.

Sustainability Commitment

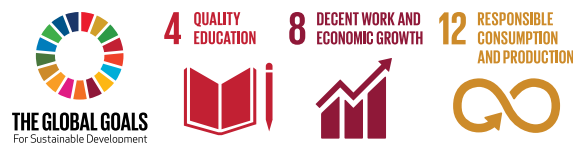
We are committed to sustainable practices in both CEDA's office environment and the environment within which we work and live. We value diversity in both our team at CEDA and our commitment to promoting diversity in age, culture, ethnicity, and gender in all that we do. CEDA's sustainability plan supports how we work, look at opportunities and engagement with business promotion sustainable business practices.


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.

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:





A Mātou Paearu Tutukinga Our Performance Measures

CEDA's performance measure framework identifies quantifiable measures of our programmes and activities aligned to our key strategic outcomes. These form the basis of our accountability and will be

reported on six-monthly. In our reporting, additional commentary will be used to inform on the delivery and effectiveness of the full range of CEDA's activity.

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TE TAUAKI TAKUNE STATEMENT OF INTENT
1 MARCH 2024

A MĀTOU PAEARU TUTUKINGA
OUR PERFORMANCE MEASURES

Service Level Statement	Performance Measure	2024/25	2025/26	2026/27
Support the development and growth of business and sectors of strength in the region including inward investment	Identification and development of Investment opportunities with regional partners to support attraction of investment to the region, leveraging key regional projects	Deliver 15 inward investment activities or identified opportunities	Deliver 15 inward investment activities or identified opportunities	Deliver 15 inward investment activities or identified opportunities
	Development of priority sectors through targeted business development, retention initiatives, and innovation partnerships	Deliver 9 sector development initiatives to support the regions sectors of strength	Deliver 9 sector development initiatives to support the regions sectors of strength	Deliver 9 sector development initiatives to support the regions sectors of strength
		400 engagements with businesses to support growth and talent retention	420 engagements with businesses to support growth and talent retention	440 engagements with businesses to support growth and talent retention
		Partner with key stakeholders to deliver 6 start-up and innovation activities or initiatives	Partner with key stakeholders to deliver 6 start-up and innovation activities or initiatives	Partner with key stakeholders to deliver 6 start-up and innovation activities or initiatives
Develop the talent pipeline to grow a skilled workforce, and better utilise the existing labour market	Support the development of the regions attraction and retention of talent and skills through an integrated sector approach	Deliver 4 initiatives that support talent attraction and retention, industry, or youth into employment	Deliver 4 initiatives that support talent attraction and retention, industry, or youth into employment	Deliver 4 initiatives that support talent attraction and retention, industry, or youth into employment
Profile Manawatū locally, nationally, and globally	Lead and develop the stories of Manawatū, strengthening our narrative and unified positioning, incorporating the cultural heritage of iwi	20 content pieces or media features profiling the region as a place to live, work, visit and invest.	20 content pieces or media features profiling the region	20 content pieces or media features profiling the region
	Deliver online initiatives to support the attraction of inward investment, talent and business to the region	2 campaigns or targeted digital initiatives to support CEDA's objectives	2 campaigns or targeted digital initiatives to support CEDA's objectives	2 campaigns or targeted digital initiatives to support CEDA's objectives

A MĀTOU PAEARU TUTUKINGA
OUR PERFORMANCE MEASURES

Service Level Statement	Performance Measure	2024/25	2025/26	2026/27
	Grow engagement on regional website for increased awareness of and information on the region	190,000 'sessions' per year on ManawatuNZ.co.nz	190,000 'sessions' per year on ManawatuNZ.co.nz	190,000 'sessions' per year on ManawatuNZ.co.nz
Develop strategic partner relationships, leveraging opportunities	Grow and foster relationships with Māori, iwi and hapu in the region	Deliver 3 initiatives to support iwi engagement including support of iwi led projects	Deliver 3 initiatives to support iwi engagement including support of iwi led projects	Deliver 3 initiatives to support iwi engagement including support of iwi led projects
	Build on relationships with shareholders, central government agencies, and regional stakeholders	12 Partnership and funding agreements in place	12 Partnership and funding agreements in place Complete biennial Customer Satisfaction survey	12 Partnership and funding agreements in place
Data and insights communications on the performance of the region's economy	Economic impact information regularly communicated to stakeholders and local business	Distillation and communication of 4 economic updates, providing businesses with context and trends.	Distillation and communication of 4 economic updates, providing businesses with context and trends.	Distillation and communication of 4 economic updates, providing businesses with context and trends.

Te Aronui ki te Hunga Whaipānga

Alignment with Our Shareholders

It is imperative that CEDA's objectives are aligned with our shareholder council's plans and visions for the city and district. The Palmerston North City and Manawātū District Councils signed Long Term Plans which outline these objectives.

CEDA plays a critical part in delivering outcomes identified in the relative Long-Term Plans as outlined below:

PNCC Long Term Plan Strategic Goals	CEDA Service Level Statement alignment
An Innovative and Growing City <i>He tāone auahwa, he tāone tiputipu</i>	<ul style="list-style-type: none"> Support the development and growth of business and sectors of strength in the region including inward investment. Develop the talent pipeline to grow a skilled workforce, and better utilise the existing labour market Profile Manawātū locally, nationally, and globally. Profile Manawātū locally, nationally, and globally. Develop strategic partner relationships, leveraging opportunities. Data and insights communications on the performance of the region's economy.
A Creative and Exciting City <i>He tāone whakaihiihi tapatapahi ana</i>	<ul style="list-style-type: none"> Support the development and growth of business and sectors of strength in the region including inward investment. Develop the talent pipeline to grow a skilled workforce, and better utilise the existing labour market Profile Manawātū locally, nationally, and globally. Profile Manawātū locally, nationally, and globally.
A Connected and Safe Community <i>He hāpori tūhonohono, he hāpori haumarū</i>	<ul style="list-style-type: none"> Support the development and growth of business and sectors of strength in the region including inward investment. Data and insights communications on the performance of the region's economy. Profile Manawātū locally, nationally, and globally.
An Eco city <i>Te tāone tautaiāo</i>	<ul style="list-style-type: none"> Support the development and growth of business and sectors of strength in the region including inward investment. Data and insights communications on the performance of the region's economy.
MDC Long Term Plan Priorities	CEDA Service Level Statement alignment
A prosperous, resilient economy <i>He kāinga ka tōnui tōna ōhanga</i>	<ul style="list-style-type: none"> Support the development and growth of business and sectors of strength in the region including inward investment. Develop the talent pipeline to grow a skilled workforce, and better utilise the existing labour market Profile Manawātū locally, nationally, and globally. Profile Manawātū locally, nationally, and globally. Develop strategic partner relationships, leveraging opportunities. Data and insights communications on the performance of the region's economy.
Infrastructure fit for future <i>He kāinga ka tūwhena tonu ōna pūnahahanga, haere āke nei te wā</i>	<ul style="list-style-type: none"> Support the development and growth of business and sectors of strength in the region including inward investment. Develop strategic partner relationships, leveraging opportunities.
A future planned together <i>He kāinga ka whakamahereā tahitia tōna anamata e te hāpori tonu</i>	<ul style="list-style-type: none"> Support the development and growth of business and sectors of strength in the region including inward investment. Develop the talent pipeline to grow a skilled workforce, and better utilise the existing labour market Profile Manawātū locally, nationally, and globally. Profile Manawātū locally, nationally, and globally. Develop strategic partner relationships, leveraging opportunities. Data and insights communications on the performance of the region's economy.
An environment to be proud of <i>He kāinga ka rauhitia tōna taiao</i>	<ul style="list-style-type: none"> Support the development and growth of business and sectors of strength in the region including inward investment. Profile Manawātū locally, nationally, and globally.

Mō CEDA About CEDA



The Central Economic Development Agency (CEDA) was incorporated with the Companies Office in October 2015 and began full operations in September 2016. CEDA is a Council Controlled Organisation jointly owned by the Palmerston North City Council and the Manawātū District Council.

CEDA's Purpose

To drive and facilitate the creation and growth of economic wealth for Manawātū and beyond.

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 Manawātū 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 a minimum of four and a maximum of 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 both the Manawātū District Council and Palmerston North City Council

The Chief Executive 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.

A man with a beard and a grey helmet is riding a black skateboard on a paved street. He is wearing a dark jacket and light-colored trousers. In the background, there is a two-story building with white walls and dark green trim around the windows. The ground floor of the building has several shops. One shop has a sign that says "COFFEE ROASTERY & SUP". Another shop has a sign that says "Ashley Ellen DANCE" and lists "DANCEWEAR", "DANCE SHOES", "DANCE COSTUMES", and "MORE". A silver pickup truck is parked on the street to the right. The sky is clear and blue.

Tutukina Ahumoni Financial Performance

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TE TAUĀKĪ TAKUNE STATEMENT OF INTENT
1 MARCH 2024

Central Economic
Development Agency
Limited

Group Statement of Comprehensive Revenue & Expenses

For the 12 Months to June

	2023-25 Budget	2025-26 Forecast	2025-27 Forecast
Income			
Council Funding	2,758,056	2,882,168	3,011,866
Other Services Income	599,635	590,500	590,500
Project Income	239,000	56,500	-
Total Income	3,596,691	3,529,168	3,602,366
Cost of Sales			
Other Services Expenses	1,158,884	1,172,704	1,202,921
Project Expenses	239,000	56,500	-
Total Cost of Sales	1,397,884	1,229,204	1,202,921
Gross Surplus (Deficit)	2,198,807	2,299,964	2,399,445
Other Income			
Sundry Income	20,000	4,000	3,000
Total Other Income	20,000	4,000	3,000

Central Economic
Development Agency
Limited

Group Statement of Comprehensive Revenue & Expenses

For the 12 Months to June

	2023-25 Budget	2025-26 Forecast	2025-27 Forecast
Expenses			
Depreciation	3,600	3,120	3,000
Directors' Fees	180,000	180,000	180,000
Employee Expense	1,649,659	1,732,141	1,818,751
Financing Expenses	200	200	200
Other Operating Expenses	2,229,895	2,330,080	2,430,727
Total Expenses	2,212,248	2,282,095	2,380,584
Net Surplus (Deficit) Before Tax	(11,088)	(26,116)	(28,282)
Taxation			
Income Tax Expense	0	0	0
Total Taxation	0	0	0
Net Surplus (Deficit) after tax	(11,088)	(26,116)	(28,282)

Central Economic
Development Agency
Limited

**Group Statement of
Financial Position**

As at 30 June

See Appendix for Accounting Policies

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TE TAUĀKĪ TAKUNE STATEMENT OF INTENT
1 MARCH 2024

	30 June 2025 Budget	30 June 2026 Forecast	30 June 2027 Forecast
Assets			
Current Assets			
Cash and Cash Equivalents	912,235	904,303	876,652
Prepayments	1,556	1,556	1,556
Receivables and Accruals	5,593	1,116	840
Total Current Assets	919,384	906,974	879,049
Non-Current Assets			
Property, Plant and Equipment	18,508	15,388	12,388
Total Non-Current Assets	18,508	15,388	12,388
Total Assets	937,892	922,362	891,437
Liabilities			
Current Liabilities			
Payables and Deferred Revenue	120,103	130,689	133,046
Employee Entitlements	104,650	104,650	104,650
Total Current Liabilities	224,753	235,339	237,696
Total Liabilities	224,753	235,339	237,696
Net Assets	713,139	687,023	653,741
Equity			
Contributed Capital	1,000	1,000	1,000
Retained Earnings	712,139	686,023	652,741
Total Equity	713,139	687,023	653,741

Central Economic
Development Agency
Limited

**Group Statement of
Cash Flows**

As at 30 June

	30 June 2025 Budget	30 June 2026 Forecast	30 June 2027 Forecast
Cash Flows from Operating Activities			
Receipts of council funding	3,171,768	3,314,491	3,463,643
Receipts from other operating activities	935,940	748,555	679,350
Interest received	20,000	4,000	3,000
GST	(275,513)	(274,679)	(294,558)
Payments to suppliers and employees	(3,899,813)	(3,800,099)	(3,878,886)
Finance costs	(152)	(200)	(200)
Total Cash Flows from Operating Activities	(47,770)	(7,932)	(27,651)
Net Cash Flows	(47,770)	(7,932)	(27,651)
Cash Balances			
Cash and cash equivalents at beginning of period	960,005	912,235	904,303
Cash and cash equivalents at end of period	912,235	904,303	876,652
Net change in cash for period	(47,770)	(7,932)	(27,651)

See Appendix for Accounting Policies

Ngā Here a te Hunga Whaipānga

Shareholder requirements

Reporting to Shareholders

The Shareholders will invite CEDA to formally report to each Shareholder twice per year, being the 6-month report and Annual Report.

The role of the formal reports to each shareholder is to:

- Review the performance of CEDA, and report to shareholders on that performance on a periodic basis
- Undertake performance monitoring of CEDA, as per section 65 of the Local Government Act
- Approve the appointment, removal, replacement, and remuneration of directors
- Review and approve any changes to policies, or the SOI, requiring their approval

The Board aims to ensure that the shareholders are informed of all major developments affecting CEDA's state of affairs, while at the same time recognising that commercial sensitivity may preclude certain information from being made public.

CEDA will adhere to a 'no surprises' approach in its dealings with its shareholders.

Statement of Expectations

By 1 December in each year the shareholders will deliver to CEDA a Statement of Expectations. The Statement of Expectations is intended to provide direction on issues that are important to both Councils, and to assist in the development of CEDA's next SOI. A Statement of Expectations for the three years from 2024 to 2027 has been delivered to CEDA.

Statement of Intent

By 1 March in each year CEDA will deliver to the shareholders its draft SOI for the following year in the form required by Clause 9(1) of Schedule 8 and Section 64(1) of the Local Government Act 2002.

Having considered any comments from the shareholders received by 30 April, the Board will deliver the completed SOI to the shareholders on or before 15 June each year.

Half Yearly Report

By the end of February each year, CEDA will provide to the shareholders a Half Yearly Report complying with Section 66 of the Local Government Act 2002. The Half Yearly Report will include the following information:

- Director's commentary on operations for the relevant six-month period
- Comparison of CEDA's performance regarding the objectives and performance targets set out in the SOI, with an explanation of any material variances
- Un-audited half-yearly Financial Statements incorporating a Statement of Financial Performance, Statement of Financial Position, Statement of Changes in Equity and Statement of Cashflows

Annual Report

By 30 September each year, CEDA will provide its shareholders an Annual Report complying with Sections 67, 68 and 69 of the Local Government Act 2002 and the Companies Act.

The Annual Report will contain the information necessary to enable an informed assessment of the operations of the company, and will include the following information:

- Directors' Report
- Financial Statements incorporating a Statement of Financial Performance, Statement of Financial Position, Statement of Changes in Equity, Statement of Cashflows, Statement of Accounting Policies and Notes to the Accounts
- Comparison of CEDA's performance regarding the objectives and performance targets set out in the SOI, with an explanation of any material variances
- Auditor's Report on the financial statements and the performance targets
- Any other information that the directors consider appropriate

Shareholder Meetings

CEDA will hold an Annual General Meeting (AGM) between 30 September and 30 November each year to present the Annual Report to all shareholders unless it is agreed between CEDA and the shareholders that the business of the AGM will be done by resolution in writing.

Shareholder Approval

Any subscription, purchase, or acquisition by CEDA of shares in a company or organisation will require shareholder approval by special resolution as will the other matters outlined in clause 3 of CEDA's Constitution.

Dividend policy

CEDA is a not for profit Council Controlled Organisation, as such the Board is not intending to pay any dividends in the foreseeable future.

Āpitihanga Appendices

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 Manawatu 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.

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. New group standards have been applied but have resulted in no impact to the financial statements.

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.

Inventories

Inventories held for use in the provision of goods and services on a commercial basis are valued at the lower of cost and net realisable value.

The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in the surplus (deficit) in the period of the write-down.

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.

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TE TAUĀKĪ TAKUNE STATEMENT OF INTENT
1 MARCH 2024

Depreciation

Account	Method	Rate
Leasehold Improvements	Diminishing Value	10%
Office Furniture & Equipment	Diminishing Value	0% - 50%
Office Furniture & Equipment	Straight Line	8.5% - 10.5%
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.

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TE TAUĀKĪ TAKUNE STATEMENT OF INTENT
1 MARCH 2024

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 a 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.

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.

Tauākī Kawatau

Statement of Expectations



22 December 2023

Bobbie O'Fee
Chair
Central Economic Development Agency Ltd
Level 1/1-19 Fitzherbert Avenue
PALMERSTON NORTH 4410

Dear Bobbie,

CEDA Statement of Expectations 2024/25 to 2026/27 (2024/34 Long Term Plan)

This Statement of Expectations (SOE) covers the period 1 July 2024 to 30 June 2027, which is years 1-3 of the Shareholders' 2024/34 Long Term Plan. Amendments to the Statement of Expectations may be sought during this period.

The purpose of this SOE is to provide CEDA with the Shareholders' focus and priorities for delivery, against its purpose of driving and facilitating the creation and growth of economic wealth in the Manawātū region and beyond.

When working beyond the Manawātū, there must be a causal link of the outcomes or benefits back to the Manawātū region based on the core functions and measures of success outlined below.

It is also expected that CEDA will use this SOE to guide the development of an annual Statement of Intent (SOI) for 2024/25, 2025/26 and 2026/27.

Strategic Relationships

Taking a leadership position and building strategic relationships in the Manawātū region and beyond, is fundamental for CEDA to achieve its purpose. CEDA must be relationship-driven at all levels and we appreciate your commitment to this. From our perspective (both as shareholders and partners), this means CEDA developing a deep understanding of the roles of its strategic partner organisations, what their priorities and strengths are, and how CEDA can add value to the relationship (and vice versa) to achieve better economic outcomes for the region.

CEDA formalising these strategic relationships, is important to us as shareholders, to ensure we have cohesion in the region around economic development activities. We would like this to be driven further by CEDA through mutually agreed partnership agreements or similar, to ensure everyone is on the same page and provide the basis for a consistent and collective approach with measurable outcomes.

Ongoing review of the existing strategic partnership agreements already in place is expected.

The shareholders have identified the following key partners for CEDA: Palmerston North City Council, Manawātū District Council, Horizons Regional Council, Iwi, Manawātū Chamber of Commerce, NZ Defence Force, Federated Farmers, Accelerate 25, KiwiRail, FoodHQ, Massey University, The Factory, Palmy BID, Feilding & District Promotions, and key Government agencies.

The Shareholders and CEDA will continue to work together to update the existing list of strategic partners.

Key Agreed Functions and Outcomes

We understand that to be effective, CEDA must be able to focus on key outcomes within a well-defined mandate. We also recognize this is a challenge given there can be differing stakeholder expectations.

This means CEDA focusing on the delivery of its core functions and outcomes in:

- Stimulate inward investment (both national and international), retention and expansion of business in the Manawātū region.
- Developing a talent pipeline.
- Support domestic visitation and tourism.

Top priorities are:

- Te Utanganui, Central New Zealand Distribution Hub.
- Strategic oversight and coordination of the Manawātū Food Strategy.
- Promotion and development of key tourism and visitor destinations.
- Inward investment in the Feilding town centre and Palmerston North city centre.

Action plans to deliver on these core functions should identify KPIs based on clear intervention logic. The SOL should include specific KPIs for the new top priority regarding inward investment in the Feilding town centre and Palmerston North city centre.

It is expected that CEDA will work very closely with key stakeholders of the regions strengths of food production and research, distribution and logistics, defence, health, visitor, education (domestic and international), digital and technology, and a growing Māori economy.

CEDA is expected to scan for new opportunities, whether or not it is a key strength, where this can benefit the region.

CEDA's success will be measured by the shareholders using the following indicators of the health of the regional economy:

- Job growth.
- Increase in median household income.
- Number of investment leads and deals secured.
- Strength of the relationship with strategic partners.

The Shareholders acknowledge that the first two measures are not directly under CEDA's control. Significant changes in international and national economic factors will be taken into account when the Shareholders measure CEDA's performance.

Understanding the strategic drivers of the Shareholders and aligning CEDA's core functions to those drivers is critical to the partnership between the Councils and CEDA.

The Shareholders have a key role in setting the economic environment for business to flourish and CEDA acts on the Councils behalf in facilitating opportunities for improved economic outcomes. CEDA is the Councils' agency for the delivery of economic development across the region.

Therefore, it is expected that CEDA will engage with the Councils in the development and implementation of their strategies and plans. These strategies and plans are expected to demonstrate active engagement with other strategic partners in their development.

The Councils are obliged to ensure that our services are delivered effectively and efficiently. As a Council-Controlled Organisation (CCO), this expectation extends to CEDA. The Shareholders require CEDA to provide an activity-based budget so the Councils can effectively communicate levels of service and value for money to their ratepayers. In addition, there are many opportunities where shared resourcing, expertise and services should be explored and we would like to discuss these opportunities from both a short-term and long-term perspective.

To ensure the Shareholders and CEDA are on the same page, the focus, scope of activity, and priorities will be set through the Statement of Intent (SOI), and delivery managed through any relationship agreement that is put in place.

The Shareholders expect that where CEDA is marketing the Manawātū region and this requires differentiating between the Manawatu, Feilding and Palmerston North, that this will continue to be delivered by CEDA in close collaboration with both Shareholders.

The Shareholders would like to continue the bi-monthly team meeting between the Mayors, Council CE's and relationship managers with the CEDA Chair and CE.

The Shareholders will invite CEDA to formally report to each Shareholder twice per year, being the 6-month report and Annual Report.

CEDA will host two informal meetings with the Shareholders together to share progress on key priorities and connect outside of the formal reporting processes.

We look forward to working with CEDA to develop an economic development model that successfully delivers. We thank the Board, CEDA CE, and CEDA staff for their continued commitment to economic growth in the Manawātū region.

Yours sincerely



Grant Smith
Mayor
PALMERSTON NORTH CITY COUNCIL



Helen Worboys
Mayor
MANAWATŪ DISTRICT COUNCIL

Ō Mātou Hoa Mahi Tahī **Our Partner Organisations**

Local

Central Skills Hub
 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
 Palmerston North City Council
 Palmerston North Airport
 Palmy BID
 Poutama Trust
 Rangitāne o Manawatū
 Regional Schools
 Spearhead Manawatū
 Sport Manawatū
 Sprout Agritech
 Talent Central
 Te Au Pahi

Te Manawa
 The Factory
 UCOL | Te Pūkenga
 Venues and Events Palmerston North
 Welcoming Communities

Regional

Accelerate25
 Business Central and Export NZ
 Horizons Regional Council
 Horowhenua District Council
 MidCentral Health | Te Pae Hauora o Ruahine o Taranua
 Rangitīkei District Council
 Ruapehu District Council
 Taranua District Council
 Te Manu Atatū
 The Horowhenua Company
 Te Utanganui partners, Kiwirail, Centreport and Napier
 Ports
 Venture Taranaki
 Whanganui and Partners
 Whanganui Chamber of Commerce

National

AgResearch
 Agritech NZ
 Air New Zealand
 Business Mentors New Zealand
 Callaghan Innovation
 Department of Internal Affairs | Te Tari Taiwhenua
 Economic Development New Zealand
 Immigration New Zealand
 Health New Zealand | Te Whatu Ora
 Ministry of Business, Innovation and Employment | Hīkina
 Whakatutuki
 Ministry of Culture and Heritage | Manatū Taonga
 Ministry of Education | Te Tāhuhu o te Māturanga
 New Zealand Careers Expo
 New Zealand Motor Caravan Association
 New Zealand Trade and Enterprise | Te Taurapa Tuhono
 New Zealand Transport Agency | Waka Kotahi
 Regional Tourism Organisations New Zealand
 Stuff
 Tourism Industry Aotearoa
 Tourism New Zealand
 Workforce Development Councils



MEMORANDUM

TO: Economic Growth Committee

MEETING DATE: 24 April 2024

TITLE: Amendment to the Appointment of Directors and Trustees Policy 2022 - Remuneration for Directors/Trustees of Council Controlled Organisations.

PRESENTED BY: Sarah Claridge, Democracy and Governance Advisor

APPROVED BY: Donna Baker, Acting Chief Executive Unit Manager

RECOMMENDATION TO COUNCIL:

1. That Council adopt the draft Remuneration section (Attachment 1) to replace Part 1 section 12 Remuneration section of the Appointment of Directors Policy 2022.
-

1. ISSUE

- 1.1 At its 25 October 2023 meeting, the Economic Growth Committee resolved, "that the Chief Executive establish a policy of regular CPI increase to Palmerston North Airport Limited (PNAL) director fees."
- 1.2 Officers have redrafted Section 12 *Remuneration* of the Council's [Appointment of Directors and Trustees Policy](#) (the 'Policy') in response to this resolution.
- 1.3 Officers recommend that Board Member remuneration be adjusted by the Labour Cost Index rather than the Consumer Price Index (CPI). Statistics New Zealand gauges the inflationary effect on wages using the Labour Cost index, as opposed to the Consumer Price Index (CPI) which measures the change in price of goods.
- 1.4 There was another relevant resolution of Council in December 2023 to review the remuneration for the three Cultural Council-Controlled Organisations (CCOs) boards.
- 1.5 The proposed revisions also incorporate additional guidance for reviewing remuneration levels.

2. BACKGROUND

- 2.1 Council has several CCOs that vary in size, duties and expectations. Naturally these require different skill sets, knowledge and work commitments of Board directors. Council's Policy is silent on when and how Board remuneration will be reviewed. This has led to a practice of ad hoc reviews of Board remuneration which depend on if or when a Board requests it. The Palmerston North Airport Limited Board have been reviewed fairly regularly while Te Manawa Board's remuneration was last reviewed in 2000.
- 2.2 Council is empowered by section 57 of the Local Government Act 2002 to appoint directors to CCO's boards and set directors' fees.
- 2.3 Council's Policy provides an objective and transparent process for the appointment and remuneration of its CCO boards. The Policy was reviewed and adopted in 2022, it covers the following CCOs¹:
 - Te Manawa Museums Trust
 - The Regent Theatre Trust
 - The Globe Theatre Trust
 - Palmerston North Performing Arts Trust
 - Palmerston North Airport Limited (PNAL)

The current Policy simply sets out the amounts paid to each of the cultural CCOs and notes that an annual resolution of Council will set the total remuneration for PNAL, in line with its Constitution (s.14.8).

- 2.4 In contrast, the Central Economic Development Agency Ltd. has its own Appointment of Directors Policy agreed by both shareholding councils. Section 41.1 of that policy describes Fee Setting.

"Board members' remuneration will be reviewed once per triennium following council elections. A full review will be conducted and will include benchmarking against comparative entities. The review will consider market movement and the final decision on board members' remuneration will be made by a resolution of the Councils. Fees will be set taking into consideration the following:

- a) the size and scale of CEDA (e.g. turnover, value of assets, number of employees)
- b) complexity and scope of operations (e.g. complexity of issues, level of guidance for decision-making, relationship management responsibilities)
- c) accountability (e.g. scale of market risk, public interest and profile, potential risk to director reputation, and other key risks)
- d) skills - the type of expertise and specialisation needed.

¹ Because it is a joint CCO, CEDA has a separate Appointments Policy.

Special considerations may also be included in setting fees, such as a temporary increase in workload for the board, or difficulties in recruiting particular skills."

3. REVIEW OF REMUNERATION SECTION

- 3.1 Officers have redrafted the remuneration section of the Policy to guide the setting of remuneration for Council's CCOs (except CEDA). The reviewed section establishes a standard approach to the setting and reviewing of CCO Board remuneration.
- 3.2 The amended section includes the following points:
 - Council sets remuneration levels for Board members (current practice)
 - Council supports the payments by CCOs of directors' liability insurance and the indemnification of directors. (Council practice/ written in trust deeds/ constitution)
 - Lists factors to consider when determining Board remuneration (in line with CEDA's Appointment Policy)
 - Labour Cost Index adjusted (response to resolution from Economic Growth Committee, extended to all for fairness)
 - Remuneration to be reviewed once per triennium (good practice).
- 3.3 Regular review will make sure remuneration stays relative to similar-sized CCOs and accurately reflects the expertise required to fulfil the role.
- 3.4 No amendment of the PNAL constitution would be required as a result of the amendments proposed to Council's overarching Policy.

4. FINANCIAL IMPACT

- 4.1 There will be a minor financial impact of setting remuneration rates which are adjusted annually based on the Labour Cost Index.
- 4.2 In practical terms the annual percentage change for the December quarter will be applied so that any remuneration changes can be factored in when setting the Annual budget (for Council) and the Statement of Intent (for PNAL).
- 4.3 Remuneration for the Boards will be set using the Statistics New Zealand category: Public Sector - Manager Occupation Group. This is currently at 5% (Dec 2023), but economic forecasts expect inflation to reduce to 2% this year.
- 4.4 Annually adjusting fees using the Labour Cost Index should smooth out potential large increases when the fees are reviewed (triennially).

- 4.5 Table 1 shows the effect of regularly adjusting the board remuneration across the 4 CCOs. Noting that PNAL pay their board from the income generated by the business.
- 4.6 With the expectation that inflation will be dropping to 2% by December 2024, Table 1 estimates a 2% increase in total remuneration. As the Boards of the cultural CCOs are currently paid a meeting fee – officers have assumed full board attendance of 12 meetings per year.

Table 1 Estimated total Board Remuneration with an inflation adjustment of 2%

CCO Board	Total Members	2023/24 (\$)	2024/25 (\$)	2025/26 (\$)	2026/27 (\$)
Regent Theatre	9	9,180 (\$85)	9,364	9,551	9,742 (\$90)
Globe Theatre	6	6,120 (\$85)	6,242	6,367	6,495 (\$90)
Te Manawa	9	30,820* (\$165)	31,436	32,065	32,706 (\$182)
PN Airport	5	146,000	148,920	151,898	154,936

*Includes meeting fee and total annual expenses of \$13,000

- 4.7 Te Manawa Board members also receive expenses of \$1000 and \$5000 for Board member and Chair respectively. When added to their meeting fees – Board members currently receive an equivalent of \$248 per meeting and the Chair \$581.
- 4.8 Table 1 provides an indication of how fees would increase over time. The full financial impact will not be known until the review of the Cultural CCOs' Boards remuneration is presented in June, which may result in a change to the base remuneration for some or all of the cultural CCOs. Regardless, establishing a policy to adjust all Board Member remuneration by the December Quarter of the Labour Cost Index sets the expectation that a fair and standardised approach will be used for all of Council's CCOs.

5. NEXT STEPS

- 5.1 If Council approves the amended section, officers will update the Policy and re-publish it on the Council website.
- 5.2 Should the policy revisions be adopted, Officers will present a review of the remuneration for the Cultural CCOs, against this policy to the Culture and Sport Committee in June 2024.

6. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide?	No
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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 5: A Driven & Enabling Council	
The recommendations contribute to the achievement of action/actions in Governance and Active Citizenship	
The action is: Ongoing review of governance systems and structures to support Council's effectiveness and reputation	
Contribution to strategic direction and to social, economic, environmental and cultural well-being	According to the Local Government Act 2002, s58 (1), "The role of a director of a council-controlled organisation is to assist the organisation to meet its objectives and any other requirements in its statement of intent." CCOs further Council's strategic objectives on its behalf. Appropriate remuneration can contribute to the effectiveness of boards and thus to the meeting of those objectives.

ATTACHMENTS

1. Appointment Policy_ New Section 12 Remuneration [↓](#) 

12. Remuneration of Council Appointed Directors/Trustees

12.1 Remuneration and Indemnification of Directors/Trustees

Council will decide whether directors/trustees on CCO boards are to be remunerated. The level of remuneration for directors/trustees will be set by Council in accordance with the factors outlined in section 12.2 below.

For the avoidance of doubt, Council expects that both Council-appointed, and co-opted director/trustees will be paid the same level of remuneration. Remuneration payment to non-voting observers will be at the discretion of the individual CCO.

In exceptional circumstances, where elected members and Council employees may have been appointed as a Board member of a CCO, they will not be remunerated for that role unless provided for by specific Council resolution.

The Council supports the payments by CCOs of directors' liability insurance and the indemnification of directors.

12.2 Level of Remuneration

Where CCO directors/trustees are remunerated, the level of remuneration will be informed by the following factors:

- the need to attract and retain appropriately qualified directors/trustees
- the levels of remuneration paid by comparable organisations in New Zealand
- the size and scale of the CCO (turnover, value of assets, number of employees)
- complexity and scope of operations (complexity of issues, level of guidance for decision-making, relationship management responsibilities)
- accountability (scale of market risk, public interest and profile, potential risk to director's reputation and other key risks)
- skills the type of expertise and specialisation needed
- any changes in the nature of the CCO's business
- Council's affordability.
- any other relevant factors.

12.3 Regular Review

Remuneration levels will be reviewed by Council at least once every three years, or whenever the performance of the CCO or the role of the CCO and its board changes significantly.

Remuneration of CCO board members will be annually adjusted by the Labour Cost Index (December quarter).¹

¹ by the movement of the Labour Cost Index – Annual percentage change against the previous December quarter. Board remuneration will be adjusted using the Public Sector Managers Occupation Group Percentage.

MEMORANDUM

TO: Economic Growth Committee

MEETING DATE: 24 April 2024

TITLE: Road Maintenance Contract 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 Committee receive the memorandum titled 'Road Maintenance Contract 6 Monthly Update' presented to the Economic Growth Committee on 24 April 2024.

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 6-monthly reports on the work programme and performance of the road maintenance contract."
- 1.2 This report provides the latest 6-monthly update on the work programme and performance of the road maintenance contract, using information up to the end of March 2024.

2. BACKGROUND

Road Maintenance Contract

- 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 contract.

Contract Works

- 2.3 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.

- 2.4 It should be noted 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. ROAD MAINTENANCE CONTRACT 6 MONTHLY UPDATE AS AT MARCH 2024

- 3.1 Below is an update on the contract deliverable areas as listed in 2.3 above.

Operations and Maintenance

- 3.2 Footpaths

- The city-wide footpath maintenance work programme for 2023/24 is complete and the available budget has been fully expended.

- 3.3 Pavement

- The programme of work for pre reseal repairs (i.e. potholes, pavement defect repairs etc.) and other reactive maintenance work to the city's road pavement is complete for 2023/24. The budget for this area has been exceeded so Officers are working to offset this by prioritising works in other maintenance areas.

3.4 Drainage

- The kerb sweeping and sump cleaning is on-going. Noting that the current budget allocation in 2023/24 is not sufficient to meet the desired level of service. As a result, the service is being completed on a reactive basis.
- The budget allocation for this area has been increased in the draft 2024-34 Long Term Plan (LTP) to ensure the desired level of service can be met in the future.

3.5 Traffic Services

- The programme for road marking work throughout the city for 2023/24 is complete and the available budget has been fully expended. There was a focus on Stop/ Give-ways and pedestrian marking only. Noting that carpark marking is not included within the scope and funded from other budgets.
- The streetlight maintenance and replacement programmes are proceeding as planned with product arriving in March and April for the replacement of the 400 streetlights that were out in the city. Providing no delays in product arriving, officers anticipate programme of work being completed by 30 June 2024.

Capital

3.6 Pavement Reseals

- Officers scheduled more than 30 urban and rural streets to be resealed over the summer months. The planned locations were included in the November 2023 update report.
- The 2023/24 programme is predominantly complete with all chip sealing complete, with just some asphaltic concrete paving work outstanding. Programmed works will be completed by 31 May 2024.

3.7 Pavement Rehab

- Officers have identified that Railway Road, between Tremaine and the rail overbridge, requires a complete pavement rehab. The total cost of this work is over \$4M, and as such it is being delivered in stages. Construction of the first stage commenced in April 2024, with the balance of the work planned for 2024/25 and 2025/26, as necessary to meet annual funding affordance in addressing other network pavement failures.

3.8 Drainage

- The only project being delivered in 2023/24 in this area was a kerb and channel replacement in Jasper Place. This project was completed in March 2024. Minor kerb and channel upgrades associated with 'pre-reseal pavement repairs' have been undertaken to expend the programme budget.

3.9 Structural

- Concrete lining of the Highbury Avenue bridge culvert invert has been designed with construction being delivered in the April-June 2024 quarter. This is to future proof this multiplate bridge culvert in consideration of the Amberley bridge culvert failure being of a same structures type.

3.10 Footpaths

- This programme of renewal work for footpaths throughout the city is underway and will be completed by 30 June 2024. Street trees and roots are a major consideration in this work with the focus being on renewing the areas of most need that are not impacted by trees.
- Addressing the footpaths affected by trees requires more planning and consideration of the trees themselves, which is why they are not being considered this financial year unless urgent.

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.

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?	Yes
Are the recommendations inconsistent with any of Council's policies or plans?	No
The recommendations contribute to Goal 1: An Innovative and Growing City	
The recommendations contribute to the achievement of action/actions in Transport	
The action is: 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	The road maintenance contract is a key delivery vehicle towards having safer,

cultural well-being	well maintained, and well utilised transport network.
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ATTACHMENTS

Nil

MEMORANDUM

TO: Economic Growth Committee

MEETING DATE: 24 April 2024

TITLE: Vogel Street Safety Improvements - Consultation Feedback

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 Committee receive the consultation feedback for the proposed future Vogel Street Safety Improvements (Attachment 1) presented to the Economic Growth Committee on 24 April 2024.
-

1. ISSUE

- 1.1 Council sought public and stakeholder feedback on proposed safety packages designed to make Vogel Street safer for all road users.
- 1.2 The options include three raised pedestrian crossings at Rata Street, Featherston/ Hayden Streets, and Rangiora Avenue, a right-turn bay into Featherston Street and either a separated cycleway or shared pathway.
- 1.3 This report provides a summary of the feedback received and discusses next steps. A summary of the feedback is attached as Attachment 1.

2. BACKGROUND

- 2.1 The report titled '[Vogel Street Safety Improvements](#)' was presented to the Economic Growth Committee on 12 April 2023, in response to public submission and accompanying petition to the 2022/23 Annual Budget.
- 2.2 The report detailed the potential work packages that can address the safety concerns for walking and cycling that would be used to inform the initial feedback process. It also provided background and context on the current road layout and the safety issues being experienced.

3. OVERVIEW OF FEEDBACK AND ENGAGEMENT PROCESS

Engagement Process

- 3.1 Council sought public and stakeholder feedback from 1 November to 10 December 2023 on proposed safety packages designed to make Vogel Street safer for all road users.
- 3.2 Feedback on proposed packages of safety improvements was sought from affected businesses, organisations, residents, and road users. A summary of the engagement activities and process is also covered in Attachment 1.

Feedback Overview

- 3.3 There was widespread support for improving Vogel Street and making it safer.
- 3.4 The raised crossings and right turn in Featherston Street were well supported,
- 3.5 However, feedback on the cycleway improvement options was more mixed, with views both in support and in opposition to both the shared pathway and separated cycleway options.
- 3.6 For the shared pathway option, there was opposition to removing street trees as this is the main trade-off for a shared pathway being created.
- 3.7 For the separated cycleways, whilst retaining street trees was well supported, there was strong opposition to removing the on-street parking, which was the main trade-off for creating a separated cycleway on both sides of the road.
- 3.8 Officers also provided the opportunity for alternative options to be suggested through the feedback process. The suggestion of removing berm space in between street trees to create indented parking bays was a proposal that was suggested on multiple occasions and seen as a balanced approach by many.

4. NEXT STEPS

- 4.1 The installation of raised crossings at Rata Street, Featherston/ Hayden Streets, and Rangiora Avenue, along with the installation of a right turn bay into Featherston Street will be implemented within the first 3 years of the 2024-34 Long-Term Plan through Programme 2390 (City-wide – Transport – Low Cost/ Low Risk).
- 4.2 After considering the feedback received, officers need to further consider the options for implementing cycleway improvements on Vogel Street in more detail before a recommendation can be provided to Council for how to best address the concerns. As officers consider other streets in the city to be a higher priority to address cycleway improvements than Vogel, the Vogel

Street cycleway improvement work will be considered alongside the other cycleway improvements planned throughout the city through Programme 1559 (City-wide – Cycling Network Improvements) for future implementation once a recommended design solution is determined. Noting that this is unlikely to occur until the later years of the Long Term Plan 2024-34.

- 4.3 Communication will be provided to the community advising the planned timelines for the various elements of the project and to provide feedback from the engagement 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: Prioritise active transport programmes that 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	Road safety improvements will encourage active transport and in turn improve the social and environmental wellbeing of the Vogel St residents; noting that the strategic nature of the route is not defined and therefore does not prioritise modes of travel.

ATTACHMENTS

1. Consultation Report - Vogel Street Safety Improvements [↓](#) 

Vogel Street safety improvements

Feedback summary report

We sought public and stakeholder feedback from 1 November to 10 December on proposed safety packages designed to make Vogel Street safer for all road users.

The options include three raised pedestrian crossings, a right-turn bay into Featherston Street and either a separated cycleway or shared pathway.

Engagement and consultation objectives

- Seek feedback on proposed packages of safety improvements from affected businesses, organisations, residents and road users.

Consultation options:

Option 1: Raised pedestrian crossings + right-turn bay + **shared pathway**

Option 2: Raised pedestrian crossings + right-turn bay + **separated cycleway**

Option 3: Suggest an alternative proposal

Engagement activities

We invited our stakeholders and the community to engage with us and provide feedback using a variety of methods:

Letters/emails/posters

- Residents and businesses on Vogel Street and on connecting side streets (close to Vogel) received letters in the mail.
- Schools, businesses, churches and community groups in the area were emailed to make a formal submission, or to provide feedback directly.
- Posters placed at shops in the Vogel Shopping Centre

Roslyn Library

- Paper submission forms
- Informal methods to gather feedback, including:
 - Activity 1 – Coin boxes to vote on each option.
 - Activity 2 – Posters for people to write down their thoughts or questions on each option.
 - Activity 3 – Maps of the raised pedestrian crossings for people to draw on.

Community drop-in session

- A Community drop-in session was held at Roslyn Library on Thursday 23 December.
- About 45 people came to chat with our transport and communication teams, and summary notes of the key comments received are attached later in this report.

Media interviews

- On More FM and The Breeze
- Media release

Website

- Project webpage and online form for submissions.
 - 1626 page views
 - 5406 actions (*clicking on links to additional information, subsections or downloading files*)
 - 131 online feedback responses (*excludes paper forms*)
 - 22 percent of people who visited the webpage submitted their feedback (average conversion rate for organisations in New Zealand is 4.3 per cent. *Source: Marketing Association NZ*).

Social media

- The consultation was promoted via five social media posts and stories on Facebook and Instagram.
 - Reach: 32,690 (*number of accounts reached*)
 - Engagement: 2526 (*number of accounts who engaged with each post-liked/commented/shared etc*)

Engagement and consultation outcomes

Below is a summary of the direct feedback received by different organisations and the community.

Stakeholder feedback

Below is a summary of the organisations/groups we engaged with, or received feedback from:

- Roslyn School
 - The Principal advertised the public submission link on the school's Facebook page and said he would make a formal submission on behalf of the school via the website.
 - He believes the "lack of a limited speed zone/school zone on Shelley St is much more dangerous than Vogel Street given how fast trucks and cars travel up that hill from the Keith Street industrial park, especially with no vision of what awaits at the top of the hill."
- Senior Reference Group
 - Members are in favour of the cycle lane improvements on Vogel Street.

"The street is unsafe, particularly on Sundays when churches are open and cars are parked on both sides of Vogel St. Vogel St is an access road to and from the city. The volume of traffic and the lack of room for cyclists is another reason why as a cyclist we feel unsafe. Most of the problem is at the Tremaine Ave end where it is quite narrow. At the city end, the road widens for a relatively easier cycling experience. In recent times we have ceased to use the road for cycling and have chosen an alternative route. The fact we do not feel safe or at ease cycling along the road is a major reason. I often hear motorists say why make any change as cyclists never use this or that road. Well this submission is a good example of why we avoid parts of the city roading network and take alternative and often less convenient routes."
- Church on Vogel
 - The church says a separated cycleway would hinder people parking on the street. The church hosts several community programmes throughout the week, as well as services on Sunday.

"We need parking available on the street as we hold 3 playgroups per week and there isn't enough off street parking for the amount of parents coming. A shared pathway is a better option. I have seen it work in Australia."

- Nearby residents to the Church on Vogel, supports a shared pathway to retain parking.

“Sharing the footpath could create accidents. We run a number of programmes throughout the week. Some of our programmes involve mothers with children and the elderly who are not easily mobile. We do have a car park but this can quickly full up and if parking is reduced/removed from Vogel Street for a cycleway this will become problematic for us, especially as the attendance to our programmes is increasing.

- Other members of the Church also suggested an alternative option.

“We consider Options 1 & 2 will have a further negative impact to safety and transport of people. We consider Vogel Street from Tremaine Avenue to Featherston Street an arterial route and should be upgraded to enhance the transport of people. We would like to see the streetscape widen to allow better flow of vehicles, combined with a much smoother surface will in itself make the road much safer for all transportation demands. As the Industrial area around the Manawatu Business Park continue to develop, along with the new regional KiwiRail hub, this will only further transport pressure through this important arterial corridor. As a city we should be preparing the areas around it for this growth. Hence we do not approve of either option 1 or 2. As we see this will only have a short term and long term negative impact.”

Below is a list of other community organisations and businesses on Vogel who were informed of the proposals and encouraged to make formal submissions:

- Ikaroa Kohanga
- Reach Roslyn
- Vogel Shopping Centre
 - Roslyn Vapes
 - Goshen Food Mart
 - Vogel Street Pharmacy
 - The Laundry Room
 - Roslyn Bakehouse
 - Blue Dolphin Takeaways
- Ocean Fastfoods
- The House Next Door
- Samoan Assembly of God
- Plunket
- Reference Groups
 - Disability Reference Group
 - Senior Reference Group

Drop-in session at Roslyn Library

About 45 people attended our community drop-in session at Roslyn Library on Thursday 23 November. Key themes raised during the session are reflected in the comments below:

- A universal theme by all attendees was that the road urgently needs repairs, and they feel unsafe with the current road surface.
- Can we get a right hand bay into Haydon too?
Officer note – this was supported by many in the room but some did share concerns about how it feels too tight and unsafe in this location.

- Crossings need to be mid-block and not right next to corners with side streets, especially at Haydon as that is an accident waiting to happen. Halfway between block would be better.
Officer note – widely supported view at the drop in session.
- Trees are important and need to be retained.
Officer note – This sentiment was generally shared in the room, but a few people did say that trees shouldn't be kept at expense of safety.
- As well as on Vogel St, raised platforms are needed on Rata and Haydon St as people speed through these streets to get to Keith and cut onto Featherston. Trucks are using these two streets to cut across to get to Featherston faster than using Tremaine or Main. All day and night and they are doing loops if their drop-off location is busy.
Officer note – platforms on side streets as a deterrent for trucks was supported by most at the drop in.
- Need to sort the intersection with Main St. Traffic lights. Eastern side has no footpath. Could make it one-way street. Hard to walk across Vogel. One way would help residents getting out of driveway too as this is a problem for many residents.
Officer note – there was wide support for improvements to the Main/Vogel intersection also across attendees.

Many participants also spoke about:

- Cyclists need to have a safe space too, not just vehicles. Like Option 2.
- Lives at Abbyfield Assisted Living and speaks on behalf of 12 residents. Raised crossing is important but needs to be between Rata and Haydon, rather than at the intersection. Option 2 is preferred.
- Haydon St intersection is a real worry and when the bus routes change it will be worse as people do a zig-zag movement between Featherston/Vogel/Haydon. Pedestrian facilities needed.
- Live by the Plunket rooms, concerned about retention of on-street parking for new mums with babies. Get rid of the trucks.
- Concerned about parking due to Kainga Ora developments and no parking.
- Make the street one way for trucks e.g. one way for Vogel/one way for Keith. Carers for people in the community with accessibility needs means some on-street parking is needed
- Don't see many cyclists. Don't remove the trees from Vogel. There was a petition to put the trees in so please keep them – they're stunning and add to the environment.
- Trees have been let to grow to a greater height and width than they should. Trees need to be looked after more. Footpaths need some work on too- especially on Haydon.
- Cost horrendous of having to do a shared path.
- Too dangerous to ride a bike. Bi-directional isn't safe. Needs parking but bikes need to be on road
- Cyclists need to be on the road riding in the same direction as traffic. Shared pathway is suicide. You need to have the cycleway on the road and install indented parking between the trees
- Keep the trees but they need to be pruned. Speed is a problem. Concerned street racing is getting worse on Vogel- they're using it to get to the roads by the airport. Very loud and fast.
- Prefer option 2 but keep trees. Had enough of trucks and has given away bike because it's far too scary. Hard to live here due to not being able to crossroad easily. It's just scary and stressful.
- Right hand bay into Haydon St is needed. Cars and trucks speed up and down Haydon St. Footpaths on Haydon St need a look at. Dangerous.

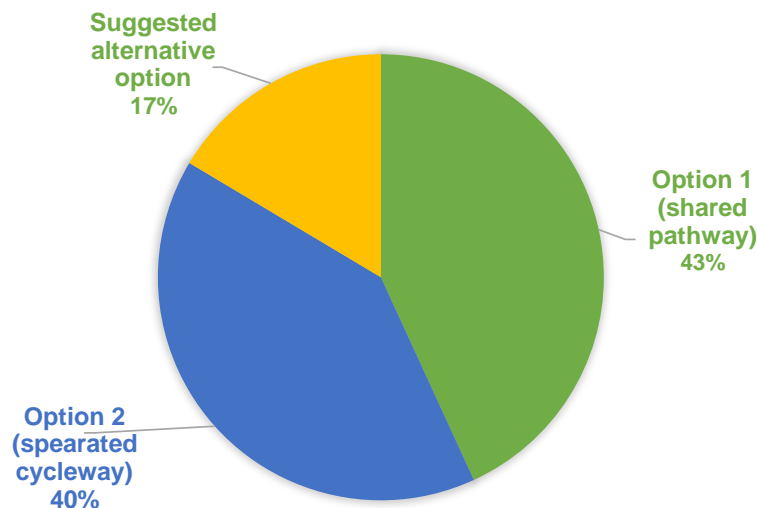
- Use grass space for parking – we need some parking as we have two churches who are busy on Sunday and during the week. Lucky if we see 2 cyclists a day.
- Live by Tyne St. Agree with raised pedestrian crossing by Haydon St. Agree with a right-hand bay by Featherston. Propose a right-hand bay by Rangiora Ave.
- Lot of parking needed for the churches on Sundays and for their activities during the week.
- Get rid of trucks. Put crossings in. Right-hand bay needed into Haydon. Leave it at that. Simple wins.
- Biking is the only option for some people- e.g. students so it needs to be safe
- Raised pedestrian crossing as close as possible to Abbyfield. I agree with the parking on Sunday. People can't walk fast across Vogel due to accessibility needs/age. Leave the trees.
- I do cycle and the edges of the road are atrocious and sometimes I must decide whether to go on road or footpath. Trucks are horrendous. Speed is also a problem off peak.
- Raised crossings not as close together – need to be mid-block
- Look at yellow lines by Featherston/Haydon – they need to be extended

Feedback summary

Below is a summary of the community feedback received via the online form on our consultation webpage and paper submissions.

In total, **we received 146 submissions:**

- **63** supported option 1 (shared pathway).
- **59** supported option 2 (separated cycleway).
- **24** did not support an option or supported/provided an alternative option.



Raised pedestrian crossings – supporting comments

Rata Street:

- Crossing required between Rata and Haydon Streets.
 - Several submitters suggested a raised crossing should be located outside Abbeyfield Assisted Living at 115 Vogel Street for elderly residents

Haydon Street:

- Haydon Street is a popular crossing point for pedestrians to and from Featherston Street

Rangiora Avenue:

- Good for schoolchildren
 - Pupils are often seen crossing the road in this location
 - Vehicle speeds reported to be very quick along this section of Vogel

General comments:

- General support for implementing raised pedestrian crossings to provide safer crossing points for pedestrians
 - Will help to slow vehicles down
 - Will help to deter heavy vehicles
 - Will provide safer crossing points for children
- Raised pedestrian crossing requested by elderly residents at Abbeyfield Assisted Living.
- Wide support for constructing raised pedestrian crossings on Rata/Haydon/Shelley Streets also.
- Match locations with bus stops if possible
- Support for a raised pedestrian crossing near the Featherston Street intersection

Raised pedestrian crossings – opposing comments

Rata Street:

- Location is not appropriate
 - Should be between Milton and Rata Streets, not between Rata/Haydon, to encourage trucks to slow down before turning into Rata St

Haydon Street:

- Location not appropriate
 - If placed too close to the corner of Featherston Street, it could impede vehicles turning right into Featherston Street or into Haydon Street. This is already a very congested area with vehicles at peak times.
 - Need to be close to Featherston Street in a safe place for schoolchildren accessing Featherston
 - Should be between Tweed/Haydon or closer to Rata Street.

General comments:

- Proposed locations do not appear safe.
 - They should be mid-block, and not near intersections

- Four raised pedestrian crossings are too many on Vogel Street (three proposed + existing crossing at shopping centre).
 - Preference for normal zebra crossings over raised crossings
 - Two or three crossings would be sufficient
- Speed limits on Vogel should be reduced before introducing additional traffic calming measures.
- People will continue to cross the street wherever they want
- May create additional noise when people slow down and speed up
 - Disrupts traffic flow

Right-turn bay – supporting comments:

- Universal support for right turn bay into Featherston Street
 - Improve traffic flow
 - Improve safety and reduce rear end crashes
 - Widely reported that traffic turning into Featherston often blocks the lane and prevents cars from travelling straight ahead.
- Right-turns into Haydon Street
 - Wide support for right-turn bay into Haydon Street
 - Many say this intersection is too close to Featherston Street, and the entire area can become problematic/dangerous at peak times
 - Many suggested making Haydon a one-way street accessed from Keith to reduce congestion at the Vogel/Haydon end.
 - Some suggested widening the Vogel/Haydon intersection to allow for safer turning into Haydon Street

Right-turn bay – opposing comments:

- Potential to cause congestion in area around Haydon/Featherston/Vogel intersections.
- Suggestions of traffic lights or a roundabout

Shared pathway (option 1) – supporting arguments:

- Retains car parking
 - Important for Church on Vogel/Plunket
 - Important for residents and visitors
 - Important for future housing development (e.g. Kaianga Ora)
- Support for shared spaces
 - Keeps bikes away from cars

- Electric scooters on the footpath are more common than bikes on the road
- Removing trees
 - A small number of submitters suggested that trees should be removed as they are not well maintained

Shared pathway (option 1) – opposing comments:

- Shared pathways are safer in recreational areas, rather than busy residential streets.
 - Each type of transport should have it's own right of way
 - Pedestrians and people with mobility issues say they don't want to be forced to share a space with people on bikes
 - Potential to create conflict with several different type of road users using one space in a busy urban area.
 - Many suggest competent cyclists may still ride on the road.
 - Many argue that cyclists can be dangerous on shared pathways.
- Removal of trees
 - Wouldn't contribute to reducing emissions
 - Would remove shade for pedestrians
 - Would damage aesthetic feel of street, "it would be a very plain, uninviting street"
- More significant disruption for residents during construction

Separated cycleway (option 2) – supporting comments:

- Retaining trees
 - Good for the environment
 - Provide Vogel Street with its character
 - Reduces noise
 - Provide shade and keeps street cool in summer
 - "Established trees make the travel by foot or bike a lot nicer than a barren sidewalk. Quite frankly, they're the only appealing part of the street."
- Footpaths remain for pedestrians
 - Important for people with disabilities, mobility issues and elderly
 - Many residents walk their dogs on-leash
 - May encourage e-scooters to stop riding on the traffic lanes and footpaths.
- Physical barrier between traffic and bikes
 - Cyclists will have their own space

- May encourage students to ride a bike to school
- People will bike if they feel safe enough to do so
- Most practical and cost-effective option
- Gradual move away from car-centric urban design to person-centric seems logical

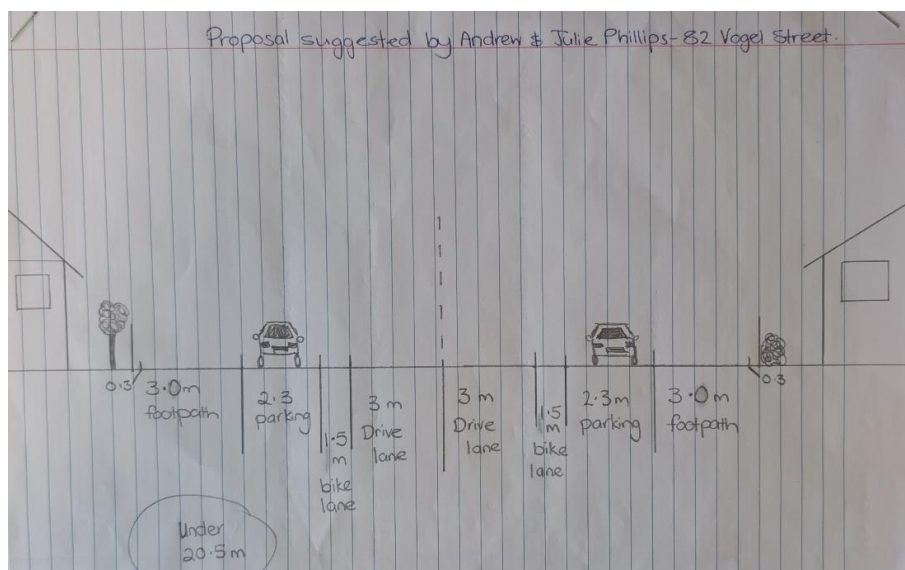
Separated cycleway (option 2) – opposing arguments:

- Removal of on-street parking
 - Will cause issues for churches/Plunket
 - Potential for residents to park in an ad-hoc manner (e.g. on berm space).
 - Indented parking bays could be implemented, or parallel parking on one side. Utilise grass verge for parking solutions.
 - Roslyn has a high number of Kiang Ora houses, as well as old privately-owned state houses, which were built without garages and no driveways. Often these houses are too close to the fence to get multiple cars on the driveway. Kaianga Ora also has additional housing development planned in this area.
 - Many residents use parking spaces to wait to turn into their driveways at peak traffic hours, rather than wait in middle of the road. Some use the parking areas to reverse into their driveways.
- In-lane bus stops creating congestion
- Road will become too narrow for heavy vehicles and/or may make traffic flow worse

Alternative options/themes raised:

- A cycleway on-road with indented parking bays
- Install raised pedestrian crossings + right turn bay **only** without a cycleway
 - Most submitters who did not support an option liked this as the least expensive option, while still improving safety outcomes for motorists and active modes.
- Right turn bay required into Haydon Street
 - Many submitters suggested the area around the Featherston/Vogel/Haydon intersections require a better solution than only right turn bay.
 - Dangerous manovre can be going from Featherston onto Vogel, and then turning right into Haydon.
 - Yellow lines should be implemented between Haydon/Featherston
- Many suggested Haydon Street should be a one-way street accessed from Keith to reduce congestion at the Vogel/Haydon end.
- Vogel Street needs resurfacing
 - Cars reportedly swerve across the centre line in places to avoid potholes or uneven surface
- Improvements required at Vogel/Main intersection

- Stop heavy vehicles from using Vogel Street
 - This was supported by a significant number of submitters
 - Heavy vehicles may only increase following industrial development on Railway Rd.
- Make Vogel a one-way street
 - Would allow space for separated cycleway and heavy vehicles
- Street trees need to be maintained
 - Many are overgrown and roots are damaging the footpath and pavement





MEMORANDUM

TO: Economic Growth Committee

MEETING DATE: 24 April 2024

TITLE: Bus Shelter Civil Works

PRESENTED BY: Bryce Hosking, Acting Group Manager - Transport and Development

APPROVED BY: Chris Dyhrberg, Chief Infrastructure Officer

RECOMMENDATIONS TO COUNCIL:

1. That Council note that the total value of the civil works engagement with Fulton Hogan to support the Bus Shelter Improvements project is \$1,495,500 excl. GST.
2. That Council note that the Bus Shelter Improvements works have been directly awarded to Fulton Hogan through separate work packages to ensure successful delivery of the overall project within the required timeframes as specified through the Transport Choices Funding Agreement.

1. ISSUE

- 1.1 The new bus service and routes were launched on 4 March 2024. To support this, supporting infrastructure has been, and is continuing to be, installed throughout the city. This includes the manufacturing and installation of bus shelters, installation of bus stops, and enabling civil works. This project was 90% funded through the NZTA Transport Choices Programme.
- 1.2 ENI Engineering were awarded the contract to manufacture and install the shelters. They directly engaged Fulton Hogan to install the shelters in the city on their behalf.
- 1.3 The scope of the supporting civil works package includes:
 - Installation of pre-cast bus shelter foundations.
 - Footpath renewal work surrounding bus shelters.
 - Indenting key bus stops (Example is Pioneer Highway with interim in-lane bus stops as the minimum viable product about to be changed).
 - Pedestrian refuge construction; and
 - Engineering solutions for stormwater drainage with appropriate fall.
- 1.4 To ensure the civil works were, and continue to be, successfully delivered within the tight timeframes, Fulton Hogan were given a direct engagement

through the terms of the Road Maintenance and Renewals Contract. This enabled quick mobilisation, efficiency, and improved quality control given Fulton Hogan were also engaged by ENI for install of the shelters.

- 1.5 The civil works is split into 2 stages:
- Stage 1 – The most urgent work to enable the successful launch on 4 March, and
 - Stage 2 – The balance of the works required to get the best infrastructure support for the new network routes.
- 1.6 Stage 1 is complete, with Stage 2 is now underway to ensure the remaining civil works are completed by 30 June 2024 as per the Transport Choices Funding Agreement with NZTA – Waka Kotahi.
- 1.7 Whilst the individual work packages have been awarded already, and are both within the Chief Executive's delegation, officers wanted to provide transparent oversight over the total civil engagement from a procurement standpoint since officers did not explicitly bring this to Council prior to the project commencing.
- 1.8 Below is a summary of the total project budget breakdown, along with a comparison with the originally forecast breakdown prior to commencement of the project:

Project Item	Budget	Re-Forecast Budget	Comment
Project Management	\$500,000	\$579,500	Internal capitalised labour cost for project delivery.
Detailed Design	\$500,000	\$658,000	Includes concept design, location assessment and Safe System Audit by consultants.
Construction - Civil	\$750,000	\$1,495,500	Initial budget estimated prior to design completion allowed unconservative assumptions regarding scale and cost of civil works.
Shelter Procurement	\$3,500,000	\$2,517,500	Contract with shelter supplier was overestimated at commencement of the project.
Construction Management	\$100,000	\$99,500	Contractor programming, construction monitoring, surveillance, and quality assurance.
Total	\$5,350,000	\$5,350,000	

- 1.9 The reasons for the deviations in the cost estimates relates to delay in Horizons Regional Council confirming route selection, and then the need to improve civil works designs in some areas. Now that officers have clarity on the new routes and sufficient time has elapsed for the design to evolve, we have more certainty around actual costs for the shelters and civil works, in particular nothing that the overall project cost has not changed.

2. BACKGROUND

- 2.1 Please refer to the report titled ['Transport Choices: Tender Award for Design and Build of Bus Shelters'](#) that was presented to Council on 16 August 2023 for a background on the Bus Shelter Improvements project. This report mentioned the direct engagement of Fulton Hogan for the civil works however there were still some uncertainties around the exact scope and cost at that time.

3. NEXT STEPS

- 3.1 Continue with the civil work and installing the remaining bus shelters throughout the city.

2. 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?	Yes
Are the recommendations inconsistent with any of Council's policies or plans?	Yes
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	The creation of additional bus shelters will support Horizons Regional Council to deliver a modern, comprehensive,

to social, economic, environmental, and cultural well-being	efficient, and reliable bus service in the city in partnership with Palmerston North City Council.
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ATTACHMENTS

Nil

MEMORANDUM

TO: Economic Growth Committee

MEETING DATE: 24 April 2024

TITLE: Palmerston North Quarterly Economic Update

PRESENTED BY: Stacey Andrews, City Economist

APPROVED BY: David Murphy, Chief Planning Officer

RECOMMENDATION TO ECONOMIC GROWTH COMMITTEE:

1. That the Committee receive the following reports:
 - a. Palmy Economic Growth Indicators - April 2024 (Attachment 1),
 - b. Cities Snapshot – December 2023 (Attachment 2),
 - c. Palmerston North electronic card spending report – December quarter 2023 (Attachment 3),

presented to the Economic Growth Committee on 24 April 2024.
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1. PURPOSE

- 1.1 This memorandum presents a summary of the key themes in the Palmerston North Quarterly Economic Update to April 2024, the newly developed Cities quarterly economic snapshot (December quarter 2023), and the Palmerston North City Centre Quarterly electronic card spending (retail and selected tourism sectors) for the December quarter 2023.
- 1.2 The quarterly economic update is prepared in-house, utilising data from a range of sources to provide the most up-to-date information available on the city economy. This includes national and global data where appropriate, to inform of broader conditions that are impacting on local economic conditions.
- 1.3 The quarterly economic update is organised under the categories of (Gross Domestic Product (GDP), business and jobs, earnings and income, spending, and housing. National data that influences the city economy, such as the Consumer Price Index (CPI) and the Official Cash Rate (OCR), are also included in the quarterly economic update.
- 1.4 The Cities quarterly economic snapshot ranks the performance of Palmerston North against a group of other tier 2 cities (as defined in the National Policy Statement on Urban Development). The cities included are

Rotorua, New Plymouth, Dunedin, Hastings, Napier, and Whangārei. The snapshot compares change in annual average GDP, employment (by place of residence), retail spending, new commercial vehicles and car registrations, the rate of young people aged between 15-24 years that are not in employment, education and training (NEET rate), school attendance, the annual average unemployment rate, non-residential consent values, new dwelling consents, and home ownership and rental affordability.

- 1.5 The Cities snapshot is an evolving report and we plan further content and design improvements throughout 2024. We intend to provide the report quarterly, to identify the strengths of the city relative to comparable locations, as well as areas where improvements can be made.
- 1.6 The Palmerston North City Centre Quarterly electronic card spending report is prepared in-house and provided as a resource to the city retail sector. This report includes information on retail spending across the city and by precinct, as well as data on retail flows, customer loyalty, and the origin of customers who are spending in Palmerston North.
- 1.7 The memorandum concludes with a summary of the economic outlook for the city and the wider regional economy. The summary includes factors that are front of mind as we progress through the challenges of 2024.

2. QUARTERLY ECONOMIC UPDATE

GDP

- 2.1 GDP data from Statistics NZ indicates that the New Zealand economy contracted over the September and December 2023 quarters, alongside annual GDP growth of 0.6% over the December 2023 year. Statistics NZ GDP data is not available at territorial authority level, therefore Infometrics data is used as a basis for understanding the impact of current economic conditions on the city economy. The update is attached as Attachment 1.
- 2.2 Infometrics reports that the Palmerston North GDP fell by 0.5% over the year to December 2023. This compares with a 0.7% increase nationally. The Infometrics GDP series averages GDP growth over the most recent four quarters and therefore is not comparable to the Statistics NZ national GDP data series.
- 2.3 Annual inflation (as measured by the Consumer Price Index) eased to 4.7% in the December quarter as the economy contracted in response to higher interest rates and a pullback in spending across the economy.
- 2.4 With GDP growth in the negatives, these are challenging times for our businesses and households. On the upside, the economic slowdown signals that the efforts of the Reserve Bank to reduce spending and rein in inflation are working, increasing the odds of an earlier than expected cut to the Official Cash Rate (OCR).

- 2.5 A lower OCR will provide relief to households and businesses by lowering interest payments on borrowing and releasing money for spending on other goods and services that contribute to economic wellbeing. The OCR currently sits at 5.5%, with a reduction in the OCR widely anticipated later this year.

Business and jobs

- 2.6 There were 8,138 businesses in Palmerston North in December 2023; a slight increase of 6 businesses from the previous year. This flat growth follows a period of high growth over the December 2022 year, where the number of businesses in the city increased by 228 (+2.9%).
- 2.7 The value of non-residential construction investment increased by 42.7% over the year to January 2024 compared with 4.0% growth nationally. This strong growth in the city was driven by a mix of public and private investment. Health sector investment increased fivefold to near \$50 million in the year to January 2024, while construction of education buildings remained elevated at \$44.4 million. Industrial and commercial investment were also elevated at \$56.9 million and \$29.9 million respectively.
- 2.8 Jobs data for the city was mixed over the year, with filled jobs by workplace address decreasing and filled jobs by place of residence increasing. Jobs by workplace address fell -2.7% to a total of 46,446 in the December quarter, while the number of Palmerston North residents in jobs increased by 2.0% to 35,940. This compares with 2.8% and 2.9% growth respectively, nationally.
- 2.9 Domestic economic conditions suggest further easing of labour market conditions in 2024, driven by an increase in the number of available workers and easing demand for goods and services across the economy.
- 2.10 The annual average unemployment rate increased to 4.4% in the city in the December quarter 2023, up from 3.2% in the December quarter 2022. This compares with 3.7% nationally. This remains low by historical standards but is certainly on the way up as businesses and government shed workers in response to challenging economic conditions. A lack of supply of workers was the biggest challenge for businesses in 2022 and the first half of 2023, with concerns now shifting to weaker demand.
- 2.11 The number of MSD jobseeker beneficiaries in Palmerston North increased by 309 over the year to December, to a total of 3,087. This is an 11.1% increase on the previous year compared with an 11.6% increase, nationally. Of this increase, 234 people were receiving the benefit due to health conditions and disability. Jobseeker benefits increased across all age-groups both in the city and nationally.

Earnings and income

- 2.12 Statistics NZ publishes business collection data that estimates quarterly earnings at the territorial authority level. This series is not as robust as the Linked-Employer-Employee data but does provide a more-timely indication of

earnings from salary and wages by territorial authority area. According to this series, earnings in the December 2023 quarter increased by 10.0% in the city compared with the December quarter 2022. This compares with a 9.5% increase nationally over the same timeframe. Growth in earnings, both in the city and nationally, is reflective of the elevated wage inflation that prevailed over the period due to a shortage of workers and strong demand across the local and national economy.

- 2.13 Elevated earnings growth is further reflected in the Statistics NZ median salary and wages data, with median earnings in the city increasing by 6.4% over the year to December 2022. This compares with a 7.3% increase nationally. Strong wage growth, due to sector wage agreements and the continuation of tight labour market conditions in 2023, are expected to have pushed median salaries and wages up at a higher rate in 2023.
- 2.14 Wage price pressure is expected to ease in 2024 alongside CPI inflation, relieving some pressure on businesses and organisations across the country.

Spending

- 2.15 Retail spending increased by 2.7% in the city over the year to February 2024, to a total of \$1,503m. This compares with a 4.1% increase in retail spending nationally. Retail spending is in dollar value and does not account for the impact of inflation on the purchasing power of consumers. Early indicators of inflation in 2024 suggest that the growth in retail spending continues to fall below the rate of inflation, implying negative real growth in spending over the year. CPI and Household Living Price Index (HLPI) data for the March quarter 2024 will provide further information on household inflation impacting on households.
- 2.16 The pressure on household budgets is reflected in the decrease in spending on discretionary items. Home and recreational retail spending in the city fell by -7.0% over the year to February 2024, with other consumer spending falling by -21.8% over the same period.
- 2.17 New car registrations in the city fell by -2.0% over the year to December 2023 compared with a -0.6% fall nationally. In contrast, commercial vehicle registrations increased by 1.7% in Palmerston North relative to a -20.5% fall nationally.
- 2.18 Tourism expenditure data is temporarily unavailable due to the closure of the business providing the data. As a temporary alternative, the annual change in guest nights is used as an indication of tourism activity in the city and across the country. Over the year to February 2024, guest nights increased by 0.2% to 439,500. This compares with a 17.3% increase, nationally. The national increase was driven by the resurgence of international visitors to our tourism hotspots, heavily impacted from border closures and a downturn in spending from 2020-2022.

Housing

- 2.19 The average house price in the city continues to ease upward with prices increasing 1.6% over the February 2024 quarter, to a value of \$650,302. This is equal to the 1.6% quarterly increase, nationally. The average house price, both in the city and nationally, remains slightly down on a year ago.
- 2.20 The affordability of saving for a deposit alongside easing interest rate expectations continues to boost mortgage lending to first home buyers with lending making up 22.6% of total mortgage lending in February 2024. This compares with a nine-year average of 16.8%.
- 2.21 Conversely, mortgage lending to investors continues to be weak, making up just 17.3% of total mortgage lending in February 2024. This compares with a longer term average of 22.1%. Investor lending is expected to strengthen as interest deductibility is restored by the new government and financial conditions become more favourable.
- 2.22 Home ownership remains more affordable in Palmerston North than many other parts of the county, with the average house price equal to 5.2 times the average income in December 2023. This compares with 7.0 times the average income, nationally.
- 2.23 Renting a home in Palmerston North is more affordable than much of New Zealand, with annual average rent making up 19.5% of annual household income compared with 21.5% nationally. A comparison of housing and rental housing affordability compared with similar cities across New Zealand, is included in the following section of this report.
- 2.24 After a strong 2022, the number of new dwelling consents issued across New Zealand fell by -26.3% over the year to January 2024. This decline was driven by elevated development costs, weaker demand and pricing, and tougher lending conditions. Over the same period, new dwelling consents in the city increased by 16.4% to a total of 468 dwellings.
- 2.25 Kāinga Ora (KO) was a significant developer in the city over 2023 and into 2024 with an estimated 116 new dwellings consented from March 2023 to March 2024. Kāinga Ora has signalled its intention to continue to invest in housing in Palmerston North, with a total of 496 new dwellings planned to be built in the city to 2026.

3. CITIES QUARTERLY ECONOMIC SNAPSHOT

- 3.1 The performance of the city over the year to December 2023, was mixed when compared to comparator cities. Palmerston North city ranked number one on the annual increase in commercial vehicle registrations, school attendance, and home ownership and rental affordability.
- 3.2 New commercial vehicle registrations reflect the willingness of businesses to invest in big ticket items, with the relative strength of new commercial

registrations in the city implying some investment continues. It is worth noting that the growth rate in the city is just 1.7%, with all other comparator cities posting negative growth over the year.

- 3.3 Palmerston North boasts the fourth highest school attendance rate in the country as well as the highest school attendance rate when compared with comparator cities, at 56.3%. School attendance is positively correlated with improved educational attainment and outcomes for young people (He Whakaaro, Education Counts, MoE, 2020).
- 3.4 Palmerston North city has the most affordable housing when compared with other tier 2 cities. Both home ownership and rental affordability is higher in Palmerston North than all comparator cities.
- 3.5 GDP growth in the city ranks fourth out of seven locations at -0.5%. Rotorua ranks highest at 0.4% over the year, with a rebound in tourism lifting economic activity relative to 2022. Whangārei, Napier, and Hastings experienced a sharper fall in GDP than Palmerston North. The annual fall in GDP in Dunedin and New Plymouth was less than in the city, but still negative over the year.
- 3.6 Growth in consumer spending and new car registrations was weak over the year, reflecting the challenges faced by households due to the high cost of living and pressure on household budgets. While growth in new car registrations was negative in Palmerston North over the year (-2.0%), the city ranked second compared with other cities measured.
- 3.7 Labour market indicators were also weaker than comparator cities with employment by place of residence posting the lowest growth rate of 1.6% over the year. The unemployment rate was higher in Palmerston North than all other locations except Rotorua. Unemployment remains low in the city and across New Zealand when compared with historical averages.
- 3.8 A greater proportion of our young people are engaged in education, employment, or training than many of our comparator cities. The NEET rate ranked third when compared with other locations at 11.8%. Rotorua, Whangārei, New Plymouth, and Hastings all have higher NEET rates than Palmerston North.
- 3.9 Residential and non-residential construction has held up relatively well in the city compared with many other locations. This has been supported by a mix of public and commercial and industrial development. Palmerston North posted the third highest growth when compared with comparator cities for both non-residential construction and new dwelling consents. Non-residential consent values increased by 45.5% over the year to December 2023 alongside a 7.1% increase in new dwelling consents. New Plymouth and Rotorua both experienced higher growth in non-residential consent values over the year, while the growth rate of new dwelling consents in Napier and Rotorua were higher than the city. National growth rates for both non-residential and new dwelling consents were negative over the year. The Cities snapshot is attached as Attachment 2.

4. PALMERSTON NORTH ELECTRONIC CARD SPENDING REPORT – DECEMBER 2023

- 4.1 Reflecting the current economic climate, total electronic card spending fell 0.8% in the December quarter 2023 to a total value of \$407.0. This compares with a 0.8% increase nationally. National growth was predominantly driven by a partial recover of spending in parts of New Zealand with greater dependency on tourism spending.
- 4.2 Over the year to December 2023, electronic card spending in the city reached \$1,496 million, up 3.0% from the previous year. This compares with a 4.3% increase nationally over the same period. Of this total, 56.0% was spent in the city centre.
- 4.3 Spending in the city centre increased by 4.2% over the year. The retail sectors most affected by the pullback in consumer spending were 'home and recreational retail', falling -9.2%, and 'other consumers spending' down by -18.1% over the year. This is consistent with electronic card spending data for many parts of the country, where spending on non-essential goods and services has come under pressure from rising household costs.
- 4.4 Spending on 'groceries and liquor' and 'cafes, restaurants, and bars' increased the most over the year to December 2023, reflecting an increase in spending on essential items. The increase in spending in cafes, restaurants and bars in the city is partly due to the restrictions on the sector over the comparator year (year to December 2022), when COVID restrictions continued to impact on activity.
- 4.5 Spending in the city centre (Palmerston North Inner CBD and Broadway Avenue) retail precinct was the only precinct in the city to experience spending growth above the rate of the inflation over the year to December 2023, increasing 7.4%. Reflective of the growing economic challenges, spending in the December quarter 2023 fell 0.2% from the same quarter 2022.
- 4.6 The annual inflation rate to December 2023 was 4.7%, indicating a real decline in spending across retail precincts in the city except for the Inner CBD and Broadway Avenue. This real decline in spending is observed alongside elevated net international migration into New Zealand since March 2023.
- 4.7 Palmerston North consumers remain relatively loyal to local merchants. The loyalty rate, explained as the percentage of spending by Palmerston North residents at local retailers, was 81.6 % over the year to December 2023. This is up from 81.4% the previous year.
- 4.8 There was a \$300.0m net gain from spending flowing into the city, compared with spending flowing out of the city over the year to December 2023. This is a 3.0% net gain, compared with the previous year.
- 4.9 The Quarterly Economic Card Spending Report for December 2024 is attached as Attachment 3.

5. ECONOMIC OUTLOOK



- 5.1 The current challenges are reflected in the economic data for the city and the country. Interest rate pressures are flowing through to households and suppressing spending across the economy. This is impacting on the demand for goods and services across our economy and placing businesses under significant pressure. These conditions are expected to impact on economic activity flowing through to jobs and earnings over 2024.
- 5.2 On the upside, the actions of the RBNZ to suppress spending across the economy and drive down inflation is working, increasing the likelihood that interest rates will fall sooner than previously expected. This will relieve pressure on households, enabling increased spending across the economy, supporting businesses and levels of employment alongside the economic wellbeing of our communities.
- 5.3 Planned investment remains positive in the city with elevated central government investment in infrastructure and housing, and commercial and industrial construction investment. Affordability of our housing and school attendance also stand out, as we look toward the future resilience of our city.
- 5.4 The Palmerston North economy also benefits from a large proportion of big business in the city, alongside the scale of our defence, education and health care sectors. These large employers are less vulnerable to economic cycles and the contraction of fiscal spending. These attributes of the Palmerston North economy will support economic activity relative to parts of New Zealand with greater dependency on consumer demand and back office roles in central government.
- 5.5 There is some risk to central government employees in the city who fill back office functions. Frontline services such as health workers and defence roles are less vulnerable. We will be watching conditions closely.
- 5.6 Challenges to our business community and households are expected to continue throughout 2024 with relief in the form of lower interest rates widely anticipated later in the year. Analysis of the performance of the city economy, including any changes to the economic outlook, will be provided throughout the quarterly economic reporting series to Committee.

6. COMPLIANCE AND ADMINISTRATION

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


Is there funding in the current Annual Plan for these actions?	Yes
Are the recommendations inconsistent with any of Council's policies or plans?	No
The recommendations contribute to Goal 1: An Innovative and Growing City	
The recommendations contribute to the achievement of action/actions in Economic Development	
Contribution to strategic direction and to social, economic, environmental and cultural well-being	Reporting on economic trends in the city and the longer-term outlook for growth, is important for encouraging local business to invest growing their business and attracting new businesses to the city.

ATTACHMENTS






1. Palmy Economic Growth Indicators - April 2024 [↓](#) 
2. Cities Snapshot - December Quarter 2023 [↓](#) 
3. Quarterly Electronic Card Retail Spending Report - December 2023 [↓](#) 

PALMY ECONOMIC GROWTH 2024

(as at April 2024)

	Palmerston North	New Zealand
GDP (Provisional) <small>YE Dec 2023 Source: Infometrics</small>	\$6,355m  -0.5%	+0.7%
Consumer Price Index (CPI) <small>YE Dec 2023 Source: Stats NZ</small>	4.7%	
Official Cash Rate (OCR) <small>February 2024 Source: RBNZ</small>	5.5%	

Business and jobs

Business counts <small>Dec 2023 (a) Source: Infometrics</small>	8,138  +0.1%	+1.1%
Non-residential construction investment <small>Jan 2024 Source: Stats NZ</small>	\$185.3m  +42.7%	+4.0%
Filled jobs (place of residence) <small>YE Dec 2023 Source: Stats NZ</small>	35,940  +2.0%	+2.9%
Filled jobs (workplace location) <small>As at Dec 2023 Source: Stats NZ</small>	46,446  -2.7%	+2.8%
Unemployment rate (average of four recent quarters) <small>As at Dec 2023 Source: Infometrics</small>	4.4%	3.7%
Change in MSD Jobseeker Benefits <small>As at Dec 2023 Source: MSD</small>	+309  +11.1%	+11.6%

Earnings and Income

Earnings

Dec quarter 2023 vs Dec quarter 2022
Source: Stats NZ

\$657,366m



+10.0%
Annual change

+9.5%
Annual change

Median earnings from salaries and wages (excluding self-employment)

YE Dec 2022

\$62,530



+6.4%
Annual change

+7.5%
Annual change

Spending

Retail spending

YE Feb 2024

\$1,504.2m



+2.7%

+4.1%

New car registrations (annual)

As at Dec 2023
Source: Infometrics

3,492



-2.0%

-0.6%

Commercial vehicle registrations (annual)

As at Dec 2023
Source: Infometrics

1,039



+1.7%

-20.5%

Guest nights (annual)

As at Feb 2024
Source: ADP

439,500



+0.2%

+17.3%

Housing

Average house value

Feb 2024
Source: Corelogic House Price index

\$650,302



-0.5%
Annual change

-1.4%
Annual change
(\$930,495)

Home ownership affordability

Dec 23 Quarter
Source: Infometrics

5.2

(Ratio of average house value to estimated annual average household income)

7.0

Home rental affordability

Dec 23 Quarter
Source: Infometrics

19.5%

(Percentage of average annualised rent to estimated annual average household income)

21.5%

New dwelling consents

Jan 2024
Source: Stats NZ

468



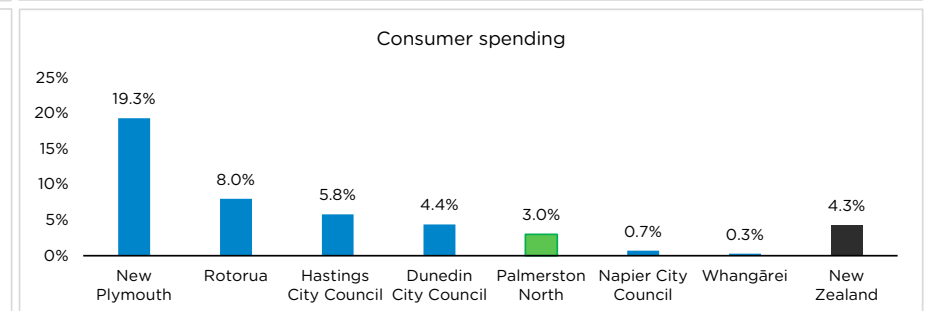
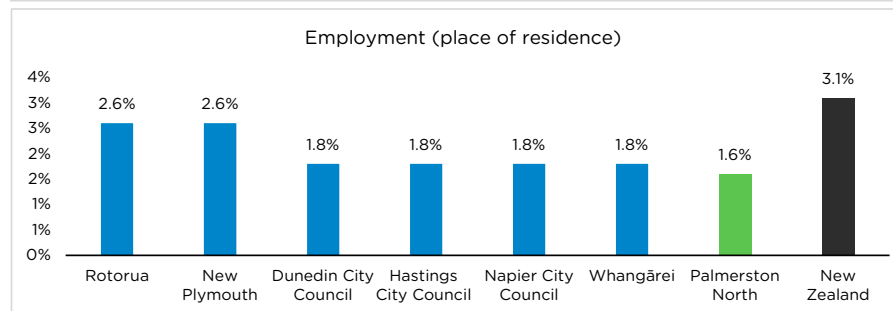
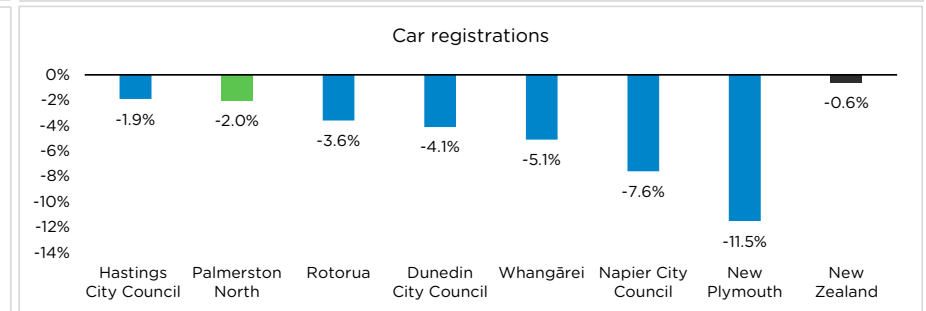
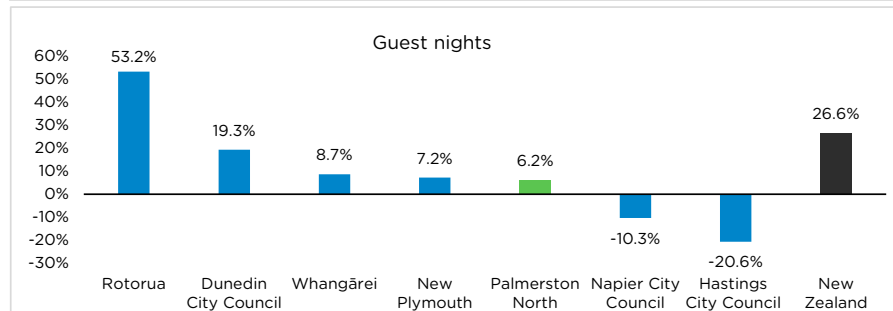
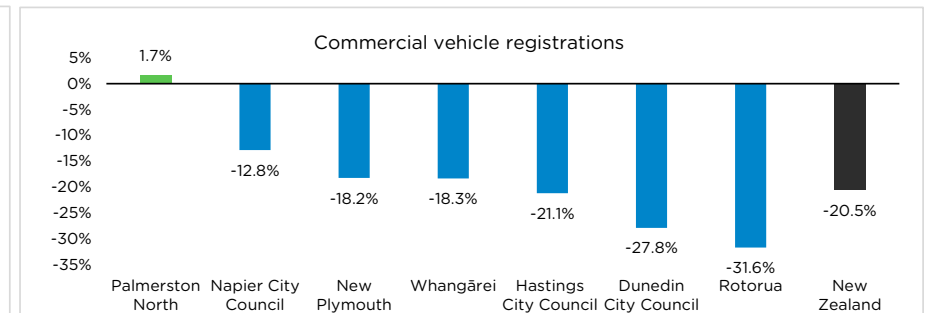
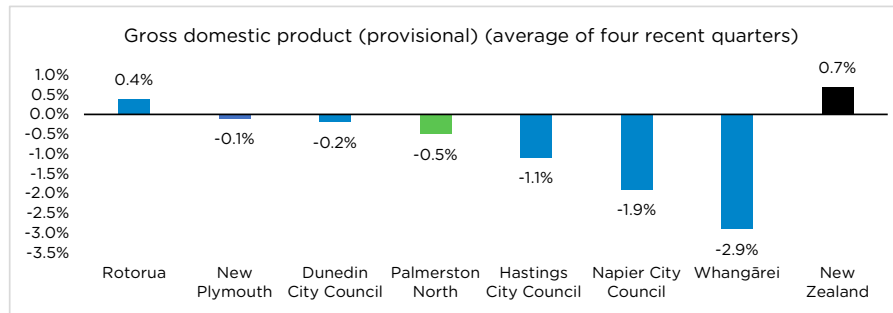
+16.4%
Annual change

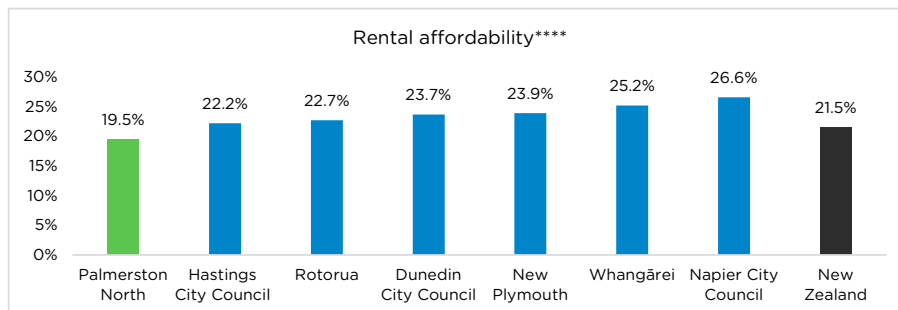
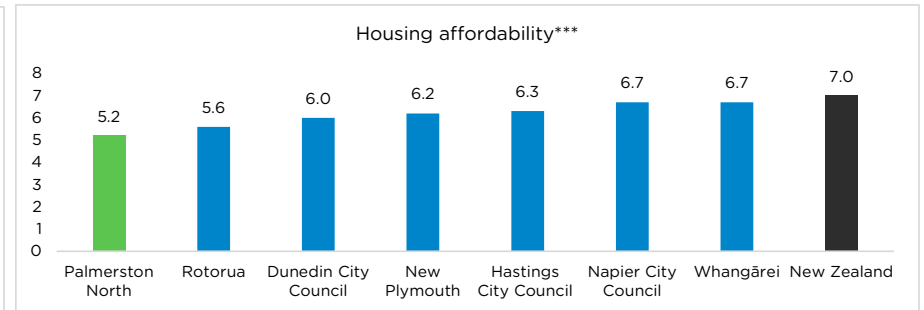
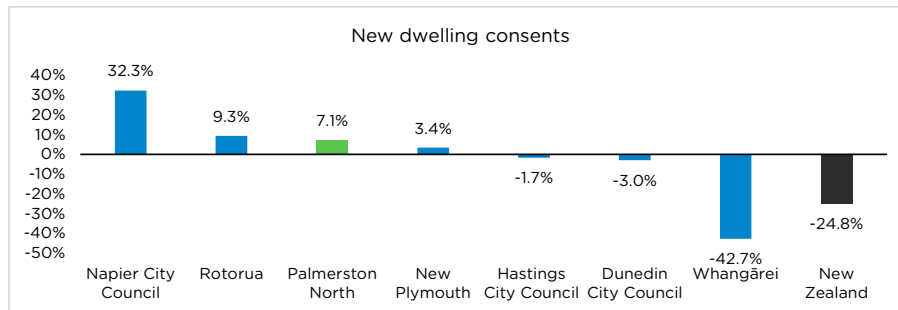
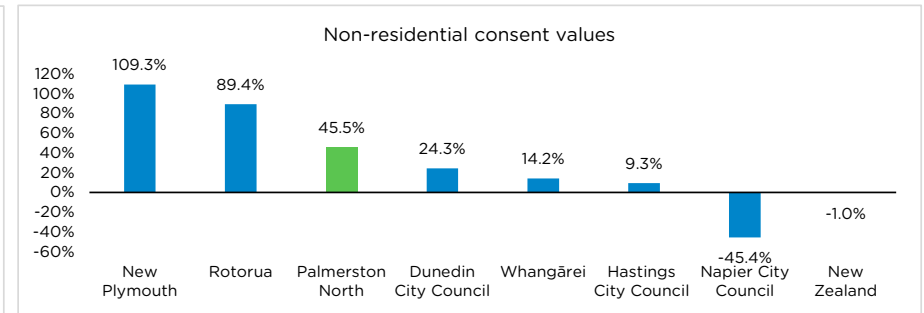
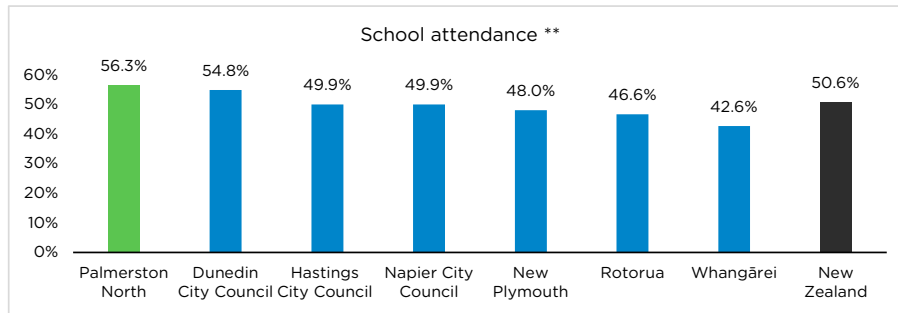
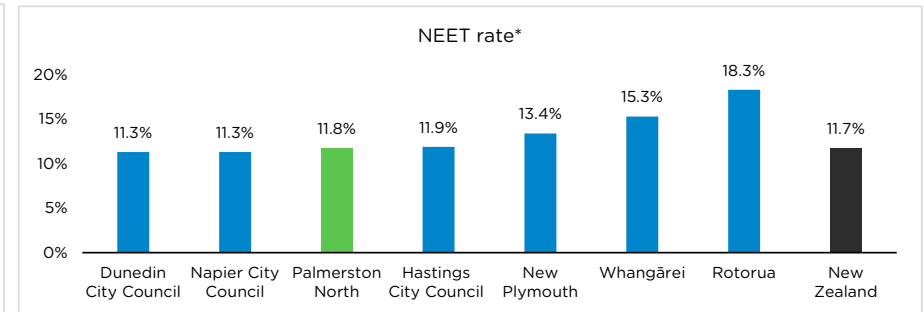
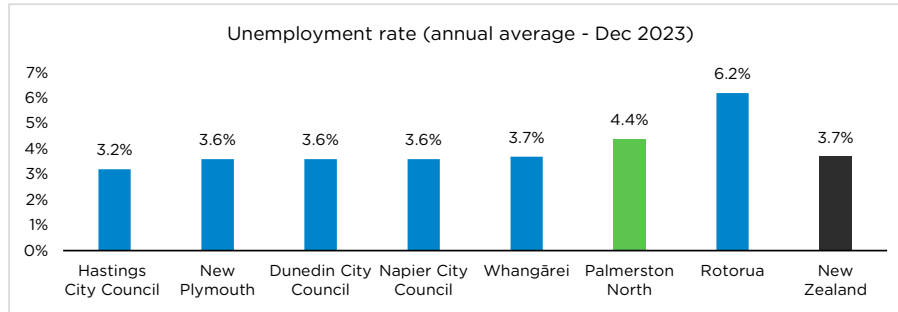
-26.3%
Annual change

Notes: (a) Reflecting most recently available information as at April 2024

CITIES SNAPSHOT

DEC QUARTER 2023





* % of people aged 15-24 not in employment education or training (annual average rate)

** annual average % of school student attending >90% of classes (Year ended Sep 2023)

*** the ratio of average house price to average income

**** annual rent as % of household income



Palmerston North City Centre
Quarterly electronic card spending
(retail and selected tourism sectors)

December 2023

This report presents analysis of electronic card retail spending (ie. total value of electronic card transactions made in person) in the city. The focus is on Palmerston North City Centre (consisting of CBD and Broadway Avenue precinct; and Outer CBD precinct); city as a whole (see map on page 9 for location of precincts); and comparison with New Zealand.

Data is obtained from Marketview and is based on information from Worldline (formerly known as Paymark) the largest electronic card payment network in New Zealand. Analysis covers eight retail sectors consisting of accommodation; apparel & personal; arts, recreation & visitor transport; cafes, restaurants, bars & takeaways; fuel & automotive; groceries & liquor; home & recreational retail; and other consumer spending (see retail sector classification on page 10).

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Summary – December 2023

Palmerston North: City at a glance

- For the December quarter 2023, total electronic card spending was \$407 million, down 0.8% from the same period 2022. This compares to 0.8% growth, nationally.
- For the year ending December 2023, total electronic card spending in the city was \$1,496 million. There is a slight narrowing of the gap between the Palmerston North's year on year growth of 3.0% compared to national growth of 4.3% over the year - see graph on "Electronic Card Retail Spending Annual Change (%)" on page 4.
- Annual retail spending growth across the country and in the city is below the annual rate of inflation of 4.7%, indicating negative real growth.

City Centre

- This quarter's electronic card retail spending in the city centre was \$231 million, down 2.1% compared with the December 2022 quarter. National retail spending increased 0.8% over the same period.
- Annual electronic retail spending in the city centre was \$838 million, an increase of 4.2% from the previous year. Growth in retail spending in the city was below the 4.7% annual inflation rate, equal to national growth of 4.2% growth, and above the 3.0% growth rate for Palmerston North.
- The top three retails sectors were "Groceries and liquor" (32% share of city centre spend), "Home and recreational retail" (31% of city centre), and "Café, restaurants, bars and takeaways" (16% of city centre). Together they represented 80% of retail electronic card spending. See pages 5 and 6 for breakdown by retail sectors.
- Since the November 2023 quarter, "Groceries and liquor" has taken the lead over "Home and recreational retail" as the top retail category in the city centre. This is no surprise as consumers respond to higher costs, reducing spending on big ticket household and business goods.

Retail Precincts

Retail Precincts	Dec 2023 quarter		Year ending Dec 2023		
	Value of spending (\$m)	Change from same quarter last year (%)	Value of spending (\$m)	Change from last year (%)	Precinct share (%)
Palmerston North Inner CBD and Broadway Avenue	138	-0.2%	500	7.4%	33.4
Palmerston North Outer CBD	92	-4.8%	338	-0.3%	22.6
Palmerston North City Centre*	231	-2.1%	838.4	4.2%	56.0
PNCC Terrace End	34	3.9%	126	4.4%	8.4
Rest of Palmerston North	142	0.1%	532	0.9%	35.5
Total Palmerston North**	407	-0.8%	1,496	3.0%	100
Total New Zealand	21,224	0.8%	77,434	4.3%	

Notes:

*Palmerston North City Centre spending consists of spending from: 1) CBD and Broadway Avenue (inner business zone) precinct, and 2) Outer CBD (outer business zones) precinct.

**Total Palmerston North City spending consists of spending from the city centre + Terrace End precinct + the rest of the city. See map on page 9 for location of the precincts.

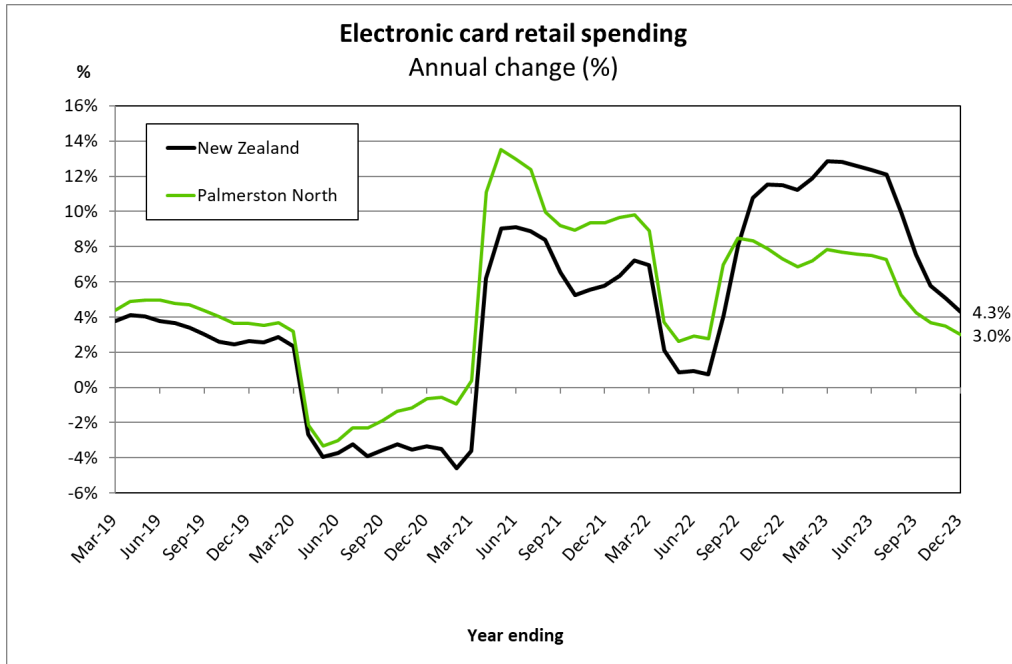
The annual growth rate of retail spending in Palmerston North for year ending December 2023 was 3.0% below the annual inflation rate of 4.7%. This indicates negative real growth at the city level. Annual growth of Palmy Bid precincts are as follows: -

- CBD and Broadway Avenue (inner business zone) precinct achieved an annual growth rate of 7.4%, higher the annual inflation rate (4.7%) and NZ annual growth rate (4.3%).
- Spending in the Outer CBD fell 0.3% over the year.

Comparing the December quarter 2023 with the December quarter 2022, combined spending in the Inner CBD and Broadway, and the Outer CBD precincts fell by 2.1%. A decline in these precincts was previously observed in the October 2021 quarter. These combined precincts make up the Palmerston North City Centre representing about 56% of total retail spending in the city. The December quarter-on-quarter decline in spending in the city reflects the sharper pullback in spending in late 2023 in response to mounting pressures on households.

The time series below shows annual (i.e., rolling 12 months) change in electronic card spending (Mar 2019 – Dec 2023) for Palmerston North and New Zealand. Prior to October 2022, our City’s retail spending experienced stronger performance relative to national spending due to parts of the country continued to be more greatly affected by reduced tourism and supply chain issues. Since October 2022, the average New Zealand growth rate caught up and began to exceed the rate of growth in our City. Annual growth rates in spending for NZ and Palmerston North begun to decline since April 2023 in response to tougher economic conditions.

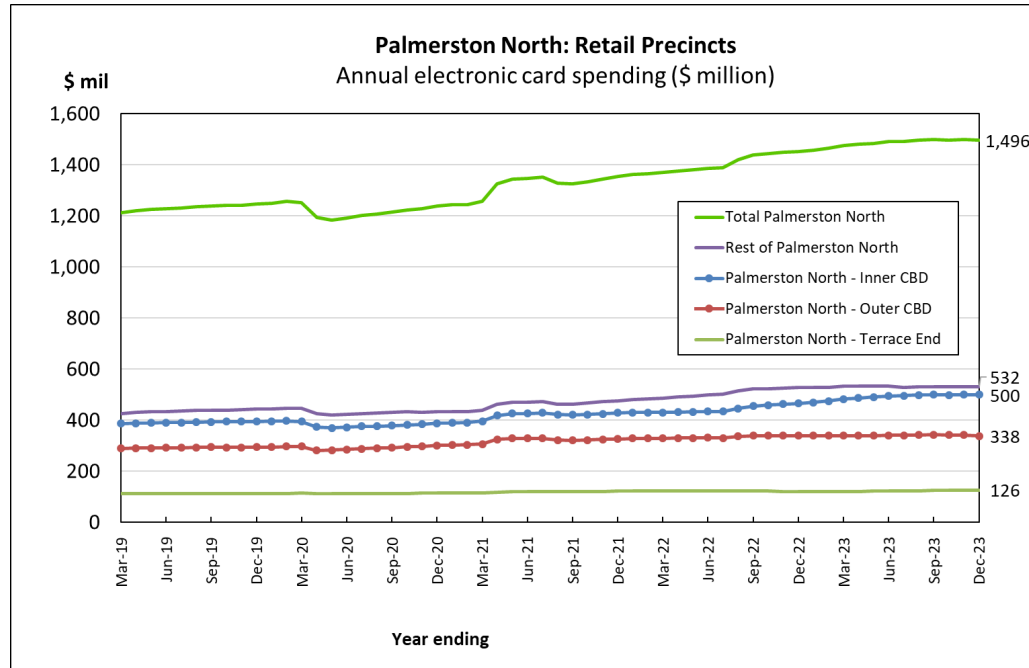
Time series: Annual Change (Mar 2019 – Dec 2023)



The time series of spending by precincts below shows upward trends in spending across all precincts. Key observations are:

- The “Rest of Palmerston North” has been leading as the precinct with the highest spending since Dec 2016.
- During the recent months “Palmerston North inner CBD” (i.e., inner CBD and Broadway) is catching up with “Rest of Palmerston North”. Spending in both precincts appear to be plateauing as pressure on spending mounts.

Time series: Annual Electronic Card Spending (Mar 2019 – Dec 2023)



Retail sectors

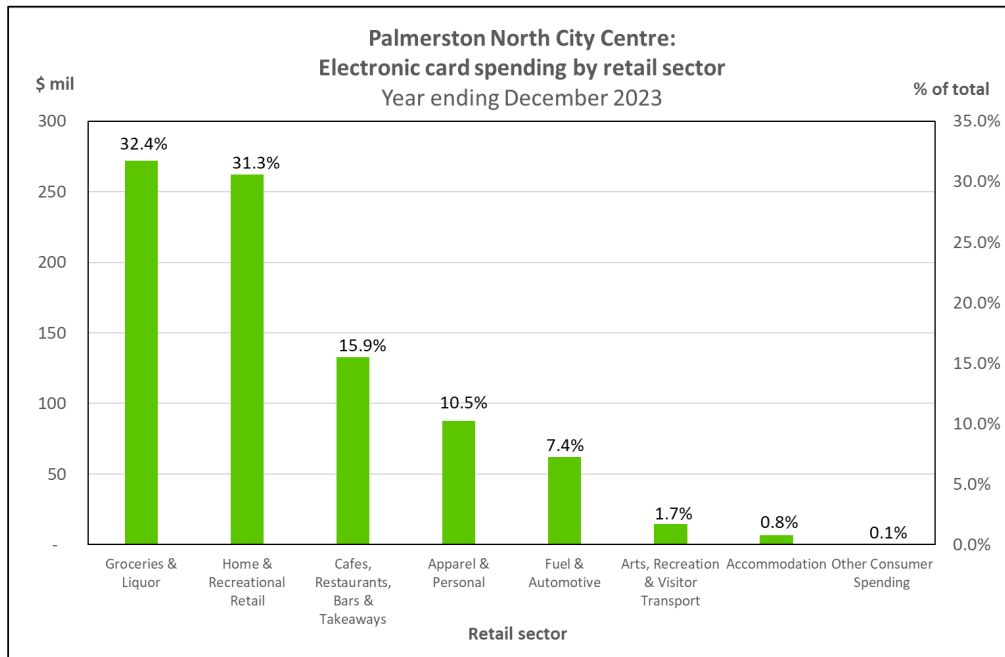
The table below shows the breakdown in spending across retail sectors for the city centre, Palmerston North, and New Zealand.

Retail sectors	Year ending Dec 2023						
	City Centre		Palmerston North		New Zealand		Palmerston North City Centre share of NZ
	Value of spending (\$m)	Change (from last year)	Value of spending (\$m)	Change (from last year)	Value of spending (\$m)	Change (from last year)	
Accommodation	7	26.6%	25	15.3%	1,830	12.1%	0.36
Apparel & personal	88	6.0%	103	4.1%	4,520	2.3%	1.94
Arts, recreation & visitor transport	15	2.8%	27	2.9%	2,286	13.0%	0.64
Cafes, restaurants, bars & takeaways	133	13.4%	198	11.5%	11,502	10.2%	1.16
Fuel & automotive	62	21.7%	253	1.3%	12,813	-0.8%	0.48
Groceries & liquor	272	10.9%	516	8.6%	27,576	9.1%	0.99
Home & recreational retail	262	-9.2%	372	-7.1%	16,565	-3.7%	1.58
Other consumer spending	1	-18.1%	2	-33.2%	368	4.0%	0.14
Total	838	4.2%	1,496	3.0%	77,459	4.3%	1.08

The top three retail sectors in the city centre were

- “Groceries and liquor” (32% of total annual spend)
- “Home and recreational retail” (31% total annual spend). This sector was ranked #1 for the year ending Sept 2023
- “Café, restaurants, bars and takeaways” (16%)

Combined, the above retail sectors made up 80% of retail electronic card spending in the city. Since the November 2023 quarter, “Groceries and liquor” has for the first time taken the lead over “Home and recreational retail” as the top retail category in the city centre. This is no surprise, as falling disposable incomes take a toll on non-essential purchases of goods and services across the economy.



In the city centre, annual growth in spending was supported by growth in retail sectors related to travel and tourism: -

- “Accommodation” (27%)
- “Fuel and automotive” (22%)
- “Café, restaurants, bars and takeaways” (13%)
- “Groceries and liquor” (11%). This position was previously held by “Arts, recreation and visitor transport”, which is now (2.8%) and ranked number 6, after Apparel and personal (6%)

City Centre: Customer origin

Year ending Dec 2023

Cardholder origin	Value of spending (\$m)	Change from last year (%)	Share of total spending (%)
Palmerston North City	535.3	4.6	63.9
Manawatu District	82.3	-0.1	9.8
Rest of New Zealand	44.1	4.8	5.3
Horowhenua District	41.7	-1.3	5.0
Tararua District	34.7	6.4	4.1
Wellington Region	27.4	-4.6	3.3
Rangitikei District	24.3	0.2	2.9
International	17.8	87.5	2.1
Auckland Region	14.1	-3.3	1.7
Whanganui District	14.0	-3.2	1.7
Ruapehu District	2.7	6.3	0.3
Total	838.4	4.2	100.0

For the year ending December 2023, 64% of retail spending in the City Centre was made by locals. The visitor (i.e. non-local) share was 36% of total spending. The top five visitor spends spenders were from the Manawatu, Rest of New Zealand, Horowhenua, Tararua, and the Wellington region. Together, these areas contributed 28% of total spending to the city centre over the year.

Although international visitors recorded the highest annual growth at 88%, it has decreased from 132% from the year ending June 2023 (11 months after NZ's international border opens to all visitors on 1 August 2022). Despite high growth rates, international visitors represent only about 2% of total annual spending.

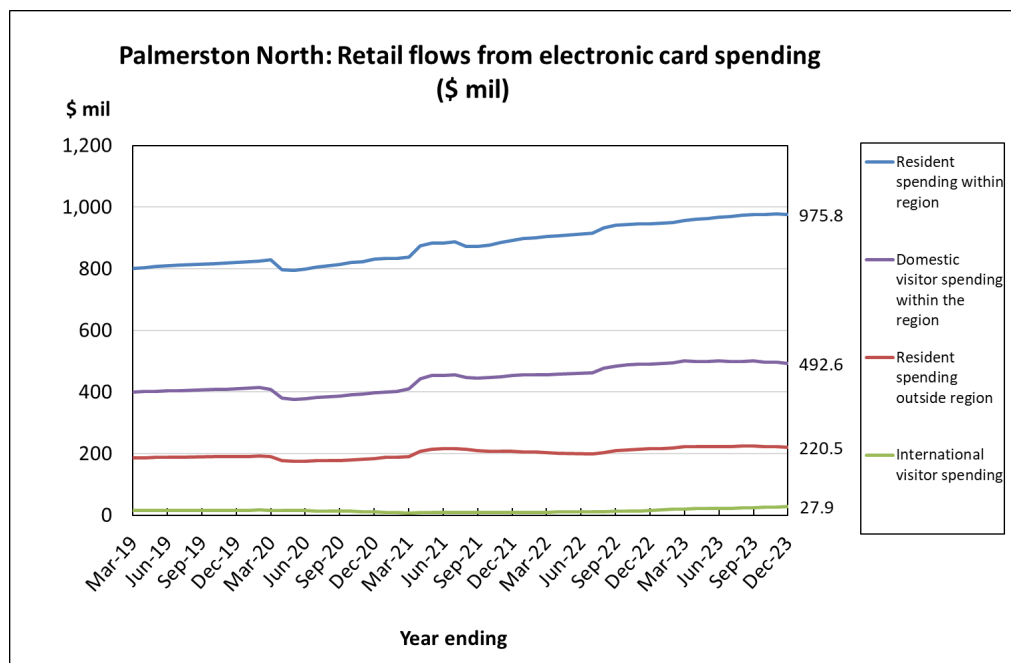
Palmerston North: Retail flows

Year ending Dec 2023

Retail flow	Value of spending (\$m)	Change from last year (%)
Resident spending locally (A)	976	3.1
Resident spending outside the city (B)	221	2.2
Total resident spending (A)+(B)	1,196	2.9
Domestic visitor spending (C)	493	0.4
International visitor spending (D)	28	76.4
Total spending at Palmerston North merchants (A)+(C)+(D)	1,496	3.0
Net gain in spending for city (C)-(B)	271	-1.0
	Year ending Dec 2023	Year ending Dec 2022
Visitor share of Palmerston North spending	32.9%	33.8%
Palmerston North loyalty rate	81.6%	81.4%

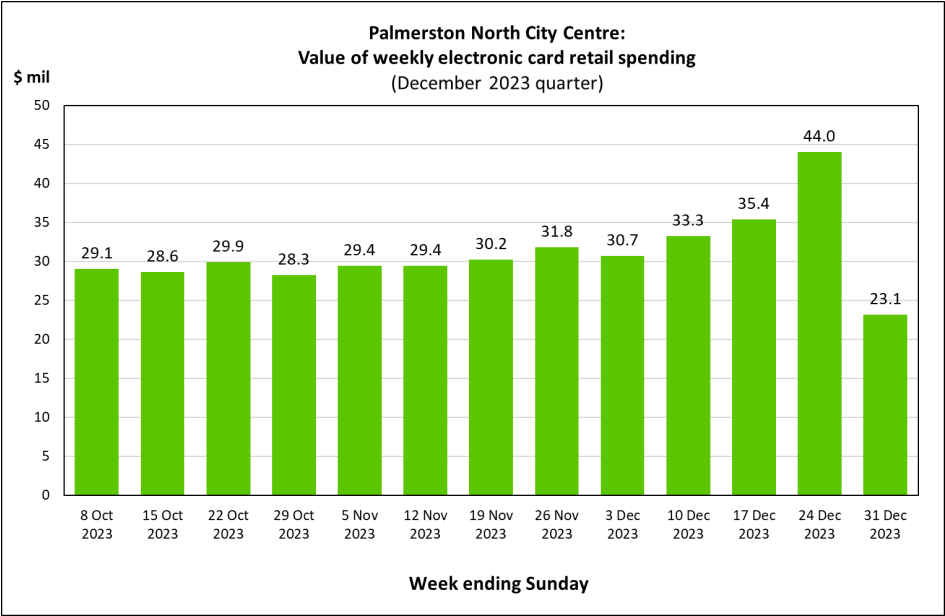
For the year ending December 2023, Palmerston North residents spent \$976 million locally (3.1% increase) compared to \$221 million outside the city (2.2% increase). Total visitor spending was \$521 million, which consisted of \$493 million (0.4% increase) from domestic visitors and \$28 million (76.4% increase) from international visitors. See figure below for trend in annual spend over time.

Time series: Retail flows – Annual Spending (March 2019 – December 2023)



Palmerston North: Weekly spending

The average weekly spending in the City Centre this quarter is \$31 million, with a range between \$23 - \$44 million. Weekly spending gradually increased after the week of Black Friday (24 November). Spending ranged from \$31 million in the week ending 3 December to \$44 million in the week ending 24 December. Weekly spending fell to \$23 million in the week ending 31 December 2023.



Precinct Map



Retail sector classification

Accommodation

Accommodation

Apparel & personal

Clothing retailing
Footwear retailing
Watch & jewellery retailing
Other personal accessory retailing
Hairdressing & beauty services

Arts, recreation & visitor transport

Interurban & rural bus transport
Urban bus transport (including tramway)
Taxi & other road transport
Rail passenger transport
Water passenger transport
Air & space transport
Scenic & sightseeing transport
Passenger car rental & hiring
Other motor vehicle & transport equipment rental & hire
Travel agency & tour arrangement services
Museum operation
Zoological & botanical gardens operation

Fuel & automotive

Motor vehicle parts retailing
Tyre retailing
Fuel retailing
Other automotive repair & maintenance

Groceries & liquor

Supermarket & grocery stores
Fresh meat, fish & poultry retailing
Fruit & vegetable retailing
Liquor retailing
Other specialised food retailing

Home & recreational retail

Sport & camping equipment
Entertainment media retailing
Toy & game retailing
Newspaper & book retailing
Marine equipment retailing
Department stores
Pharmaceutical, cosmetic & toiletry goods
Stationery goods retailing
Antique & used goods retailing

Nature reserves & conservation parks operation
 Performing arts operation
 Creative artists, musicians, writers & performers
 Performing arts venue operation
 Health & fitness centres & gymnasias operation
 Sport & physical recreation clubs & sports professionals
 Sports & physical recreation venues, grounds & facilities
 Sport & physical recreation admin. & track operation
 Horse & dog racing administration & track operation
 Other horse & dog racing activities
 Amusement parks & centres operation
 Amusement & other recreation activities n.e.c
 Casino operation
 Lottery operation
 Other gambling activities

Cafes, restaurants, bars & takeaways

Cafes & restaurants
 Takeaway food services
 Catering services
 Pubs, taverns & bars
 Clubs (hospitality)

Flower retailing
 Other store-based retailing n.e.c.
 Furniture retailing
 Floor coverings retailing
 Houseware retailing
 Manchester & other textile goods retailing
 Electrical, electronic & gas appliance retailing
 Computer & computer peripheral retailing
 Other electrical & electronic goods retailing
 Hardware & building supplies retailing
 Garden supplies retailing

Other consumer spending

Car retailing
 Motor cycle retailing
 Trailer & other motor vehicle retailing
 Retail commission based buying & selling

MEMORANDUM

TO: Economic Growth Committee

MEETING DATE: 24 April 2024

TITLE: Palmerston North Economic Structure Summary Report 2023

PRESENTED BY: Stacey Andrews, City Economist

APPROVED BY: David Murphy, Chief Planning Officer

RECOMMENDATION TO ECONOMIC GROWTH COMMITTEE:

1. That the Committee receive the report titled 'Palmerston North Economic Structure Summary Report 2023 (Attachment 1)' presented to the Economic Growth Committee on 24 April 2024.
-

1 INTRODUCTION

- 1.1 This memorandum presents a summary of the key themes from the Palmerston North Economic Structure Summary Report 2023 (Attachment 1).
- 1.2 The Structure Report summarises the changes to the Palmerston North economy that have occurred over the year to March 2023, as well as over a 10-year and 20-year timeframe.
- 1.3 The report includes changes to Gross Domestic Product (GDP), employment and occupational structure, business size and structure, business survival rates and the relationship between GDP and carbon emissions in the city. GDP and earnings per worker by industry is also included. The report also summarises changes in GDP, employment and employment by occupation over a 10-year and 20-year timeframe.
- 1.4 Infometrics and Statistics New Zealand data has been used to understand business, employment and occupation data for the city over the March 2023 year. Estimating the carbon intensity of the city economy combines Infometrics GDP data with the carbon emissions inventory for Palmerston North over the period 2018-2022 (calendar years).
- 1.5 Attachment 1 of the attached report includes a summary of industry GDP, employment, GDP per worker, and average earnings per worker over the year to March 2023. Latest earnings data by industry to September 2022 is also included in Attachment 1.

2 THE ECONOMIC STRUCTURE OF THE PALMERSTON NORTH ECONOMY

- 2.1 The Palmerston North economy performed well over the five-years to December 2023, growing by 13.4% compared with 11.2% growth in the New Zealand economy.
- 2.2 The relatively strong performance of the Palmerston North economy has been supported by the diverse mix of public and private sector activity and employment across the economy, as well as a higher proportion of big business in the city relative to the national profile.
- 2.3 Elevated public and private investment has also supported economic activity in the city, alongside fewer impacts from COVID-19 restrictions relative to many other parts of New Zealand.
- 2.4 Palmerston North GDP was estimated at \$6.4 billion for the year ended March 2023. This is an additional \$132.2m (+2.1%) from the year ended March 2022.
- 2.5 The employing sectors of the Palmerston North economy directly generated \$5.4 billion in GDP (84.1% of total GDP) to the Palmerston North economy. A further 8.3% of GDP was generated from owner-occupied property operation and 7.6% from taxes and duties. The analysis of GDP in this report is based on the GDP generated from employing sectors of the economy.
- 2.6 GDP growth across employing sectors of the Palmerston North economy increased by \$88.0 million over the March 2023 year, up 1.7% compared with the previous year.
- 2.7 The carbon intensity of the Palmerston North economy, explained as the level of carbon emissions generated per \$1 million in GDP, has been declining since 2018. In the 2018 calendar year, 129.1 tCO₂-e were emitted per \$1 million of GDP in the city compared with 109.3 tCO₂-e in 2022. The source of energy generation explains much of the decrease. The factors driving the results and further research underway, is discussed in more detail within the attached report.
- 2.8 The following section summarises the key insights from the 'Palmerston North Economic Structure Summary Report 2023' (Attachment 1).
 - a. The city economy is buffered by a large and diverse government, health and education sector, contributing 31.2% of GDP and 36.0% of total employment. This compares with 17.1% of GDP and 23.1% of employment, nationally.
 - b. 'Public administration and safety' was the largest sector in Palmerston North by contribution to GDP and the third largest employer, contributing \$704.4m (13.1%) to GDP and 6,105 (10.8%) jobs to the city economy. 'Defence' is the largest sub-sector, adding \$293.8m in GDP over the March 2023 year and employing 2,369 personnel.

- c. 'Rental, hiring and real estate services' was the highest growth sector in the city over the year, increasing by \$23.4m to a total value of \$463.2m. The sector also posted the third highest growth in employment. Real estate services drove much of this growth, with GDP increasing by \$16.8 million to a value of \$273.6m and employment increasing by 56 to 686. GDP growth in the sector was driven by strong demand for housing and elevated house price growth in the earlier part of the March 2023 year.
- d. 'Health care and social assistance' continues to be the largest employer, contributing 8,008 jobs to the city economy. Employment growth in the sector was also strong over the year with a substantial increase in the number of people employed in midwifery and nursing occupations. This growth was supported by an increase in skilled workers from the opening of the borders and the easing of COVID-19 restrictions in 2022.
- e. 'Manufacturing' had the highest increase in jobs over the year, rising by 132 in response to easing COVID-19 restrictions and the continuation of strong demand. Since 2023, the manufacturing sector has come under significant pressure with the downturn in global economic activity, weighing on employment levels and profitability. Data released in January 2025 will provide further insight into how these pressures have impacted on the city economy over the March 2024 year.
- f. Palmerston North has a highly skilled workforce. Professionals continue to be the largest occupation group in the city, making up 27.4% of total employees. Managers are the second largest group, with 15.8% of the workforce working in management occupations.
- g. The largest growth occupations over the year to March 2023 were professionals (+168), machinery operators and drivers (+104) and managers (+78).
- h. Professional roles were by far the largest growth occupation in the city over all periods, adding 2,843 roles over 10-years, and 5,544 over the 20-years to March 2023.
- i. Of the total employees in the city, 33.4% are employed in knowledge-intensive industries, compared with 32.7% of the New Zealand workforce. The Palmerston North workforce also has a slightly higher proportion of highly skilled and skilled workers than New Zealand at 52.8% versus 51.6% nationally.
- j. There were 8,412 businesses in the city in March 2023, up by three firms compared with the previous year. Of total workers, 36.2% were employed in businesses with 100+ employees. In contrast, small to medium enterprises (<20 employees) make up 94.0% of businesses and create 38.6% of jobs.

- k. Reflecting the scale of big business in the city, the average business size (average number of employees per business) in the city is 6.7 compared with 4.3 employees per business nationally.
 - l. GDP contracted in the 'retail trade' sector, 'education and training', 'information media and telecommunications', 'construction and wholesale trade' in the city over the year to March 2023.
 - m. There are a variety of reasons for the fall in GDP of the above sectors over the year. 'Retail and wholesale trade' have been negatively impacted by reduced spending from households and businesses due to elevated living costs while 'education and training' has fallen due to strong labour markets and reduced demand for tertiary education. The 'information, media and telecommunications' sector has been declining over time as other forms of media take over from traditional media and advertising revenue falls due to economic conditions. 'Construction' sector activity has eased after elevated growth in 2022.
 - n. The business survival rate expresses the percentage of new businesses in February 2020 that continued to operate in February 2023. The business survival rate for the city over this three-year period was 55.5%. This compares with 61.6% nationally. Business survival rates for the city have fluctuated between 61.1% and 55.5% over the period 2017-2023.
 - o. The industry sectors that fell below the 55.5% survival rate were 'agriculture, forestry and fishing', 'transport, postal and warehousing', 'rental, hiring and real estate services', 'professional, scientific and technical services', 'administrative and support services', 'arts and recreation', and 'other services'. Decisions around the structure and size of businesses influence these numbers, as does the wider economic environment. Business survival rates over the next few years will provide further insight into any disruption caused by COVID-19.
- 2.6 The Palmerston North economy has proven resilient through the challenges of the last few years. Challenges have been mounting however, as wider economic, financial and fiscal factors impact on local economic activity.
- 2.7 On the upside, the economic slowdown signals that the efforts of the Reserve Bank to reduce spending and rein in inflation are working, increasing the odds of an earlier than expected cut to the Official Cash Rate (OCR). Lower interest rates will provide much needed relief to stretched household and business budgets, enabling greater demand for goods and services across the economy.

3 COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide?	Yes
Are the decisions significant?	No
If they are significant do they affect land or a body of water?	No
Can this decision only be made through a 10 Year Plan?	No
Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these actions?	Yes
Are the recommendations inconsistent with any of Council's policies or plans?	No
The recommendations contribute to Goal 1: An Innovative and Growing City	
The recommendations contribute to the achievement of action/actions in Economic Development	
The action is: Council decision-makers are provided with quality and timely advice.	
Contribution to strategic direction and to social, economic, environmental and cultural well-being	A sound understanding of the make-up and contributions of the Palmerston North economy will assist elected members to make well-informed decisions.

ATTACHMENTS

1. Palmerston North Economic Structure Summary Report 2023 [↓](#) 



Report structure

This report provides a summary of the structure of the Palmerston North economy based on the Infometrics economic profile and the annual release of the Linked Employer-Employee Datasets (LEED) from Statistics New Zealand¹.

The report includes a summary of:

1. Economic performance – five years
2. Economic structure - Gross Domestic Product (GDP)
3. GDP by sector
4. Growth industries
5. Economic structure - Employment
6. Three-year business survival rates
7. Carbon intensity of the city economy
8. Employment growth by industry sector
9. Skill level
10. Employment by occupation
11. Growth across occupations
12. Economic outlook

Appendix 1 provides industry summaries that include GDP, employment, GDP per worker, annual industry earnings and average earnings per worker over one-year, 10-year, and 20-year timeframes. Summaries for the combined industries of Logistics and distribution ('Wholesale trade' and 'Transport, postal and warehousing', and the Retail sector ('Retail trade' and 'Accommodation and food services') are also included here.

Economic performance – five years

The Palmerston North City economy has grown by 13.4%² over the five years to December 2023. This compares with 11.2% growth nationally.

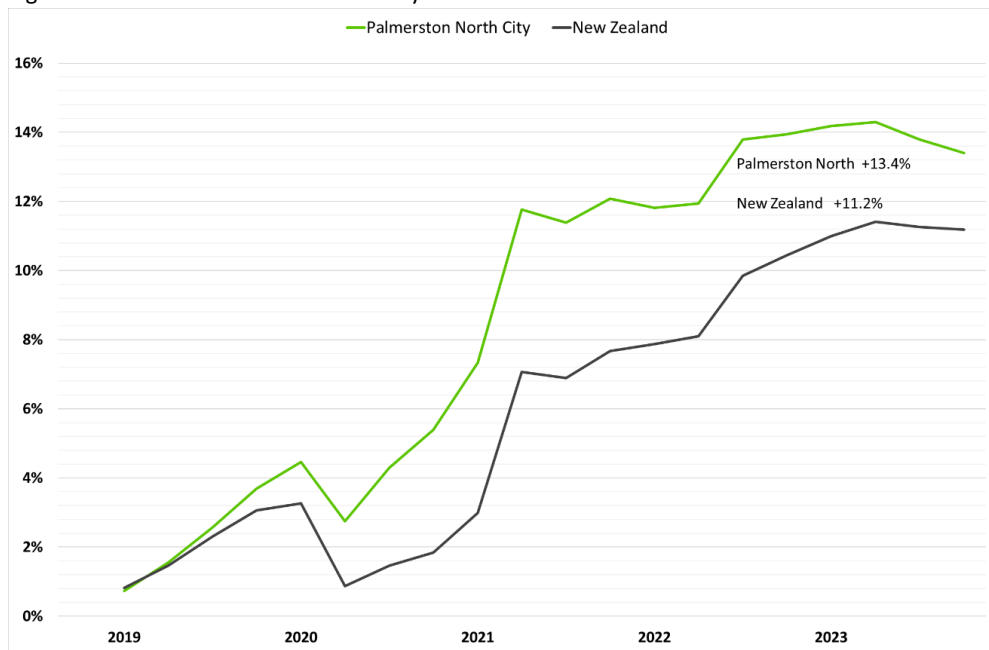
The Palmerston North economy benefits from the diverse mix of public and private sector activity and a larger proportion of big businesses in the city than at the national level. This industry structure has supported the resilience of the city economy, with the impact of wider economic shocks tending to be less extreme than in many other parts of the country. This relative resilience was observed over the COVID-19 period, where the mix of industries that make up the city economy buffered the city from the worst impacts of COVID-19 restrictions. This is not to say that the city does not have vulnerabilities in terms of the current economic conditions, but rather that peaks and troughs seem to be less pronounced than many other parts of the country.

Discussion of wider economic conditions and the impact on the city economy is discussed throughout the report, alongside a summary of the economic outlook for Palmerston North.

¹ LEED data is sourced via Infometrics. Employment by business size is sourced directly from Statistics NZ.

² GDP is measured by calculating the net value of final goods and services produced in an economy over a specific period. GDP is not the same thing as revenue. GDP measures the value added to intermediate goods and services used to produce final goods and services, including salaries and wages paid to households.

Figure 1: NZ and Palmerston North five year GDP Growth – December 2018 to December 2023



Source: Infometrics, QEM

Economic structure – Gross Domestic Product (GDP)³

Palmerston North GDP was estimated at \$6.4b for the year ended March 2023. This is growth of 2.1% (+\$132.2m) from the previous year ended March 2022.

GDP is made up of employing sectors across the economy, as well as contributions from non-employing sectors such as owner-occupied property operation⁴ and GDP generated from taxes, duties and levies across sectors.

This report focuses on the employing sectors of the Palmerston North economy.

The employing sectors of the economy are 'primary production', 'manufacturing', 'services', and 'government, education and health'. These sectors contributed \$5,381.4 million (84.1% of total GDP) to the Palmerston North economy in 2023, growing by 1.7% (+\$88 million) compared with the year ended March 2022. A further 8.3% of GDP in the city was generated from owner-occupied property operation and 7.6% from taxes and duties in 2023.

GDP by sector

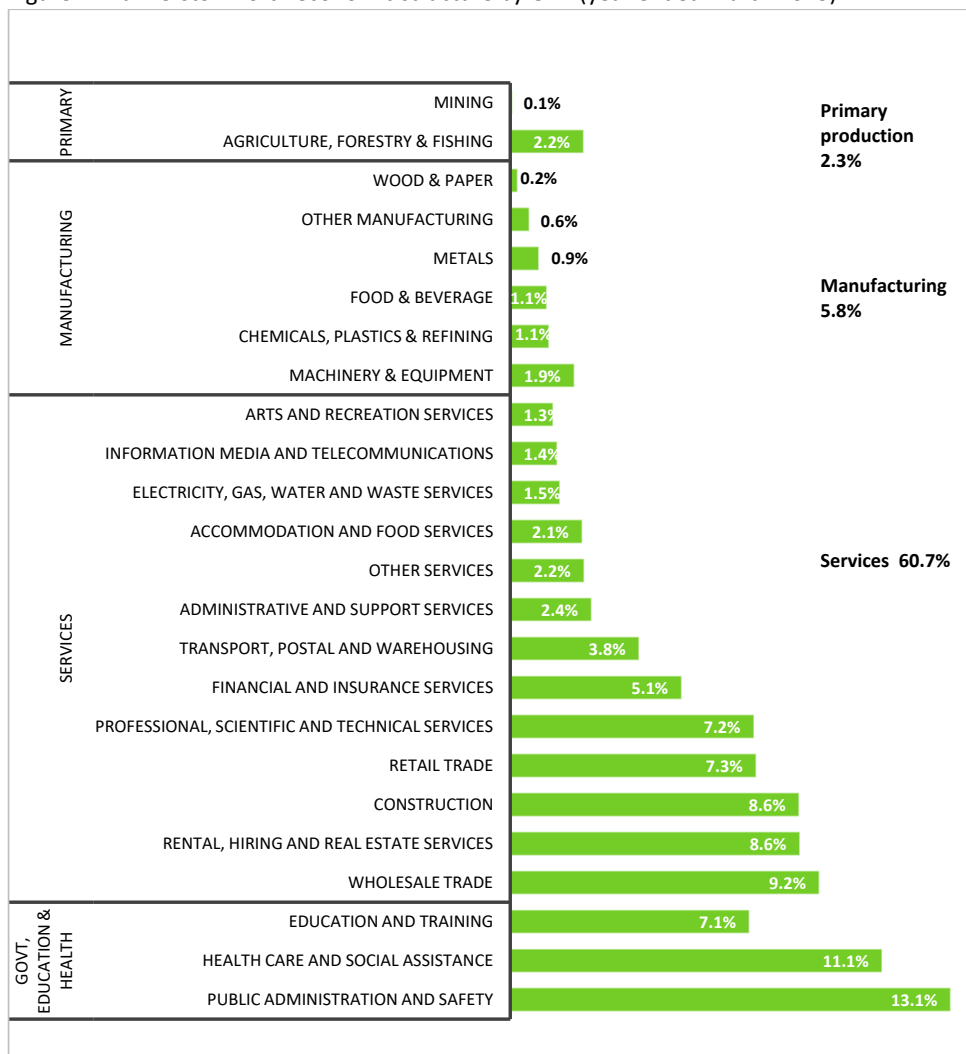
The Palmerston North economy is dominated by service sector activity, which contributed 60.7% of GDP in 2023. This is typical of most advanced economies, but lower than for New Zealand, where 66.5% of national GDP was generated from the service sector in the March 2023 year.

³ The detailed analysis of the economic structure of the city economy is as at March 2023 to align with the detailed data by industry included within this report.

⁴ Owner-occupied property operation is the value that households create from the provision of housing to themselves.

Palmerston North also has a large and diverse government, education and health sector, contributing 31.2% to city GDP. This compares with 17.1% of total New Zealand GDP.

Figure 2: Palmerston North economic structure by GDP (year ended March 2023)



Source: Infometrics, REP

Growth industries

The Palmerston North economy grew by \$132.2m (+2.1%) over the year to March 2023. Employing industries contributed \$88.0m of this annual growth to GDP, while non-employing industries contributed \$44.2m.

Over the March 2023 year, the minor contraction of some of our key sectors was observed as economic conditions impacted on levels of demand and profitability across these sectors. The largest falls were in retail trade, and education and training, where GDP decreased by \$18.1m (-4.4%) and \$12.9m (-3.3%), respectively.

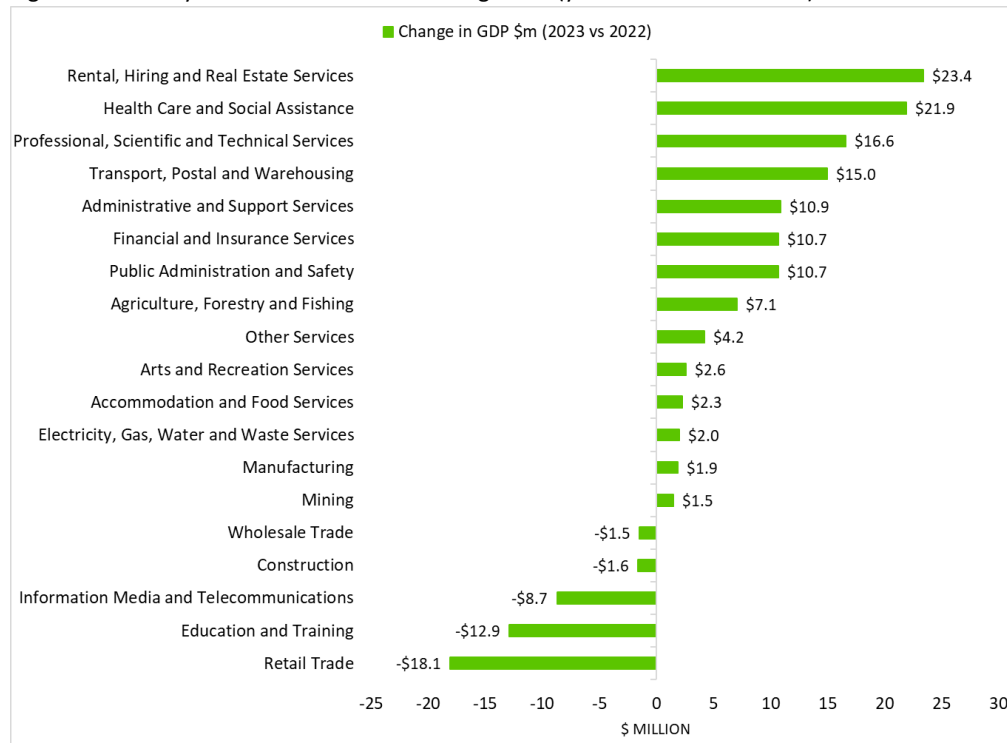
Retail and wholesale trade and construction sector GDP fell as business and consumer demand contracted due to higher interest rates and falling disposable incomes. Easing construction sector activity was observed across the country, as the building boom of 2021 and 2022 came to an end due to tougher lending conditions, lower capital values, and higher living costs.

More recently, construction sector activity in the city has been supported by substantial public and commercial and industrial development flowing through to consenting. More recent impacts on the sector are discussed in the quarterly economic update (April 2024). Looking forward, fiscal constraints could put construction sector activity under further pressure as the Government looks to reprioritise spending across the country in response to tight budgetary conditions.

Education and training have been impacted by reduced demand from strong labour markets and central government immigration policy settings, alongside financial constraints in the sector.

The information, media and telecommunications sector has been impacted over time by non-media alternatives and increasing technology inputs relative to labour. More recently, a downturn in advertising revenue is impacting on the sector as economic conditions limit non-essential expenditure. While demand for advertising is likely to recover from current levels, trends suggest the industry will continue to face pressure from technology advances and alternative media.

Figure 3: Industry sector contribution to GDP growth (year ended March 2023)



Source: Infometrics, REP

Rental, hiring and real estate services was the largest growth sector, expanding by \$23.4m (+5.3%) over the year to March 2023, largely driven by returns to the real estate sector and recovering tourism activity. Health care and social assistance GDP increased by \$21.9m as access to workers

was restored due to easing at the borders. Professional, scientific and technical services GDP continued its strong growth trajectory.

The following table summarises the five largest growth sectors. Industries are ranked by GDP growth over the year to March 2023. The table also summarises growth in GDP over the ten-years and twenty-years to March 2023, as well as the percentage of total growth by sector.

Table 1: Palmerston North GDP by industry – Five largest growth sectors ranked by year

	Industry	One-year growth	10-year growth	20-year growth
1	Rental, hiring and real estate services \$463.2m	+\$23.4m +5.3%	+\$129.8m +38.9%	+\$139.2m +43.0%
	Percentage of total growth	26.6%	10.7%	8.3%
	Real estate services were the largest growth sub-sector adding +\$16.8m (+6.5%) in GDP over the year. Passenger car rental and hiring, and other goods and equipment rental and hiring, also grew strongly, adding \$8.7m (+17.3%) in GDP to the city economy. The profitability of real estate services will have fallen in the latter part of 2023 with both sales volumes and prices coming under pressure due to tough lending conditions. This implies growth in the sector would have eased throughout 2023. Activity over the March 2023 year was well supported by the opening of borders, the recovery of supply conditions relative to the March 2022 year, and the continuation of elevated house prices in 2022.			
2	Health care and social assistance \$594.8m	+\$21.9m +3.8%	+\$134.9m +29.3%	+\$261.7m +78.6%
	Percentage of total growth	24.9%	13.2%	15.6%
	Health care and social assistance contributed \$594.8m in GDP to the city economy in the March 2023 year. Hospitals ⁵ were the largest sub-sector and the largest growth sub-sector for the year, adding \$10.9m in GDP to reach a total value of \$198.6m. Aged care residential services were the second highest growth sub-sector, increasing by \$4.6m (+8.2%) to reach a value of \$60.8m.			
3	Professional, scientific and technical services \$389.8m	+\$16.6m +4.4%	+\$103.4m +36.1%	+\$116.5m +42.6%
	Percentage of total growth	18.9%	8.5%	+7.0%
	Professional, scientific and technical services generated \$389.8m in GDP for the city in 2023. Scientific research services were the largest growth sub-sector with GDP growing by \$10.2m (+10.6%) over the year. GDP generated from the Management advice and other consulting services, and Computer systems design and related services sub-sectors, collectively increased by \$5m (+5.3%) in the March 2023 year.			
4	Transport, postal and warehousing \$206.1m	+\$15.0m +7.8%	+\$17.7m +9.4%	+\$46.9m +29.5%
	Percentage of total growth	17.0%	1.5%	2.8%

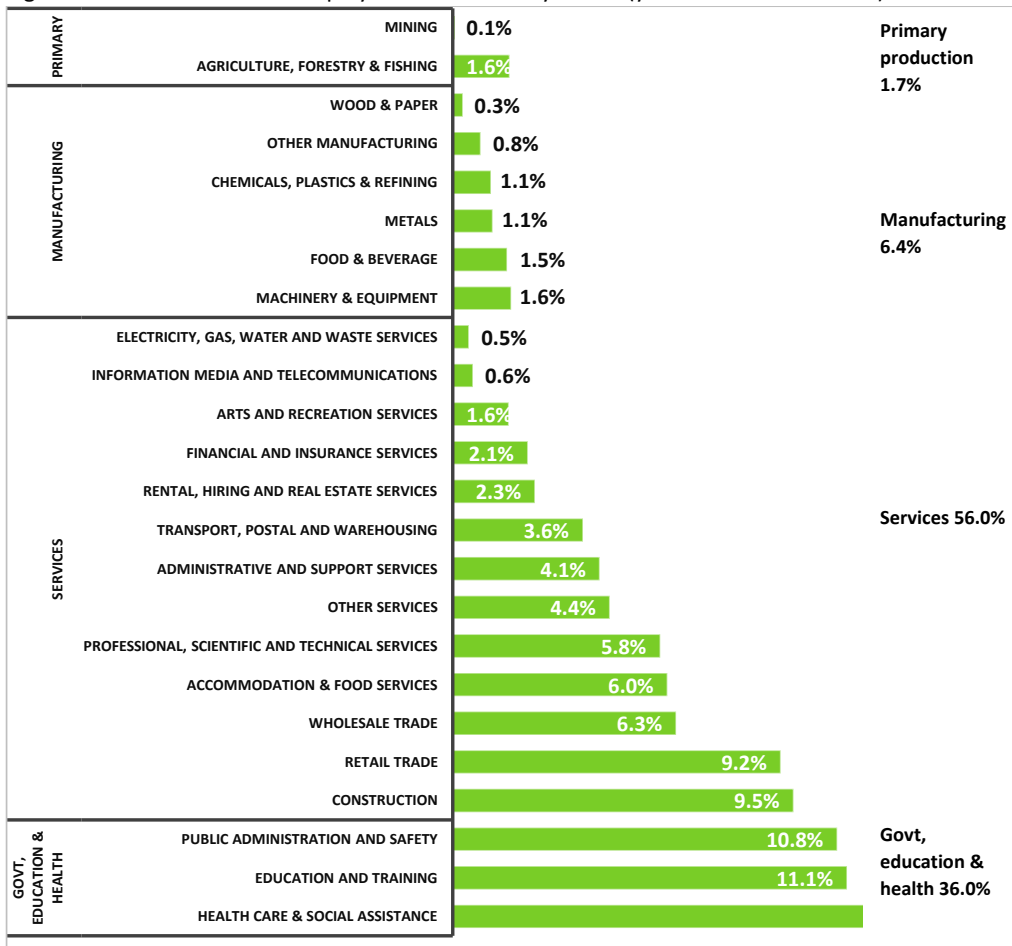
⁵ The Hospital sub-sector excludes psychiatric hospitals.

	Industry	One-year growth	10-year growth	20-year growth
	The Transport, postal and warehousing sector contributed \$206.1m to the Palmerston North economy in the March 2023 year. Other warehousing and storage services was the largest sub-sector with GDP increasing by \$12.4m (+79.0%) over the year.			
5	Administrative and support services \$129.9m	+10.9m +9.2%	+32.6m +33.5%	+\$34.6m +36.3%
	Percentage of total growth	12.4%	2.7%	2.1%
	Administrative and support services contributed \$129.9m in the March year 2023. Buildings cleaning services was the largest growth sub-sector, up \$4.6m (+11.3%) from the previous year, followed by Travel agency and tour arrangement services, increasing \$4.1m (+83.7%) and labour supply services, rising \$2.6m (+5.5%) over the year.			

Economic structure - Employment

There were 56,665 people employed in the Palmerston North economy in March 2023.

Figure 4: Palmerston North employment structure by sector (year ended March 2023)



Source: Infometrics, REP, 2023

The employment structure across the city is largely consistent with GDP structure. Service sector employment is less than at the national level, where 62.2% of workers are employed in the service sector compared with 56.0% in Palmerston North.

The combined scale of the government, education and health sectors is clear with 36.0% of jobs in Palmerston North generated from these sectors, compared with 23.1 % of employment across the country.

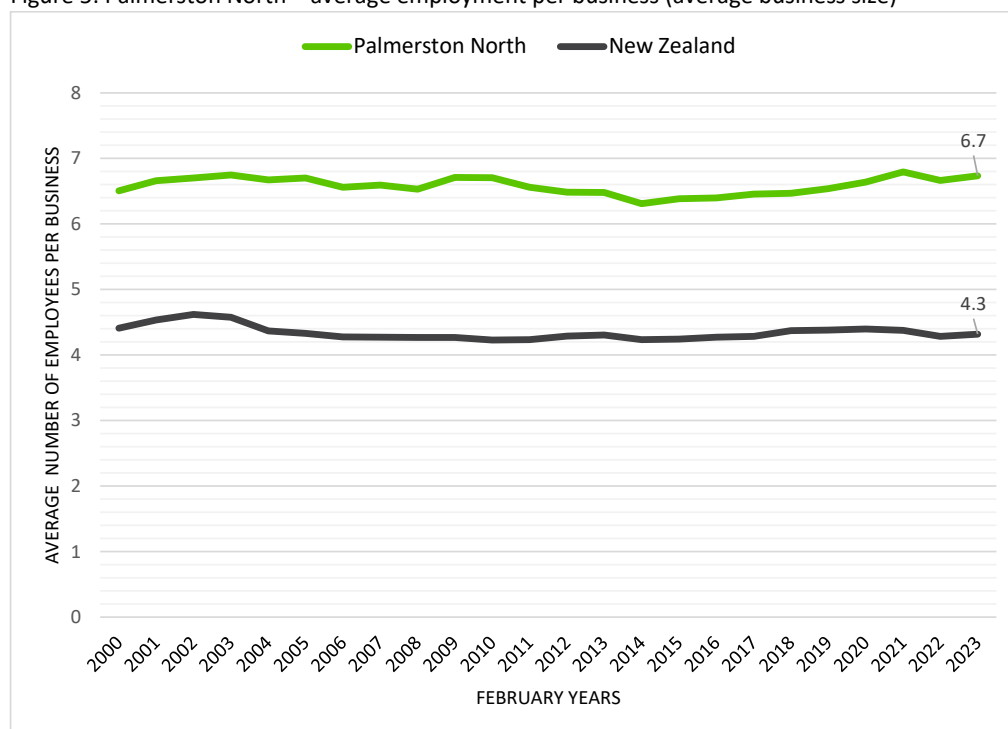
Business structure

There were 8,412 businesses in Palmerston North in February 2023; a slight increase of three firms from the previous year. Businesses are defined as legal entities established for the purpose of generating a profit.

Business growth has been flat over the year. However, in the year to February 2022, the number of businesses in the city increased by 4.1% as economic activity was bolstered by the post-pandemic economic recovery.

Another characteristic of our businesses is that they tend to be larger with an average size of 6.7 employees per business in the city relative to an average size of 4.3 employees per business nationally.

Figure 5: Palmerston North – average employment per business (average business size)



Source: Infometrics, REP, 2023

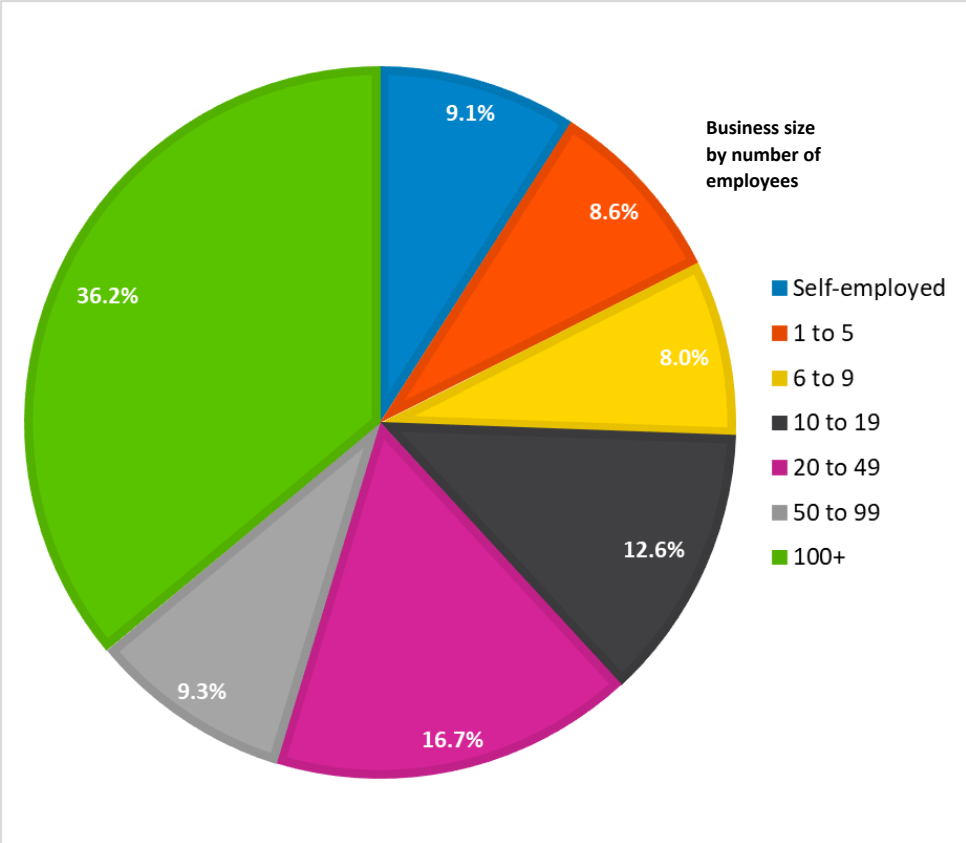
The city has a higher proportion of businesses employing over 50 employees, relative to the national average, with 2.1% of our businesses employing over 50 employees compared with 1.2% of New Zealand businesses.

Contributing to the relative resilience of the Palmerston North economy, the city also has a greater proportion of workers employed within large businesses. Specifically, 36.2% of the city workforce is employed in businesses with 100 or more employees.

The city also has a higher proportion of smaller businesses with 21.3% of total businesses in the city having between one and five employees, compared with 18.0% nationally.

Our Small to Medium Enterprises (SMEs - businesses with <20 employees) continue to be extremely important to the city economy, making up over 94.0% of total businesses and creating 38.6% of total jobs.

Figure 6: Percentage of filled jobs by business size

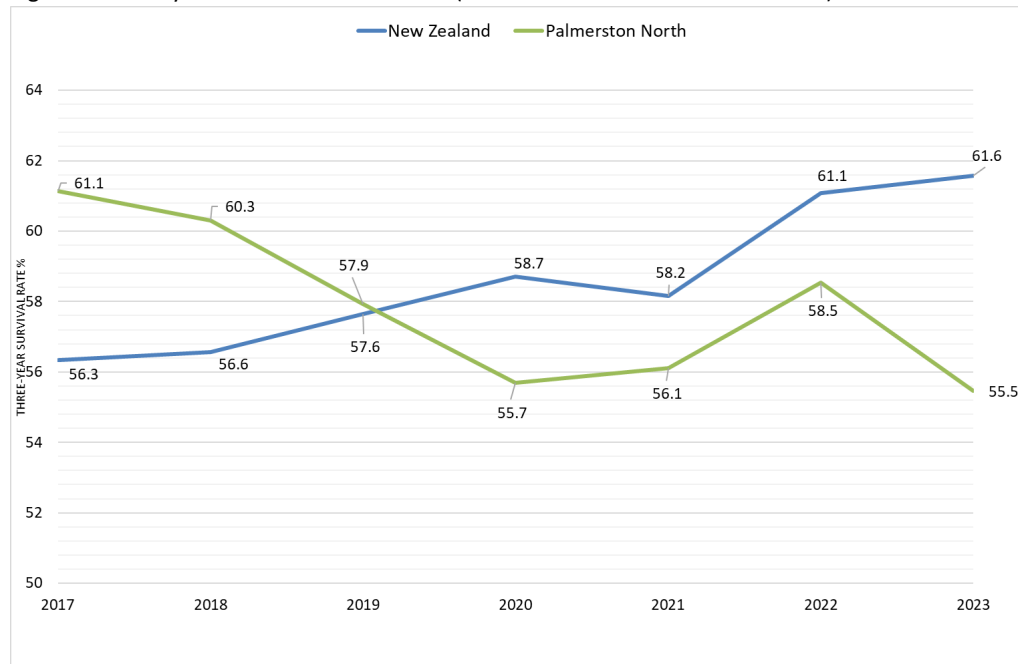


Source: Business demography, Statistics NZ, 2023

Three-year business survival rate

The three-year business survival rate expresses the percentage of new businesses in Palmerston North in February 2020 that continued to operate in February 2023. The business survival rate for the city over this three-year period was 55.5%. This compares with 61.6% nationally. Business survival rates for the city have fluctuated between 61.1% and 55.5% over the period 2017-2023.

Figure 7: Three-year business survival rates (Palmerston North and New Zealand)



Source: Statistics NZ, customised business survival data

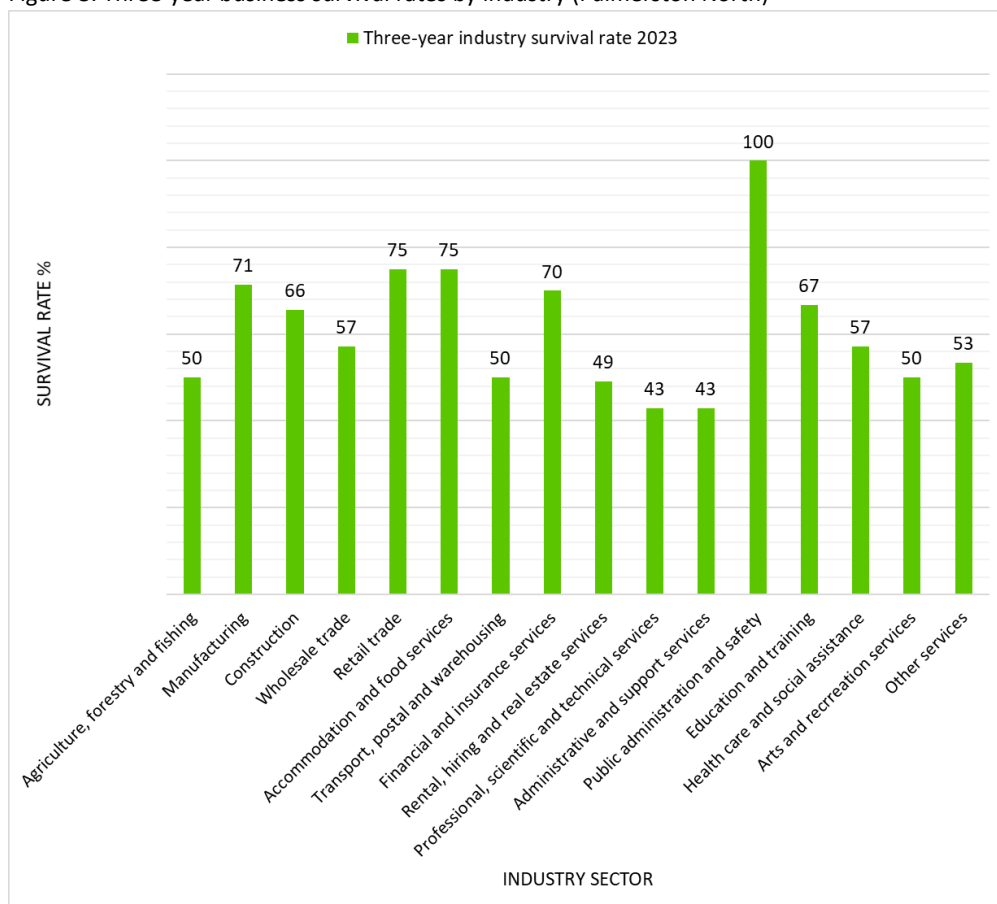
The three-year business survival rate differs across industries with 'professional, scientific and technical services' and 'administrative and support services' posting the lowest business survival rates over the three-years to March 2023. There is a variety of reasons for this including sole trader businesses being established as a short term solution to the restrictions on employment from COVID-19 in 2020.

Business structure is another reason why business numbers may fall alongside an increase in GDP by industry. More efficient businesses expand to increase the supply of goods and services to the market, replacing businesses that have ceased to operate. Landlords are often set up as individual businesses and therefore fluctuate as providers exit and enter the market. The agricultural sector is also subject to changes in business structure that does not correlate with profitability or employment in the sector.

The period 2020-2023 was also a volatile time with new business registrations up in 2020 and 2021 due to a greater number of start-ups being established as an alternative to traditional employment.

Characteristics of three-year business survival in the city and nationally over the coming few years will provide further insight into the impacts of COVID-19 and economic volatility on businesses over the period 2020-2023.

Figure 8: Three-year business survival rates by industry (Palmerston North)



Source: Statistics NZ, business demography customised data

Carbon intensity of the city economy

The carbon intensity of the Palmerston North economy, explained as the level of carbon emissions generated per \$1 million in GDP, has been declining since 2018. This declining trend is demonstrated in Figure 9 of this report.

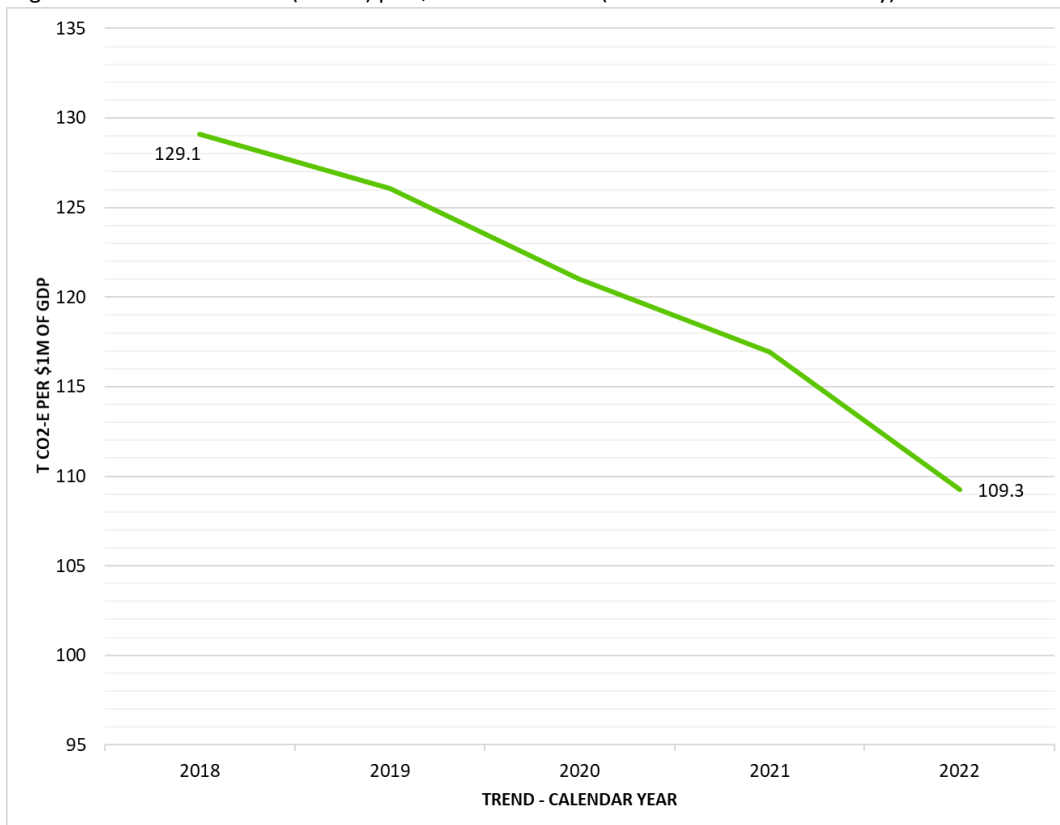
Total gross emissions (excluding forestry) fell 5.0% over the 2022 calendar year, with total net emissions down 4.2% over the year.

The main driver of this reduction in emissions, both in the city and nationally, was a 41.1% fall in electricity-related emissions between 2021 and 2022. This was predominantly driven by an increase in hydro-generation resulting in a substantial reduction in coal generation over the year. Decisions regarding the source of generation of our national grid is determined at the national level rather than at the local level, highlighting the influence of national policy decisions on electricity generation across industry sectors.

Other factors that contributed to the declining trend were a fall in natural gas, LPG and petrol and diesel emissions over the year, and a decrease in emissions from solid waste and wastewater disposal and industry (IPPU).

Further analysis of how the city compares with other parts of New Zealand is underway and will be presented as information becomes available. Future updates will also provide details on how the actions of the city are contributing to carbon emissions reductions in Palmerston North.

Figure 9: Carbon emissions (tCO₂-e) per \$1 million of GDP (Palmerston North economy)



Source: Infometrics, QEM, and Citywide emissions inventory 2022, PNCC

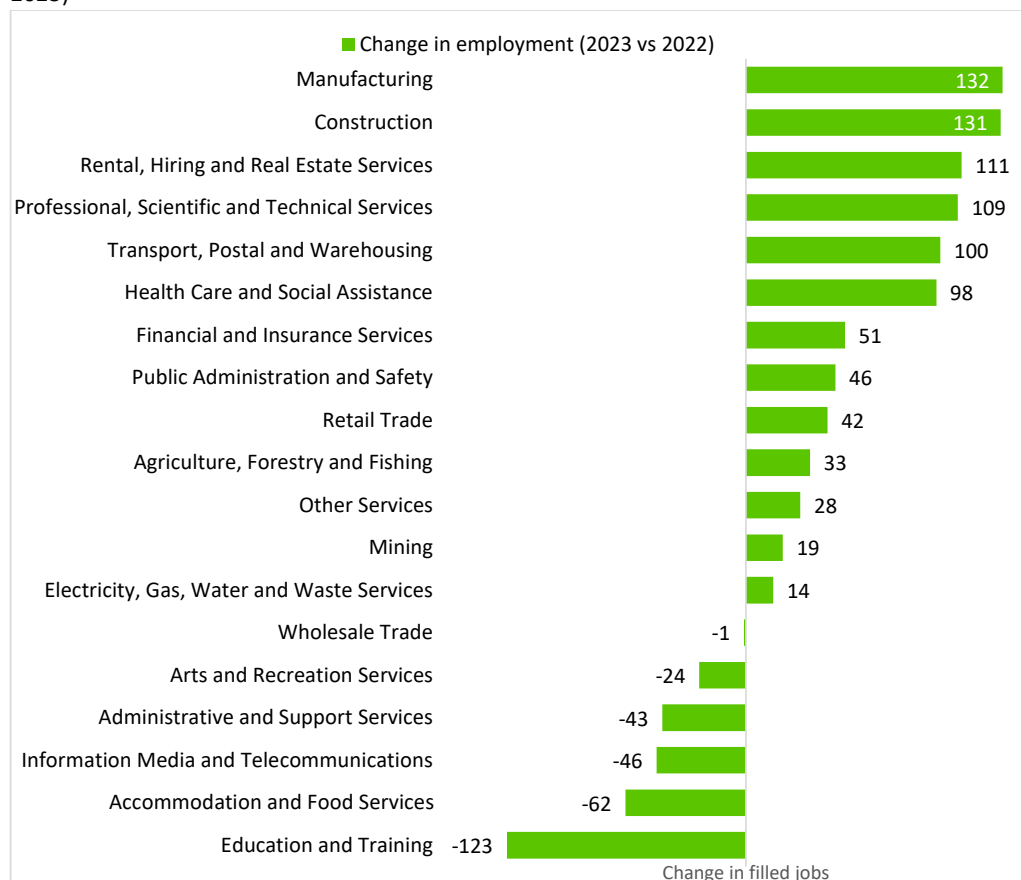
Employment growth by industry sector

The number of people employed in the city increased by 615 over the year to March 2023, up 1.1% compared with the previous year.

Jobs growth was more muted over the year to March 2023, as constrained labour supply made it difficult to fill roles. Five industries shed a total of 298 jobs over the year. The remaining industries created an additional 913 jobs across the city economy.

Since the March 2023 year, jobs growth is expected to have increased with workers being added to the local economy due to record net international migration and an increase in the number of employees and skills available to employers. Industries such as manufacturing, food production and construction also came under additional pressure as global and domestic demand weakened further into 2023. Returns to real estate are also expected to have weakened as the housing market continued to fall after the March 2023 year. These sectors are particularly exposed to both domestic and international economic demand and supply conditions.

Figure 10: Contribution to employment growth by sector in Palmerston North (year ended March 2023)



Source: Infometrics, REM, 2023

The following table summarises the five sectors in Palmerston North that created the most jobs over the year to March 2023. Industries are ranked by annual employment growth. The table also summarises employment growth over the ten-years and twenty-years to March 2023, as well as the percentage of growth generated from the specific industry sector.

Table 2: Top-five growth industries – Employment

	Industry	One-year growth	10-year growth	20-year growth
1	Manufacturing 3,631	+132 jobs +3.8%	+562 jobs +18.3%	-454 -11.1%
	Percentage of total growth	21.5%	7.1%	-3.9%
	The largest growth subsectors were machinery and other equipment manufacturing (+49 jobs), dairy product manufacturing (+38 jobs) and non-metallic mineral product manufacturing (+28 jobs). Transport equipment manufacturing also added 21 new jobs over the year. The average earnings of people employed in the manufacturing sector was \$68,922 in the February 2022 year alongside GDP per worker of \$85,541 (March 2023).			

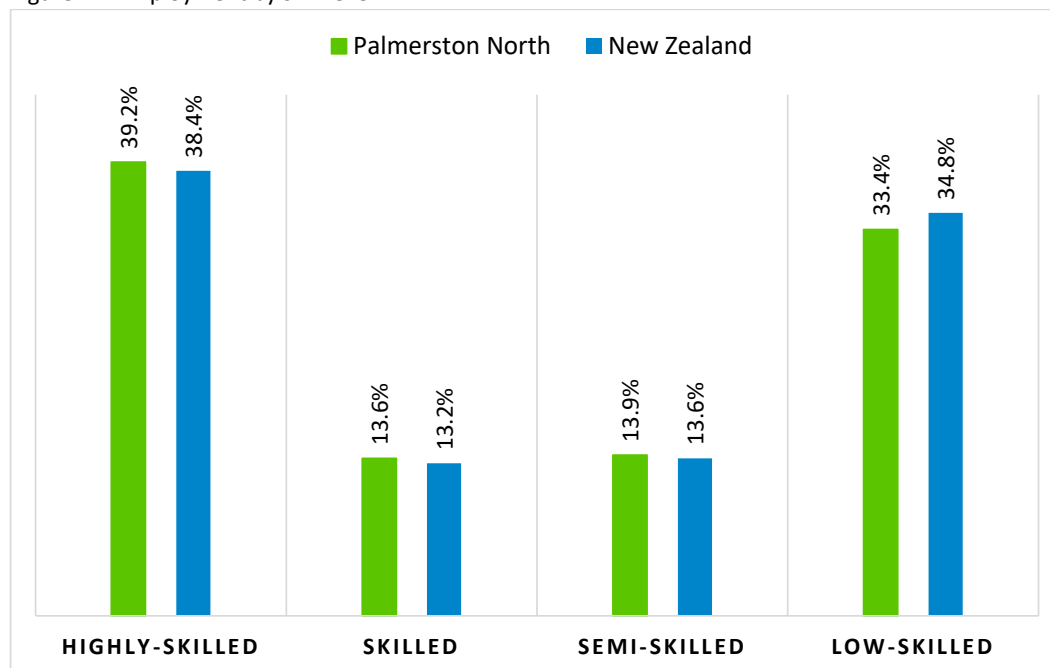
	Industry	One-year growth	10-year growth	20-year growth
	Construction 5,409	+131 jobs +2.5%	+1,631 +43.2%	+2,441 +82.2%%
	Percentage of total growth	21.3%	20.7%	20.8%
2	The construction sector added 131 jobs to the city workforce over the March 2023 year. Other heavy and civil engineering construction added the most jobs (+ 66), followed by house construction (+32) and electrical services (+31). The average earnings of people employed in the construction sector in the city was \$69,287 in the February 2022 year alongside GDP per worker of \$85,397 (March 2023).			
	Rental, hiring and real estate 1,305	+111 jobs +9.3%	+428 jobs +48.8%	+286 jobs +28.1%
	Percentage of total growth	18.0%	5.4%	2.4%
3	Real estate services were bolstered by the relative strength of the property market in 2022, adding 56 jobs to the city economy. Passenger car rental and hiring jobs increased by 25 in response to recovering tourism activity, with other goods and equipment rental and hiring jobs increasing by 21 over the year. Overall, the average earnings of people employed in the sector was \$71,282 in the March 2022 year. GDP per worker was \$354,943 (March 2023) per employee. The high GDP per worker versus earnings is due to low levels of labour in the sector relative to capital. Hence, the value-add was predominantly generated from capital gains rather than labour. This is consistent with elevated GDP growth in the real estate services sub-sector over the year.			
	Professional, scientific and technical services 3,294	+109 jobs +3.4%	+223 jobs +7.3%	+570 jobs +20.9%
	Percentage of total growth	17.7%	2.8%	4.9%
4	The scientific research services sub-sector made up 72.5% of total growth, adding 79 jobs over the year. Scientific research services are also by far the largest subsector in the city, employing a total of 908 employees in March 2023. Computer systems and design is the next biggest sub-sector employing 424 employees and adding 15 new jobs over the year. Management advice and consulting also added 19 new jobs, employing a total of 419 workers. The average earnings of city employees working in the sector was \$84,835 in the March 2022 year, with GDP per worker of \$118,336 (March 2023).			
	Transport, postal and warehousing 2,066	+100 jobs +5.1%	+102 jobs +5.2%	+304 jobs +17.3%
	Percentage of total growth	16.3%	1.3%	2.6%
5	Road freight transport was the biggest growth subsector, adding 57 jobs over the year followed by other warehousing and storage services (+40) and air and space transport (+39). Growth in employment was driven by high levels of investment in logistics and distribution in the city over the year. The average earnings of people employed in the sector was \$73,095 in the March 2022 year alongside GDP per worker of \$99,758 in the March 2023 year.			

Skill level⁶

Palmerston North has a higher proportion of the workforce employed in highly skilled and skilled roles.

In 2023, 52.8% of the Palmerston North workforce were employed in highly skilled and skilled roles. This compares with 51.6% of the New Zealand workforce.

Figure 11: Employment by skill level



Source: Infometrics, REM

Employment by occupation

Figure 12 provides a breakdown of employment across occupations in the city in 2023.

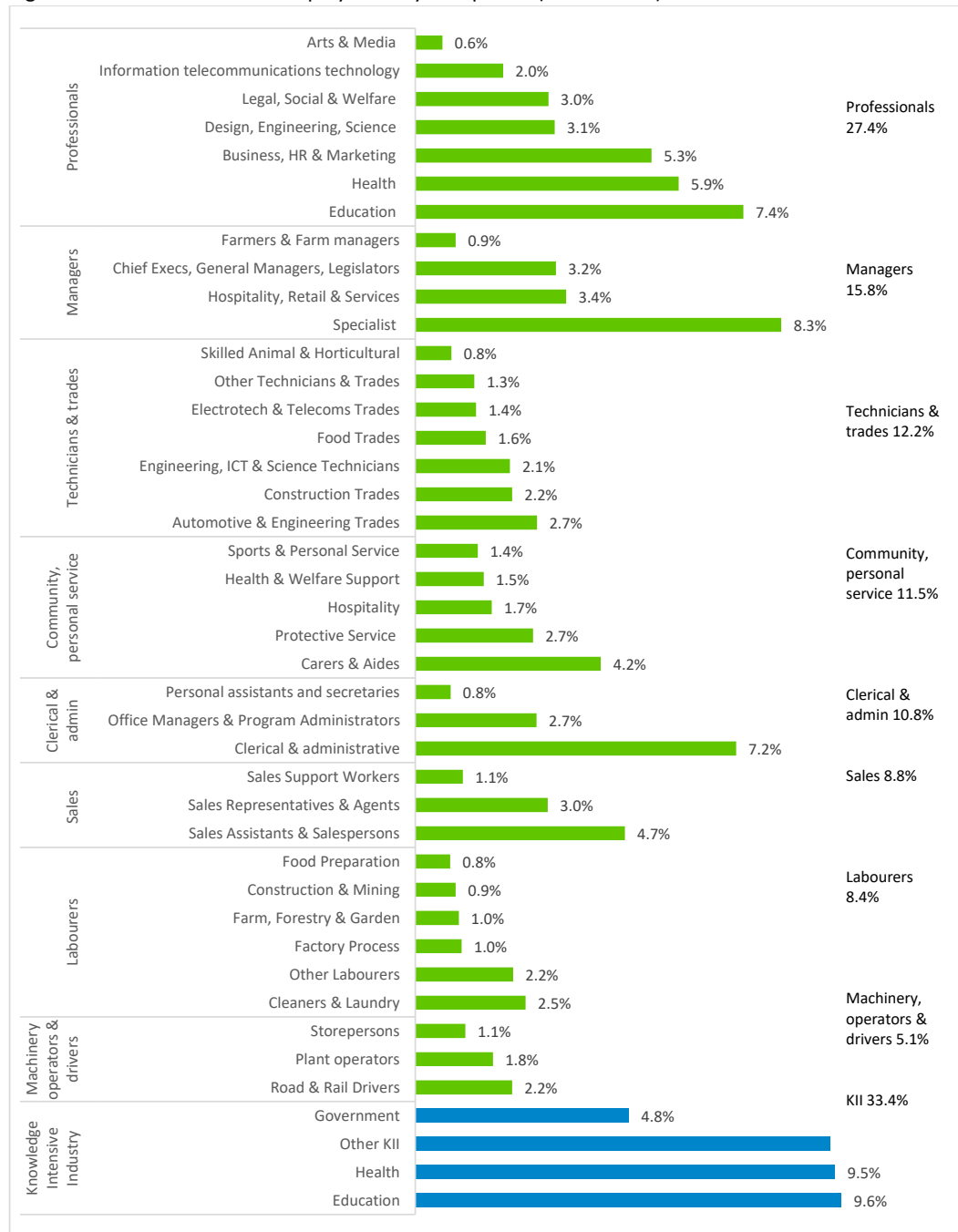
Professionals were the largest group, with 27.4% of the Palmerston North workforce employed in professional occupations and a further 15.8% in management roles.

Across the city, 18,928 people were employed in Knowledge Intensive Industry (KII) occupations⁷. This is equal to 33.4% of the total Palmerston North workforce and slightly above the national proportion of 32.7%.

⁶ Skill categories are consistent with skill level one of the Australia New Zealand Standard Classification of Occupations (ANZSCO)

⁷ KII's include education, specialised health care, professional, scientific and technical services, government administration, financial and banking services, electricity and engineering services, pharmaceutical and technological manufacturing, information, media and telecommunications services.

Figure 12: Palmerston North employment by occupation (March 2023)



Source: Infometrics, REP

Growth across occupations

There was a total of 615 jobs created in the city over the year to March 2023. Table 3 summarises employment growth across occupations, ranked by growth over the March 2023 year. The table also summarises growth in occupations over ten-year and twenty-year timeframes.

Table 3: Growth in employment by occupation – Palmerston North City

	Occupation	One-year growth	10-year growth	20-year growth
1	Professionals 15,553	+168 jobs +1.1%	+2,843 +22.2%	+5,544 +55.4%
	Percentage of total growth	27.3%	36.0%	47.4%
	Midwifery and nursing professionals were the biggest growth occupation in the city over the year to March 2023, increasing by 62. The number of information and organisation professionals also grew strongly, up 53 over the year, with engineering professionals increasing by 29. Professionals employed in the education, media, legal and human resource and training occupations collectively fell by 102 over the year.			
2	Machinery operators and drivers 2,875	+104 jobs +3.8%	+334 +13.1%	+455 +18.8%
	Percentage of total growth	16.9%	4.2%	3.9%
	Truck drivers were the largest growth occupation, increasing by 27 in the city over the year. Truck driving was followed by growth in the number of storepersons (+20) and mobile plant operators (+17). All sub-sector occupation numbers increased over the year in response to elevated demand and investment in the sector.			
3=	Managers 8,929	+78 jobs +0.9%	+1,255 +16.4%	+2,038 +29.6%
	Percentage of total growth	12.7%	15.9%	17.4%
	Business administration managers were the largest growth occupation over the year, increasing by 22. Construction, distribution and production managers also continued to grow after a very strong 2022 year, up 20 over the year. Employment in accommodation and hospitality, farming, defence and education management contracted by 22 over the year with all other occupations increasing.			
3=	Labourers 4,775	+78 jobs +1.7%	+478 +11.1%	+326 +7.3%
	Percentage of total growth	12.7%	6.1%	2.8%
	The number of people employed in cleaner and laundry worker occupations increased by 30 over the year, followed by construction labourers (+17). Employment across all labouring occupations increased over the year, reflecting the strong demand for workers across unskilled and semi-skilled occupations in the city and the wider New Zealand economy.			
4	Sales workers 4,986	+75 +1.5%	+317 +6.8%	+534 +12.0%
	Percentage of total growth	12.2%	4.0%	4.6%

	Occupation	One-year growth	10-year growth	20-year growth
	Real estate sales agents were the highest growth occupation, adding 36 over the March year 2023. Employment across all sales occupations increased over the year, with businesses recruiting in response to limited supply of workers and strong demand across the sector over the year to March 2023.			
5	Technicians and trade workers 6,904	+65 +1.0%	+1,227 +21.6%	+1,092 +18.8%
	Percentage of total growth	10.6%	15.5%	9.3%
	Electricians were the highest growth occupation in the city, adding 25 over the year. After a very strong year to March 2022, demand for most trades continued to increase, except for food trade workers (-13), hairdressers (-12) with other trades down 21.			
6	Community, personal service workers 6,533	+31 +0.5%	+1,044 +19.0%	+1,804 +38.1%
	Percentage of total growth	5.0%	13.2%	15.4%
	Personal carers and assistants, and health and welfare support workers, were the largest growth occupation in the city, up 49 collectively over the year. They were followed by people employed in security and prison officer occupations (+20). Childcare, education aides, hospitality and defence (other ranks) came under pressure, with numbers employed in these occupations falling by 60 over the year.			
7	Clerical & administration workers	+16 +0.3%	+400 +7.0%	-86 -1.4%
	Percentage of total growth	2.6%	5.1%	-0.7%
	Office managers, and programme administrators were the largest growth occupation, adding 31 jobs over the year. Growth was weaker across other sub-occupations with numbers employed as personal assistants and secretaries, general clerical workers, inquiry clerks and receptionists and clerical and office support workers collectively falling by 38 over the year.			

Economic outlook

The Palmerston North economy has benefited from a range of factors over the last five-years. The large and diverse public sector in the city has supported economic activity over a period of significant disruption, while big businesses in the city and less exposure to international tourism has buffered the economy against the worst impacts of COVID-19. Elevated investment in the city and the surrounding region, alongside high global demand for agriculture produced in our region, has also helped to minimise the impacts of wider economic challenges on the local economy since 2020.

Economic conditions changed in late 2021, with persistent inflationary pressures driving the Reserve Bank of New Zealand (RBNZ) to the Official Cash Rate (OCR) from a record low of 0.25% in September 2021 to a peak of 5.5% in May 2023. The OCR has remained at 5.5% since.

While a 5.5% OCR is not particularly high by historical standards, average house prices in the city and across the country increased substantially between January 2020 and the peak in late 2021, pushing up levels of borrowing by households. The increase in interest rates took time to roll through to households and business activity, with consumer demand remaining elevated throughout 2022 and the first half of 2023. The full impact of interest rate increases is now being felt, with home ownership costs skyrocketing and households shutting their wallets to ride out the high interest rate

environment. Our businesses are now feeling the pressure, with demand weakening, and costs remaining high despite falling inflation.

There is light at the end of the tunnel for households and businesses with interest rates widely anticipated to start to come down before the end of the year. This will take pressure off households and support businesses, enabling spending on a greater range of goods and services across the economy.

There are other factors that are disrupting particular industries such as the 'information, media and telecommunications' sector. Consumer demand is changing, which is likely to reduce the demand for traditional media over time. Other industries, such as the 'retail' and 'wholesale trade sectors', and 'construction', are likely to rebound once household cost pressures subside and financial conditions improve. Some of our big growth sectors such as 'logistics and distribution' will be impacted by the economic downturn over the short term but are set to continue to expand over the longer term with elevated investment and improving economic conditions forecast to boost demand.

Changes in the economic structure of the city economy over the year to March 2024, as well as longer term growth trends, will be reported in the first half of 2025.

Appendix 1

Appendix 1 provides a summary of all industry sectors in the city as well as the combined sectors of 'logistics and distribution'⁸ and the 'retail sector'⁹. The appendix is ranked by GDP contribution to the city economy and includes employment, GDP per worker, industry earnings and average earnings per worker. One-year, 10-year and 20-year data and growth rates by industry are also included.

The latest earnings and average earnings per worker data are the latest available and are for the September 2022 year. Mining is included in the agriculture, forestry and fishing sector data due to earnings data only being available at the combined industry level. For context, mining contributes 0.1% of GDP and employment to the city economy and has a negligible influence on conclusions drawn from the data.

An elevated GDP per worker generally indicates a high level of capital, knowledge and/or technology is employed in that industry. This is noticeable in the 'rental, hiring and real estate services' industry and the 'electricity, gas, water and waste services sector'. Elevated GDP per worker is also observed in sectors with low employment that are heavily influenced by external factors such as risk. This explains the high GDP per worker in the financial and insurance services sector, alongside relatively high inputs of digital technology.

Please note that the elevated wage price pressure of 2023 is not yet captured in the earnings data included in Table A1. Earnings data for the city at the industry level for the March 2024 year will provide insight into the earnings increases by industry sector. This information is due to be released in late 2025.

Table A1: Summary statistics by 1-digit industry and combined industry level – Palmerston North

	Industry	One-year growth	10-year growth	20-year growth
Public administration and safety services	GDP \$704.4m	+\$10.7m +1.5%	+\$210.3m +42.6%	+\$337.7m +92.1%
	Employment 6,105	+46 +0.8%	+1,734 +39.7%	+2,456 +67.3%
	GDP per worker \$115,381	+\$890 +0.8%	+\$2,340 +2.1% (+0.2% p.a.)	+\$14,888 14.8% (+0.7% p.a.)
	Earnings \$508,090,200	-\$20,849,400 -3.9%	+\$230,947,800 +83.3%	+\$366,826,700 +259.7%
	Average earnings per worker \$83,857	-\$530 -0.6%	+\$22,256 +36.1% (+3.6% p.a.)	+\$44,176 +111.3% (+5.6%)
Health care and social assistance	GDP \$594.8m	+\$21.9m +3.8%	+\$134.9m +29.3%	+\$261.7m +78.6%
	Employment 8,008	+98 +1.2%	+1,009 +14.4%	+2,442 +43.9%

⁸The logistics and distribution sector include the 'wholesale trade' and 'transport, postal and warehousing' sectors.

⁹ The retail sector includes the 'retail trade' and 'accommodation and food services' sectors.

	Industry	One-year growth	10-year growth	20-year growth
	GDP per worker \$74,276	+\$1,848 +2.6%	+\$8,566 +13.0% (+1.3% p.a.)	+\$14,430 +24.1% (+1.2% p.a.)
	Earnings (2022) \$543,106,500	+\$55,146,900 +11.3%	+\$214,999,800 +65.5%	+\$393,798,800 +263.7%
	Average earnings per worker \$68,661	+\$4,201 +6.5%	+\$20,396 +42.3% (+4.2% p.a.)	+\$40,080 +140.2% (+7.0% p.a.)
Wholesale trade	GDP \$494.4m	-\$1.5m -0.3%	+\$131.0m +36.0%	+\$241.7m +95.6%
	Employment 3,548	-1 -0.0%	+492 +16.1%	+1,125 +46.4%
	GDP per worker \$139,346	-\$383 -0.3%	+\$20,432 +17.2% (+1.7% p.a.)	+35,054 +33.6% (+1.7% p.a.)
	Earnings (2022) \$247,001,500	-\$10,372,600 -4.0%	+84,398,200 +51.9%	\$161,577,700 +189.1%
	Average earnings per worker \$69,597	-\$2,923 -4.0%	+\$16,039 +29.9% (+3.0% p.a.)	+\$33,355 +92.0% (+4.6% p.a.)
Rental, hiring and real estate services	GDP \$463.2m	+\$23.4m +5.3%	+\$129.8m +38.9%	+\$139.2m +43.0%
	Employment 1,305	+111 +9.3%	+428 +48.8%	+286 +28.1%
	GDP per worker \$354,963	-\$13,399 -3.6%	-\$25,217 -6.6% (-0.7% p.a.)	+\$36,984 +11.6% (+0.6% p.a.)
	Earnings (2022) \$85,110,500	+\$4,746,600 +5.9%	+\$45,835,000 +116.7%	+\$52,539,800 +161.3%
	Average earnings per worker \$71,282	+\$3,521 +5.2%	+\$25,771 +56.6% (+5.7% p.a.)	+\$37,283 +109.7% (+5.5% p.a.)
Construction	GDP \$462.0m	-\$1.6m -0.3%	+\$127.2m +38.0%	+\$203.8m +78.9%
	Employment 5,410	+131 +2.5%	+1,631 +43.2%	+2,441 +82.2%
	GDP per worker \$85,397	-\$2,422 -2.8%	-\$3,197 -3.6% (-0.4% p.a.)	-\$1,568 -1.8% (-0.1%)
	Earnings (2022) \$365,768,300	+\$21,912,600 +6.4%	+178,742,300 +95.6%	+\$271,304,200 +287.2%
	Average earnings per worker \$69,287	-\$1,436 -2.0%	+\$18,479 +36.4% (+3.6% p.a.)	+\$35,646 +106.0% (+5.3% p.a.)
Retail trade	GDP \$393.3m	-\$18.1m -4.4%	+\$89.0m +29.2%	+\$174.3m +79.6%

	Industry	One-year growth	10-year growth	20-year growth
	Employment 5,207	+42 +0.8%	-94 -1.8%	+469 +9.9%
	GDP per worker \$75,533	-\$4,119 -5.2%	+\$18,129 +31.6% (+3.2% p.a.)	+\$29,311 +63.4% (+3.2% p.a.)
	Earnings (2022) \$243,939,400	+\$19,524,300 +8.7%	+\$68,041,200 +38.7%	+\$137,591,200 +129.4%
	Average earnings per worker \$47,229	+\$3,252 +7.4%	+\$13,468 +39.9% (+4.0%)	+\$24,349 +106.4% (+5.3% p.a.)
Professional, scientific and technical services	GDP \$389.8m	+\$16.6m +4.4%	+\$103.4m +36.1%	+\$116.5m +42.6%
	Employment 3,294	+109 +3.4%	+223 +7.3%	+570 +20.9%
	GDP per worker \$118,336	+\$1,162 +1.0%	+\$25,077 +26.9% (+2.7% p.a.)	+\$18,006 +17.9% (+0.9% p.a.)
	Earnings (2022) \$270,198,800	+\$26,304,200 +10.8%	+\$83,494,200 +44.7%	+\$152,330,200 +129.2%
	Average earnings per worker \$84,835	+\$6,286 +8.0%	+\$23,700 +38.8% (+3.9% p.a.)	+\$40,289 +90.4% (+4.5% p.a.)
Education and training	GDP \$382.5m	-\$12.9m -3.3%	-\$20.5m -5.1%	-\$34.3m -8.2%
	Employment 6,263	-123 -1.9%	+485 +8.4%	+747 +13.5%
	GDP per worker \$61,073	-\$844 -1.4%	-\$8,674 -12.4% (-1.2% p.a.)	-\$14,489 -19.2% (1.0% p.a.)
	Earnings (2022) \$420,077,500	+\$7,012,300 +1.7%	+\$114,196,700 +37.3%	+\$221,645,300 +111.7%
	Average earnings per worker \$65,781	\$1,680 +2.6%	+\$12,492 +23.4% (+2.3% p.a.)	+\$28,932 +78.5% (+3.9% p.a.)
Manufacturing	GDP \$310.6m	+\$1.9m +0.6%	+\$57.2m +22.6%	-\$19.1m -5.8%
	Employment 3,631	+132 +3.8%	+562 +18.3%	-454 -11.1%
	GDP per worker \$85,541	-\$2,684 -3.0%	+\$2,974 +3.6% (+0.4% p.a.)	+\$4,831 +6.0% (+0.3% p.a.)
	Earnings (2022) \$241,157,800	+\$8,217,100 +3.5%	+\$85,128,100 +54.6%	+\$116,128,200 +92.9%
	Average earnings per worker \$68,922	+\$1,462 +2.2%	+\$20,586 +42.6% (+4.3% p.a.)	+\$38,471 +126.3% (+6.3% p.a.)
Financial and insurance services	GDP \$274.1m	+\$10.7m +4.1%	+\$92.6m +51.0%	+\$115.4m +72.7%
	Employment	+51	+314	+388

	Industry	One-year growth	10-year growth	20-year growth
	1,193	+4.5%	+35.7%	+48.2%
	GDP per worker \$229,757	-\$891 -0.4%	+\$23,272 +11.3% (+1.1% p.a.)	+\$32,614 +16.5% (+0.8% p.a.)
	Earnings (2022) \$108,304,700	+\$12,289,900 +12.8%	+\$53,131,800 +96.3%	+\$70,782,500 +188.6%
	Average earnings per worker \$94,838	+\$4,683 +5.2%	+\$31,493 +49.7% (+5.0% p.a.)	+\$49,685 +110.0% (+5.5% p.a.)
Transport, postal and warehousing	GDP \$206.1m	+\$15.0m +7.8%	+\$17.7m +9.4%	+\$46.9m +29.5%
	Employment 2,066	+100 +5.1%	+102 +5.2%	+304 +17.3%
	GDP per worker \$99,758	+\$2,556 +2.6%	+\$3,831 +4.0% (+0.4% p.a.)	+\$9,406 +10.4% (+0.5% p.a.)
	Earnings (2022) \$143,704,300	+\$17,748,700 +14.1%	+\$53,052,500 +58.5%	+\$93,735,000 +187.6%
	Average earnings per worker \$73,095	+\$7,833 +12.0%	+\$27,008 +58.6% (+5.9% p.a.)	+\$41,883 +134.2% (+6.7% p.a.)
Administrative and support services	GDP \$129.9m	+\$10.9m +9.2%	+\$32.6m +33.5%	+\$34.6m +36.3%
	Employment 2,334	-43 -1.8%	+105 +4.7%	+298 +14.6%
	GDP per worker \$55,656	+\$5,592 +11.2%	+\$12,004 +27.5% (+2.7% p.a.)	+\$8,848 +18.9% (+0.9% p.a.)
	Earnings (2002) \$100,942,200	+\$1,434,400 +1.4%	+\$34,833,200 +52.7%	+\$65,648,400 +186.0%
	Average earnings per worker \$42,466	-\$760 -1.8%	+\$14,736 +53.1% (+5.3% p.a.)	+\$23,802 +127.5% (+6.4% p.a.)
Agriculture, forestry and fishing and mining	GDP \$120.5m	+\$8.6m +7.7%	+\$17.1m +16.5%	-\$22.4m -15.7%
	Employment 936	+52 +5.8%	-54 -5.5%	-678 -42.0%
	GDP per worker \$128,739	+\$2,156 +1.7%	+\$24,295 +23.3% (+2.3% p.a.)	+\$40,202 +45.4% (+2.3% p.a.)
	Earnings (2022) \$60,130,399	+\$22,511,700 +59.8%	+\$16,574,600 +38.1%	-\$3,344,300 -5.3%
	Average earnings per worker \$68,021	+\$25,989 +61.8%	+\$26,380 +63.4% (+6.3% p.a.)	+\$30,573 +81.6% (+4.1%)
Other services	GDP \$118.1m	+\$4.2m +3.7%	+\$32.3m +37.6m	+\$33.4m +39.4%
	Employment 2,493	+28 +1.1%	+519 +26.3%	+697 +38.8%
	GDP per worker	+\$1,166	+\$3,908	+\$212

	Industry	One-year growth	10-year growth	20-year growth
	\$47,373	+2.5%	+9.0% (+0.9% p.a.)	0.5% (+0.0% p.a.)
	Earnings \$124,771,900	+\$12,745,600 +11.4%	+\$53,651,000 +75.4%	+\$80,308,000 +180.6%
	Average earnings per worker \$50,617	+\$2,784 +5.8%	+\$14,515 +40.2% (+4.0% p.a.)	+\$25,049 +98.0% +4.9%
Accommodation and food services	GDP \$115.3m	+\$2.3m +2.0%	+\$31.9m +38.2%	+\$36.2m +45.8%
	Employment 3,410	-62 -1.8%	+536 +18.6%	+660 +24.0%
	GDP per worker \$33,812	+\$1,266 +3.9%	+\$4,794 +16.5% (+1.7% p.a.)	+\$5,049 +17.6% (+0.9% p.a.)
	Earnings (2022) \$123,232,600	+\$12,218,800 +11.0%	+\$59,099,000 +92.1%	+\$84,409,100 +217.4%
	Average earnings per worker \$35,493	+\$1,904 +5.7%	+\$13,664 +62.6% (+6.3% p.a.)	+\$20,865 +142.6% (+7.1% p.a.)
Electricity, gas, water and waste services	GDP \$79.2m	+\$2.0m +2.6%	+\$11.2m +16.5%	-\$31.5m -28.5%
	Employment 256	+14 5.8%	+45 +21.3%	+60 +30.6%
	GDP per worker \$309,375	-\$9,633 -3.0%	-\$12,900 -4.0% (-0.4% p.a.)	-\$255,421 -45.2% (-2.3% p.a.)
	Earnings (2022) \$22,620,900	+\$152,500 +0.7%	+\$9,329,700 +70.2%	+\$13,985,600 +162.0%
	Average earnings per worker \$93,475	-\$3,372 -3.5%	+\$36,185 +63.2% (+6.3% p.a.)	+\$51,145 +120.8% (+6.0% p.a.)
Information media and telecommunications	GDP \$74.8m	-\$8.7m -10.4%	+\$2.1m +2.9%	+\$35.5m +90.3%
	Employment 319	-46 -12.6%	-254 -44.3%	-232 -42.1%
	GDP per worker \$234,483	+\$5,716 +2.5%	+\$107,607 +84.8% (+8.5% p.a.)	+\$163,158 +228.8% (+11.4% p.a.)
	Earnings (2022) \$26,764,200	+\$2,325,000 +9.5%	-\$6,096,900 -18.6%	+\$8,922,600 +50.0%
	Average earnings per worker \$73,327	+\$4,484 +6.5%	+\$16,077 +28.1% (+2.8% p.a.)	+\$42,189 +135.5% (+6.8% p.a.)
Arts and recreation services	GDP +\$68.4m	+\$2.6m +4.0%	+\$15.2m +28.6%	+\$3.4m +5.2%
	Employment 889	-24 -2.6%	+113 +14.6%	+129 +17.0%
	GDP per worker \$76,940	+\$4,870 +6.8%	+\$8,384 +12.2% (+1.2% p.a.)	-\$8,586 -10.0% (-0.5% p.a.)

	Industry	One-year growth	10-year growth	20-year growth
	Earnings (2022) \$36,356,700	+\$1,013,200 +2.9%	+\$14,246,100 +64.4%	+\$22,261,400 +157.9%
	Average earnings per worker \$39,821	\$1,694 +4.4%	+\$11,691 +41.6% (+4.2% p.a.)	+\$21,516 +117.5% (+5.9% p.a.)
	GDP¹⁰ \$5,381.4m	+88.0m +1.7%	+\$1,215.0m +29.2%	+\$1,673m +45.1%
Total	Employment 56,667	+615 +1.1%	+7,896 +16.2%	+11,708 +26.0%
	GDP per worker \$129,207	-\$397 -0.3%	+\$11,979 +10.2% (+1.0% p.a.)	+\$7,385 +6.1% (+0.3% p.a.)
	Earnings (2022) \$3,680,905,600	+\$170,311,300 +4.9%	+\$1,397,421,700 +61.2%	+\$2,314,561,500 +169.4%
	Average earnings per worker \$66,700	+\$3,375 +5.3%	+\$20,274 +43.7% (+4.4% p.a.)	+\$34,960 +110.1% (+5.5% p.a.)
	Combined sectors			
Logistics and distribution ¹¹	GDP \$700.5m	+\$13.5m +2.0%	+\$148.7m +26.9%	+\$288.6m +70.1%
	Employment 5,614	+99 +1.8%	+594 +11.8%	+1,429 +34.1%
	GDP per worker \$124,777	+\$208 +0.2%	+\$14,857 +13.5% (+1.4% p.a.)	+\$26,354 +26.8% (+1.3% p.a.)
	Earnings \$390,705,800	+\$7,376,100 +1.9%	+\$137,450,700 +54.3%	+\$255,312,700 +188.6%
	Average earnings per worker \$70,844	+\$881 +1.3%	+\$20,224 +40.0% (+4.0% p.a.)	+\$36,637 +107.1% (+5.4% p.a.)
Retail sector ¹²	GDP \$508.6	-\$15.8m -3.0%	+\$120.9m +31.2%	+\$210.5m +70.6%
	Employment 8,617	-20 -0.2%	+442 +5.4%	+1,129 +15.1%
	GDP per worker \$59,023	-\$1,693 -2.8%	+\$11,598 +24.5% (+2.4% p.a.)	+\$19,212 +48.3% (+2.4% p.a.)
	Earnings (2022) \$367,172,000	+\$31,743,100 +9.5%	+\$127,140,200 +53.0%	+\$222,000,300 +152.9%
	Average earnings per worker \$42,512	+\$2,618 +6.6%	+\$13,053 +44.3% (+4.4% p.a.)	+\$22,630 +113.8% (+5.7% p.a.)

¹⁰ GDP from non-employed sectors are excluded. Total GDP including owner-occupied property operation and unallocated is \$6,399.6m.

¹¹ Logistics and distribution include wholesale trade and transport, postal and warehousing services.

¹² The retail sector includes retail trade, and accommodation and food services.

MEMORANDUM

TO: Economic Growth Committee

MEETING DATE: 24 April 2024

TITLE: International Relations and Education Activities 6 Monthly Report

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 6 months, contributing to the Economic Development Plan and Innovative and Growing City Strategy.

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 6 months and their contribution to the relevant goal, strategy and plan.

2. BACKGROUND

- 2.1 On the establishment of the International Relations Office in 2016, Council agreed that a 6-monthly report be presented to the Economic Development Committee (currently known as the Economic Growth Committee). The reports are an appropriate mechanism for keeping Council informed of general progress and developments.

3. INTERNATIONAL CITY PARTNERSHIP UPDATES

Mihara, Japan (2019 – 2024)

- 3.1 Palmerston North signed a city partnership agreement with Mihara, Hiroshima in March 2019. The partnership includes cooperation in education, emergency management, sport, economy and culture.
- 3.2 This year will mark its fifth anniversary where both cities are committed to deepening the partnership and enhancing further development and cooperation. Two international visits were undertaken over the last 6 months:

Councillor Dennison Visits Mihara, October 2023

- 3.3 Councillor Dennison met with the Hiroshima Prefecture Board of Education and visited Hiroshima Global Academy campus to inspect the quality of living and study arrangements where there could be opportunities for Palmerston North high school students to attend.
- 3.4 Councillor Dennison also met with Deputy Mayor of Mihara, and other city facilities including Mihara Fire Station and Mihara Shinmei no Sato centre. The trip itinerary is included as attachment 1.



Figure 1- Councillor Dennison visited Hiroshima Global Academy, provider of scholarship programme to Palmerston North students

Mayoral Delegation to Mihara, January – February 2024

- 3.5 Palmerston North's Mayoral delegation went to Mihara to celebrate its fifth anniversary as a sister city.
- 3.6 A series of events was organised to celebrate this event including a Mayoral meeting with exchanging of city gifts, a tree planting ceremony at the New Zealand Friendship Forest, and a signing of the Memorandum of Understanding (attachment 2) between Hiroshima Global Academy, Palmerston North City and Mihara City providing a scholarship opportunity for Palmerston North high school students to study an International Baccalaureate (IB) Diploma Programme at no tuition cost.
- 3.7 All events were broadcast and reported on Mihara's local news outlets for their significance. Both Mihara FM Radio Station and Mihara TV also interviewed Mayor Grant Smith, giving him the opportunity to promote Palmerston North to the wider audience in Mihara.



Figure 2- Presenting 5th anniversary city gifts



Figure 3- Mayor Smith interviewed by Mihara TV, promoting Palmerston North to Mihara's audience

- 3.8 The delegation went to Sagiura Elementary School for a cultural experience. It was another opportunity to promote Palmerston North as a study destination for international students.



Figure 4- Students and Teachers at Sagiura Elementary School showing off their new Palmy sunglasses

- 3.9 In addition to the diplomatic engagements, the delegation also visited seven different water and waste facilities, learning about Mihara's best practices in disaster prevention and emergency management, as well as some of the city's key manufacturers and businesses to explore possible collaboration opportunities.
- 3.10 Details of this visit is reported in a separate report to the same Committee meeting titled "Overseas Mission to China and Japan 2024".

Kunshan, China (1994 – 2024)

- 3.11 Palmerston North and Kunshan began talks to establish economic and trade relations in 1991 and signed a Friendship City Agreement in June 1994. The agreement stated the desire to develop various bilateral exchanges and cooperation in economic trade, scientific research, culture, education and tourism. On 8 August 1996, a further agreement was signed to enhance the mutual exchanges and cooperation in city management, city engineering and environmental protection.

- 3.12 This year will mark the partnerships 30 year anniversary. Both cities are keen to upgrade this partnership to the status as 'Sister Cities'. While it does not translate to much difference in New Zealand, the new status will allow more access and resource allocation for relationship management in the Chinese system.

Areas identified as mutual interests for exchanges and cooperation include water management, AgriTech research, innovation and product development, trade and business, education and culture.

Mayoral delegation to Kushan, January 2024

- 3.13 In commemoration of the 30 years of friendship between Palmerston North and Kunshan, a Mayoral delegation travelled to Kunshan.
- 3.14 A high-level meeting between the Palmerston North's delegation and Kunshan's city leaders was held to celebrate and acknowledge the significance of the milestone.



Figure 5- Formal meeting with Kunshan city leaders

- 3.15 A Memorandum of Understanding Enhancing Friendship City Relationship (Attachment 3) was signed to commit to the upgrading the relationship status to "sister cities" between Palmerston North and Kunshan. The two cities agreed to continue promoting exchanges and cooperation in the fields of economy and trade, science and technology, education, commerce, innovation, city engineering, tourism and sustainable development.

AgriTech and Food Connection with Kushan

- 3.16 During their stay in Kunshan, the Mayoral delegation visited Lujia A+ Greenhouse factory and the East China Agricultural Science and Technology Centre.
- 3.17 Following the visit, Officers engaged with the regional stakeholders in the agri-food tech sector to gauge interest in collaboration with Kunshan. As a result, FoodHQ is in conversation with the East China Agricultural Science and Technology Centre, discussing a collaborative Memorandum of Understanding.
- 3.18 As part of the New Zealand China Council's delegation to China in April 2024, Dr Victoria Hatton will be visiting the East China Agricultural Science and Technology Centre to conduct in-depth discussion on exchanges and cooperation.



Figure 6- Meeting with East China Agricultural Science and Technology Centre in Kunshan

- 3.19 Further details of this visit are outlined in a separate report to the same Committee meeting titled "Overseas Mission to China and Japan 2024".

Kushan-Themed Celebrated in Palmerston North

- 3.20 To commemorate the anniversary in Palmerston North, Council officers organised a Kunshan-themed celebration booth at the Lunar New Year event in January 2024 at Te Marae o Hine - The Square.
- 3.21 Deputy Mayor Debi Marshall-Lobb welcomed a diplomatic delegation from the Chinese Embassy in Wellington as well as diplomats from several other countries to Palmerston North on the day including His Excellency Mr Nguyen Van Trung, Ambassador of the Socialist Republic of Vietnam to New Zealand and His Excellency Korean Ambassador Mr Changsik Kim.
- 3.22 Ms Chen Liyan, Mayor of Kunshan, delivered a celebratory speech via a video message. The distinguished guests spoke to the community about the significance of Lunar New Year in their respective culture and showed strong support for the effort of preserving and promoting cultural diversity in the city.



Figure 7- From left to right: Ms Ping Peng from Massey University, Councillor Mark Arnott, Deputy Mayor Debi Marshall-Lobb, Deputy Head of Mission Minister Counsellor Wang Genhua and Counsellor Officer Fu Zhiqiang from the Embassy of China, Global Ambassador Arisa Miyazaki at the Lunar New Year event

Kunshan delegation to Palmerston North, 2024

- 3.23 In keeping with the celebration theme between Palmerston North and Kunshan this year, Kunshan Municipal People's Government is planning to send a delegation to Palmerston North later in the year with a focus on AgriTech, business and investment.
- 3.24 Kunshan is interested in attending E Tipu: The Boma Agri Summit in June 2024. However, should the planning of the delegation require more time, they will consider visiting Palmerston North at a later date, possibly around the time of the International Hydrocolloids Conference in November 2024.

Guiyang, China

- 3.25 Guiyang have expressed its desire to enhance educational collaboration with Palmerston North at elementary school level.
- 3.26 A Mayor-led delegation visited China in January 2024 and was hosted in Guiyang from 21 – 23 Jan 2024.
- 3.27 The delegation participated in high level meetings with Guiyang's city leaders, cultural experience hosted by the Central Primary School of Dula Buyi Village, dialogue on infrastructure, logistics and investment opportunities with Guiyang's economic development zones and the Guizhou Communications Construction Group.
- 3.28 Another highlight in Guiyang was the opportunity to visit their water and waste treatment facilities. These engagements have facilitated connection between the infrastructure management teams in both cities and laid down the foundation for future exchanges of ideas and best practices.

- 3.29 Details of the visit is reported in a separate report to the same Committee meeting titled “Overseas Mission to China and Japan 2024”.

Wageningen, The Netherlands

- 3.30 Following the June 2023 visit to Wageningen and the discussion with Mayor Vermeulen in The Hague, a further online meeting was organised on 7 December 2023.

- 3.31 The meeting was attended by:

- Mayor Grant Smith – Palmerston North City Council
- Mayor Floor Vermeulen – Wageningen
- Dr Chris Anderson – Massey University
- Mr Marco Otte – Wageningen University and Research
- Mrs Gabrielle Loga – Palmerston North City Council
- Mr Kunal Chonkar – Palmerston North City Council
- Ms Tjitske Zwerver – Gemeente Wageningen

- 3.32 Cities want to be exciting and innovative places to live in order to attract residents and investment. Universities want to attract students and the perceived study experience is a big driver for student choice of university. As part of the local community, the more vibrant the community is, the more attractive the city is to students.

- 3.33 The focus was on topics where city-university collaboration is important to elevate the domestic and international study experience, such as campus development, student housing, food security, mobility, climate and renewable energy policy, sustainable development goals, etc.

- 3.34 Both Massey University and Wageningen University and Research agreed to look at which universities and cities could potentially be invited to join this city-university network.

- 3.35 Issues to be addressed in the next meeting include:

- The recognition of the benefit of the city/university partnership
- Student mobility agreements in place which would enable all partners in the network to send and receive exchange students within the network cities and universities.
- An active commitment of each city to support student mobility (financial or in kind).
- A commitment to the sustainable development goals where the outcomes of the network can be reported through meeting the targets.

- 3.36 The timing of the next meeting will be discussed in April – May 2024.

Missoula, United States of America

Missoula Day 25 November 2023

- 3.37 Palmerston North City Council and PalmyBID cooperated to once again celebrate the longstanding sister city relationship between Palmerston North and Missoula on the annual Missoula Day on 25 November 2023.
- 3.38 The event was community and family focused. It delivered a range of entertainment and free activities mainly for children as well as a popular hot dog eating competition.
- 3.39 In collaboration with Destination Missoula, Arts Missoula and Palmerston North City Council, PalmyBID ran a Win A Trip for Two promo. Anybody who spent \$20 in participating retail stores in the city centre went in the draw to win flights, accommodation and the experience of a lifetime in Missoula in August 2024. The winners of the promo were Ella McKinnon and Nic Davey.
- 3.40 On the day of the event, Deputy Chief of Mission Mr David Gehrenbeck from the Embassy of the United States delivered a remark on the importance of sister cities and congratulated Palmerston North and Missoula on the 41st sister city anniversary. Mr and Mrs Gehrenbeck joined the community in square dancing and visited the Missoula booth, organised by Palmerston North City Council International Relations team and the city's global ambassadors.
- 3.41 The Missoula booth provided small souvenirs from Missoula and Montana to people who could answer questions about the Palmerston North-Missoula sister city relationship or the well-known commonalities between the two cities. It attracted many participants and successfully increased awareness and knowledge of Missoula and the sister city partnership with Palmerston North.



Figure 8- US Deputy Chief of Mission joined locals to learn how to square dance on Missoula Day 2023



Figure 9- PNCC Missoula booth

Indigenous Connection

- 3.42 As a result of the meeting with US Deputy Chief of Mission David Gehrenbeck on Missoula Day, the International Relations team was provided with information about the US Grants Program Fund and applied for it in December 2023.
- 3.43 The application proposed to bring an indigenous delegation from Missoula to Palmerston North in June 2024 to co-present with Rangitāne at E Tipu: The Boma Agri Summit on the indigenous practices on food harvesting, consuming and sustainable traditions. It was proposed joint project between Rangitāne, Central Economic Development Agency and Palmerston North City Council.
- 3.44 The application has been rolled over to the first financial quarter of 2024 for consideration due to the volume of the funding applications received in December 2023. This has unfortunately prevented the delegation to join the 2024 Boma Agri Summit as proposed. However, it is an opportunity to pursue for future projects and supporting bilateral engagements.

Visit from Missoulians

- 3.45 A direct outcome of the proactive sister city relationship between Palmerston North and Missoula is the increase in mutual tourism activities between the two peoples.
- 3.46 Another outcome of the city partnership is the two-way tourism activities. Palmerston North welcomed two Missoulians to town for a week in February 2024.
- 3.47 The regular people-to-people interactions continue to deepen the city-to-city partnership and priming it for further cooperation in other areas including trade and business, education, sports, and sustainable city development.



Figure 10- Missoulians visit Palmerston North

4. KEY INTERNATIONAL RELATIONS EVENTS

Festival of Cultures, February 2024

- 4.1 The Palmerston North's annual Festival of Cultures offered a two-day programme for the Diplomatic Corps to explore the city's key sectors and celebrate cultural diversity with the communities.
- 4.2 This year the programme included a city tour showcasing the local AgriTech sector and diplomatic engagements.
- 4.3 An impressive line-up of 41 members of the diplomatic corps representing 22 different nations and the European Union were welcomed to Palmerston North during the two days.
- 4.4 The diplomatic delegation received a warm welcome from Palmerston North City Council and Rangitāne at Te Marae o Hine – The Square before spending the day visiting FoodHQ Innovation Hub, meeting with Sprout AgriTech, MAF Digital Labs, Biolumic, Croptide, Agri HQ, Lindsay Irrigation and FMG, as well as visiting Levno and SeedSpider.



Figure 11 - Diplomatic delegation visit to FoodHQ

- 4.5 After his first visit to the city, the new European Union ambassador His Excellency Mr Lawrence Meredith expressed how impressed and inspired he was by the dynamic economics of Palmerston North and the potential from this region. His comment reflected the same sentiment of other members of the diplomatic delegation.
- 4.6 The local companies were appreciative of the opportunity to showcase a suite of AgriTech products with international standing that are ready for export as well as the useful connections made. Mr Steve Pavarno, Executive Officer of ManawaTech was pleased to see that during the presentations and visits, many delegates took photos of the slides, asked good questions and interacted with the presenters afterwards.
- 4.7 The weeks following the tour saw multiple follow-up conversations between the Central Economic Development Agency and a number of diplomats including ambassadors from the European Delegation, The Netherlands, United Kingdom, Germany and South Korea. There has been sharing of the

Manawatū Regional Food Strategy, Te Utanganui, and Manawatū Destination Management Plan as well as discussion on returning visits to further explore opportunities for trade and collaboration.



Figure 12 - Diplomatic delegation visit to MAF Digital Labs

- 4.8 The delegation attended the Mayor's Morning Reception in the Convention and Function Centre on the Saturday morning. The warm welcome extended to the delegates by the Mayor, Councillors, Palmerston North City Council's executive leaders, Rangitāne and other community leaders showed a united front of Palmerston North, setting the scene for a celebration of cultural diversity at the World Food, Craft and Music Fair in Te Marae o Hine – The Square.
- 4.9 During the opening ceremony, Mayor Grant Smith announced the commemoration of the 5th sister city anniversary between Palmerston North and Mihara. Mr Shiro Inoue, Assistant Director of CLAIR Sydney, represented Mihara and read a letter of congratulations from the Mayor of Mihara Mr Yoshihiro Okada.
- 4.10 With the support of the Japanese Association of Palmerston North, Mr Inoue and the International Relations team organised a Mihara stall throughout the day, showcasing Mihara and the sister city partnership. The stall also gave out paper fold games, tourism brochures, and free Takomeshi (Octopus rice), a special delicacy of Mihara.
- 4.11 After the dignitaries' formalities and the performances began, the diplomatic delegation dispersed into the crowd, joining their respective cultural stalls to promote their own culture for the rest of the day.



Figure 13- Diplomatic delegation at the Opening Ceremony of the 2024 Festival of Cultures



Figure 14 - Diplomats join communities to represent their cultures at FOC



Figure 15- Mihara booth at FOC attended by Mr Shiro Inoue from Mihara, Global Ambassador Arisa and representatives from the Japanese Association of Palmerston North

5. OTHER DEVELOPMENT OPPORTUNITIES

Hosting CLAIR Sydney Officer's Study Tour – Mihara Representative

- 5.1 CLAIR stands for Council of Local Authorities for International Relations of Japan. It is a government-affiliated general incorporated foundation that works to support the internationalisation efforts of local government in Japan through providing training opportunities, fostering people-to-people exchange with the JET Programme and other initiatives, supporting multiculturalism, and by carrying out research behalf of local governments etc.
- 5.2 CLAIRs staff is mostly made up of Japanese employees seconded from local governments throughout Japan, and non-Japanese Programme Coordinators. Most Japanese local government staff work for 1 year at CLAIR Tokyo and then spend 2 years at one of their overseas offices.

- 5.3 Mr Shiro Inoue is a staff member of Mihara City Council and undertook a one-week study tour in Palmerston North during February 2024. He has been seconded to CLAIR Sydney office since 2022. To complete his secondment by the end of March 2024, Mr Inoue was required to do a one-week study tour in an Australian or New Zealand's local governments to improve their understanding of the host council, foster connections and look to collaborate in various areas. Upon his return to Mihara City Council, Mr Inoue will look after the international relations portfolio of the city.
- 5.4 During his time in Palmerston North, Mr Inoue was hosted by the International Relations division in the Strategic Planning Unit. He learned about the Council's structure, functions and operation. He also spent time with the Community Development team to explore their work with Welcoming Communities, met with Manawatū Multicultural Council to understand the support in place for international migrants in the city, and visited the local schools to promote the recently signed Memorandum of Understanding between Palmerston North, Hiroshima Global Academy and Mihara on education cooperation. In addition, Mr Inoue engaged with IPU NZ and the Japanese Association of Palmerston North to further his understanding of Mihara's sister city.
- 5.5 Most importantly, Mr Inoue had several discussions and workshops with the International Relations on:
- The scope of international relations at local government level
 - Areas of collaboration for Mihara and Palmerston North going forwards
 - How the two cities could utilise international connections for mutual benefits for local communities.
- 5.6 CLAIR Sydney's Executive Director wrote a letter to thank Palmerston North City Council for hosting Mr Inoue from 18 – 25 February 2024, reiterating that his learning would contribute to the continued development of the relationships between Palmerston North and local governments of Japan, especially Mihara City.

Engagements with the High Commission of India

- 5.7 On 26 January 2024, Councillor Mark Arnott and International Relations and Education Advisor Kunal Chonkar represented Palmerston North to attend the 75th Republic Day of India in Wellington.
- 5.8 At the event, Councillor Arnott met with Indian High Commissioner Ms Bhushan Neeta who is keen to engage with the Indian community in Palmerston North and explore opportunities of collaboration and exchanges with the city in various areas.
- 5.9 Councillor Arnott also had an engaging and insightful discussion with Mr Michael Ahie, Pro Chancellor of Massey University, Director of Zespri, Chair of Spring Sheep Milk Co., Chair of New Zealand Plant Market Access Council (PMAC) and member of the Statistics New Zealand Risk and Assurance

Committee, among others. It was a valuable networking opportunity for Palmerston North at the significant celebration of the 75th Republic Day of India.



Figure 16- International Relations & Education Advisor Mr Kunal Chonkar and Councillor Mark Arnott met with Indian High Commissioner at the 75th Republic Day of India

Vietnamese Prime Minister Visits New Zealand

- 5.10 Vietnam is one of New Zealand's key relationships in South East Asia, one of the fastest growing economies in the world, and New Zealand 14th largest trading partner.
- 5.11 Vietnam's Prime Minister Mr Pham Minh Chinh started his official visit to New Zealand at the invitation of Prime Minister Christopher Luxon on 9 March 2024.
- 5.12 During the two-day visit, the two Prime Ministers discussed opportunities to significantly boost annual two-way trade to a new goal of US\$3 billion in 2026 by enhancing our tourism and education flows, as well as removing non-tariff barriers, accelerating trade promotion activities, fully committing to existing free trade agreements and studying measures to promote greater investment in both directions.
 - Vietnamese Minister of Education and Training Nguyen Kim Son and New Zealander Minister of Education Penny Simmonds signed an agreement on education cooperation for the 2023-2026 period.
 - Vietnamese Minister of Industry and Trade and New Zealander Minister of Trade Todd McClay signed an agreement on economic and trade cooperation.
 - Vietnamese Deputy Minister of Finance Bui Van Khang and Chief Executive of the Treasury of New Zealand Caralee McLiesh signed a Memorandum of Understanding on cooperation.
- 5.13 New Zealand's Prime Minister also announced a new NZ\$6.24m investment in Vietnam's horticulture sector, the 'Viet Nam Climate-Smart Fruit Value Chain (VietFruit)' project, delivered through a partnership with the New Zealand

Institute for Plant and Food Research to support climate and economic resilience in Viet Nam's passionfruit industry, building on the highly successful New Zealand-funded dragon fruit project that preceded it.

- 5.14 Palmerston North Mayor Grant Smith led a business delegation consisting of Fonterra Research and Development Centre and Biolumic who attended an invitation-only roundtable meeting with the Prime Minister and his entourage on 11 March 2024 to discuss business opportunities with Vietnam and showcase the local business interests and projects.
- 5.15 As a result, Palmerston North has received an invitation from the Foreign Affairs Office of Ho Chi Minh City to attend the International Ginseng, Aromatic and Medicinal Herbs Festival from 24 – 26 May 2024.
- 5.16 The invitation is an interesting opportunity for local business such as the Herb Farm to network and expand to the Vietnamese market. It extends to cover the travel and accommodation costs of one delegation leader. It is currently circulated for consideration with Central Economic Development Agency (CEDA).



Figure 17- Vietnam Minister of Education & Training Mr Nguyen Kim Son and NZ Minister of Tertiary Education and Skills Ms Penny Simmonds sign an agreement on education cooperation for 2023 - 2026 period

2024 Taipei Smart City Summit and Expo

- 5.17 Council approved the Mayor to lead a small officer delegation to attend the 2024 Taipei Smart City Summit and Expo from 18 – 23 March 2024 in Taipei.
- 5.18 This year, the Taipei Smart City Summit and Expo attracted participants and delegations from 120 cities in over 60 countries.
- 5.19 On 19 March 2024, the Mayor signed a Memorandum of Understanding (Attachment 4) in support of the promotion of mutual trade and cooperation in the ICT Tech sector, and to attract investments, where appropriate.
- 5.20 The Mayor also presented at the Eco Net Zero Forum on the progress of Palmerston North in becoming an Eco city. He was joined by 10 other Mayors from 7 different countries on the panel which broke into two sessions.

- 5.21 It was encouraging to realise the advantage of New Zealand's renewable energy which puts Palmerston North in the leading quarter of the participating cities at the Net Zero Forum. The forum enabled the exchanging best practices with global partners, which is helpful for deeper understanding and innovative ideas to improve the city's own carbon emission journey.



Figure 18- MOU signing ceremony with Taipei Computer Association



Figure 19- Mayor G Smith at 2024 Taipei Smart City Summit and Expo

Future Agri-Food Tech Opportunities for 2024

E Tipu: The Boma Agri Summit, June 2024

- 5.22 Central Economic Development Agency (CEDA), alongside Palmerston North City Council and Manawātū District Council are hosting the 2024 E Tipu: The Boma Agri Summit on 18-19 June 2024. This summit is a critical platform for informed, thoughtful, and future-focused dialogue around the issues that really matter for the primary industries.
- 5.23 This followed the release of the Manawātū Regional Food Strategy in December 2023 with three overarching priorities:
- Strengthening regional innovation capability, integrating research and development
 - Facilitate collaboration across the New Zealand food innovation ecosystem
 - Utilise Manawātū' s expertise in food production for education and training.

Hydrocolloids Conference, November 2024

- 5.24 Later in the year, the Riddet Institute will be hosting the 17th International Hydrocolloids Conference from 12-15 November 2024. The theme of the conference is "Future Hydrocolloids for Sustainable Food and Living Solutions".
- 5.25 This conference will showcase the latest science and innovations, featuring insightful discussions and presentations from international experts on various food topics.



Figure 20- The 17th International Hydrocolloids Conference at Riddet Institute

6. INTERNATIONAL EDUCATION ACTIVITIES

Pōwhiri – Welcoming New International Students, November 2023

- 6.1 On 9 November 2023, Palmerston North City Council's International Relations and the Communities Development team in partnership with Rangitāne formally welcomed new international students from nine nations, including Cambodia, China, Japan, South Korea, Thailand, India, Indonesia, the Philippines, and Oman, at Te Rangimarie Marae in Rangiotū.
- 6.2 Rangitāne led the event with a pōwhiri at the Te Rangimarie marae, followed by welcome messages from city leaders, participation of the students in a series of immersive workshops, and shared kai.
- 6.3 This event was funded by the Ministry of Education to support international students' wellbeing as part of the COVID-19 Recovery Response Fund.



Figure 21- New international students participating in welcoming activities on Te Rangimarie Marae

Agent Webinar Destination Aotearoa New Zealand Regional Series – Focus on Manawātū, Nov 2023

- 6.4 On 10 November 2023, Council's International Relations Manager presented a comprehensive overview of the city's educational offerings to 127 agents

worldwide during an Education New Zealand (ENZ) agent webinar Destination Aotearoa New Zealand Regional Series.

- 6.5 The presentation highlighted the diverse range of educational offers and post-graduation opportunities available to international students, emphasizing the city's commitment to fostering global connections, excellent study experience and talent attraction and retention.
- 6.6 Following the webinar, a concerted effort was made to enhance engagement and facilitate informed decision-making among the attendees. Therefore, prospects and comprehensive brochures detailing the educational offerings of various providers within the city were meticulously curated and dispatched.
- 6.7 The recording of the webinar is made available in Education New Zealand's Agent Lab where recruiting agents can access tools and resources. It can be viewed on [ENZ Youtube channel](#).
- 6.8 This proactive initiative not only reinforces the city's dedication to nurturing global educational collaborations but also ensures that prospective students and partners are equipped with the necessary information to explore the diverse opportunities available in Palmerston North.

Ho Chi Minh City Education Delegation Visit, December 2023

- 6.9 On 18 December 2023, the city hosted a four-member delegation from Ho Chi Minh City, including two officials from the Ministry of Education and Training. The visitors received a warm welcome by Mayor Grant Smith and representatives from Palmerston North Boys High School, Palmerston North Girls High School, Awatapu College, and IPU NZ.
- 6.10 Palmerston North and Ho Chi Minh City signed a Memorandum of Arrangement in 2022, recognising the importance of education cooperation to the overall strategic bilateral partnership between New Zealand and Vietnam. The two cities agreed to develop academic and education cooperation and promote mutual understanding during the period of 2022 – 2024.
- 6.11 The Mayor discussed opportunities in international academic projects, exchange programs, and collaborations across the schools and tertiary institutes in Palmerston North with partners in Ho Chi Minh. There continued to be great efforts required to bring about larger awareness in Ho Chi Minh City for Palmerston North education providers through the city's master agent in Vietnam.



Figure 22- Hosting an Education delegation from Ho Chi Minh City with local education providers

Promoting Palmerston North as Preferred Study Destination for Vietnamese Students

- 6.12 AU Hannah Co., Ltd. Is Palmerston North's master agent in Vietnam. In December 2023, with the support from Council, the company secured funding from Education New Zealand for a marketing campaign focused on promoting Palmerston North, Manawatū, and the local education providers in Vietnam.
- 6.13 The funded campaign includes a series of offline and online events:
- Studying High School in New Zealand – Offline event on 6 January 2024
 - The Differences and Advantages of Single-Sex Education – Online event on 24 February 2024
 - Discover Life and Study Experience in Palmerston North – Online event on 16 March 2024
 - Popular courses at Massey University – Online event on 13 April 2024
- 6.14 January 2024, AU Hannah also visited the ICG chain schools in Tay Ninh city and participated in the Culture and Language Day by Nguyen Cong Tru High School in Ho Chi Minh city. The second event was a direct outcome of the visit of the education delegation visit from Ho Chi Minh City to Palmerston North in December 2023.
- 6.15 With the accelerated efforts in promoting Palmerston North and Manawatū as the preferred study destination for Vietnamese students, the local education providers might expect to see an increase in awareness and interest to study in their institutions from the July 2024 intake and onwards.

Scholarship opportunity for Palmerston North Students to study in Japan

- 6.16 As mentioned previously, while commemorating the fifth anniversary of the sister city relationship with Mihara (Japan), Palmerston North signed a tripartite Memorandum of Understanding with the Hiroshima Global Academy (HiGA) and Mihara City of Hiroshima Prefecture on 31 January 2024 (Attachment 2).

- 6.17 The Memorandum of Understanding was an acknowledgment of the success of the Sister City relation and to confirm the desire to further develop relations between the two cities through the establishment of an international Student program.
- 6.18 The Hiroshima Global Academy is a prefectural public school funded by the Hiroshima Prefectural Board of Education, with the purpose of providing high-level learning opportunities for students, regardless of their economic circumstances. Hiroshima Global Academy is also a public IB World School with international validation, which provides students a high-quality foundation for their university studies and professional life.
- 6.19 Under the signed agreement, Hiroshima Global Academy will provide an opportunity for Palmerston North high school students to study the International Student Programme at their school for three years of free tuition, funded by Hiroshima Prefecture Board of Education.
- 6.20 Palmerston North City Council will promote the opportunity with local schools and encourage local students to take part in the programme. Whereas, Mihara will promote and encourage their community to participating in providing extra pastoral support for Palmerston North students in the form of family care and experience during the three years study.
- 6.21 The promotion will start in May 2024 with information sessions planned for June and July in preparation for student application submission in August 2024. Successful candidates will commence their study at Hiroshima Global Academy in April 2025.

Education New Zealand Funded Regional Partnership Project: Virtual Education Tour

- 6.22 On behalf of the International Education Leadership Group (IELG), Palmerston North City Council received a funding of \$30,000 to deliver two projects:
- **A Virtual Tour of the Education Experience in the City** – aims to attract new international students to the city/region, enabling prospective students and their families to have a real sense of the life they'd have in Palmerston North, assisting with their decision making without having to travel all the way to the city (Attachment 6).
 - **A Regional Marketing Mission** to reconnect with Japan and Vietnam in 2023 and assist the recovery of the international education sector post-COVID. This was completed in March – April 2023.
- 6.23 On 22 February 2024, Palmerston North became the first city in New Zealand to host a live-streaming session promoting its educational institutions. This was the final delivery required to conclude the Education New Zealand funded regional partnership project which was approved in 2023.

- 6.24 Six education providers – Universal College Of Learning (UCOL) Te Pūkenga, Institute of Pacific United (IPU) New Zealand, Awatapu College, Palmerston North Boys High School, and Palmerston North Girls High School collaborated to promote the city as a preferred study destination to the target regions of China, India, Japan, South Korea, Sri Lanka, Thailand, and Vietnam.
- 6.25 This initiative has presented a unique opportunity for our education providers to virtually promote themselves and showcase the vibrant offerings of Palmerston North to a diverse range of offshore markets, in efforts to attract more students and in return get business.

Waseda Group Study Programme, March 2024

- 6.26 In 2023, Palmerston North/ Manawatū and the Hawkes Bay were selected as the only two regions to host a Group Study Programme for students from Waseda University's network of affiliated schools. Commencing on 19 March 2023, our local secondary schools started hosting students for 2 weeks in which they continue to study English, attend regular classes with domestic students, participate in extracurricular activities and live with a homestay family or in the schools' boarding accommodation.
- 6.27 From 17-30 March 2024, our local secondary schools hosted the first cohort of the year. 15 students were welcomed to Awatapu College, Nga Tawa Diocesan School, Palmerston North Boys' High School, and Palmerston North Girls' High School for the two weeks. The students enjoyed an authentic New Zealand study experience and visited various fun places around the city including the city library, parks and recreation centres, etc.
- 6.28 A second cohort of 15 students will be arriving on 4 August 2024 for 2 weeks. The participating schools will be Awatapu College, Palmerston North Boys' High School, and Palmerston North Girls' High School, but there is scope to expand to include other secondary schools as the student number increases.
- 6.29 The tertiary providers are also actively involved in this program. The international staff at these institutes introduce the tertiary education system in New Zealand and the study options available in our region to the visiting students as potential returnees for undergraduate programmes.

Education New Zealand Japan Girls' School Teacher Famil, March 2024

- 6.30 On 28 and 29 March 2024, the city hosted a Japan Girls' School Teacher familiarisation trip organised by Education New Zealand in collaboration with Air New Zealand Japan.



6.31 12 delegates visited Palmerston North Girls' High School and Massey University including 8 delegates from 8 different girls' schools across two different regions in Japan, accompanied by:

- Mr Hajime Irie – Marketing Executive, Air New Zealand (Japan)
- Ms Misa Kitaoka – Senior Market Development Manager, Education New Zealand (Japan)
- Ms Tomomi Kontani – Business Development Manager, Education New Zealand (Japan)
- Mr Richard Kyle, Business Development Manager, Education New Zealand (Wellington)

6.32 The delegation was particularly interested in exploring inquiry-based learning, digital education, gender equality, diversity and inclusion and environmental protection in the local education offers.

6.33 The Mayor and members of the International Education Leadership Group as well as International Education Manawātū (IEM) hosted the delegation for dinner on 28 March 2024. This gathering provided a conducive environment for meaningful discussions on the prospects of educational collaboration and cultural exchange initiatives.

Deputy Mayor's Visit to China, April 2024

6.34 Council approved for the Deputy Mayor Debi Marshall-Lobb to travel to China at the invitation of World Class Education as part of their privately arranged education delegation from 11 – 25 April 2024 along with four representatives from select schools of Palmerston North, and other academic representatives from Auckland and Christchurch.

6.35 The Deputy Mayor in her capacity as city ambassador will represent the local schools as a collective, visiting Hefei city in Anhui Province, China.

6.36 Hefei and Palmerston North City signed a cooperation agreement in 2021 (Attachment 5).



Figure 23- Deputy Mayor Debi Marshall-Lobb welcomed the Hefei Education delegation to Palmerston North City Council in 2023

7. NEXT STEPS

- 7.1 Continue discussions with Kunshan Foreign Affairs Office to plan for a delegation visit to Palmerston North in 2024 including relevant city stakeholders.
- 7.2 Following the signing of the Memorandum of Understanding Enhancing Friendship City Relationship between Palmerston North and Kunshan, a report will be submitted to seek Council's approval for the signing of the Sister City Agreement between the two cities.
- 7.3 Plan the next meeting with Wageningen, The Netherlands on establishing a global network of university cities and universities
- 7.4 Co-hosting the E Tipu: The Boma Agri Summit, June 2024
- 7.5 Submit the 2024-2025 International Relations Plan to Economic Growth Committee in June 2024.

8. COMPLIANCE AND ADMINISTRATION

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

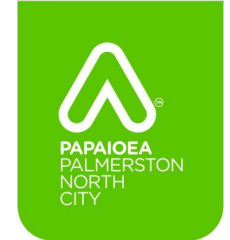
The recommendations contribute to Goal 1: An Innovative and Growing City	
The recommendations contribute to the achievement of action/actions in Economic Development	
The action is: Various actions with the international relations chapter of the economic development plan.	
Contribution to strategic direction and to social, economic, environmental and cultural well-being	The 6-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. Itinerary - Councillor Dennison, Hiroshima, Mihara and Okayama, October 2023 [↓](#) 
2. MOU - Tripartite: PN, Mihra, HiGA 2024 [↓](#) 
3. MOU - Upgrading Relationship Status between Palmerston North and Kunshan - 30 years of friendship 2024 [↓](#) 
4. MOU - Taipei Computer Association [↓](#) 
5. MOU - Education Cooperation between Palmerston North and Hefei [↓](#) 
6. Poster - Virtual Education Tour [↓](#) 

Itinerary for Cr Dennison – Japan 2023

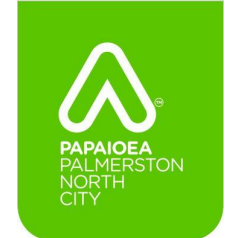
Extended leg to cover Hiroshima, Mihara and Okayama



Date	Time	Activity	Details/Comment	Contact person
Monday y 30	Own arrangement	Shinkansen train from Tokyo to Hiroshima	Best to base yourself close to Hiroshima Station as that will be your starting point of transport everyday.	N/A
Tuesday 31 Oct 23	9.30am	Pick up from The Royal Park Hotel Hiroshima	Recommend visit to Atomic Bomb Dome https://dive-hiroshima.com/en/explore/2687/	Mr Kane Oda , Hiroshima Prefectural Board of Education P:+81-82-513-4991 Mobile: 090-7403-8282 k-oda63231@pref.hiroshima.lg.jp
	11.05am	Takehara Port Departure		
	1.30PM – 3PM	Visit to Hiroshima Global Academy	https://higa-s.jp/en/school-pamphlet/	Hiroshima Global Academy 広島県立広島観智学園
	3.35pm-4.05pm	Ferry from Shiromizu Port to Takehara Port	HiGA is operated under the Hiroshima Prefectural Board of Education. PNCC, Mihara, and Hiroshima Prefectural BoE are entering a tripartite MOU for an annual scholarship for a PN student to study 3-year IB program free tuition at HiGA with extra pastoral support from Mihara's family. Accommodation and incidental costs to be paid by student is apprx. NZ\$9000 per year.	〒725-0303 広島県豊田郡大崎上島町大串 3137-2 / TEL.0846-67-5581
	5.45pm	Arrive back at the Royal Park Hotel Hiroshima		3137-2 Okushi, Osakamijima, Toyota District, Hiroshima, Japan P: +81-846-67-5581

Itinerary for Cr Dennison – Japan 2023

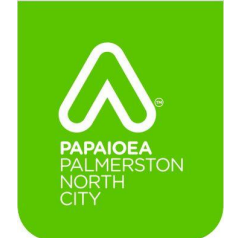
Extended leg to cover Hiroshima, Mihara and Okayama



Wednesday 1 Nov 23	8.38am	Take train to Mihara	Departure from JR Hiroshima station (Kodama no.842 Headed for Shin-Osaka) Platform no. 13	Jake Locop , Coordinator of International Relations P: TBC keieikikaku@city.mihara.hiroshima.jp
	9.03am	Arrive Mihara Station	Jake and Ms. Hattori will meet you at Mihara Station and take you to City Hall	
	9.30am – 10.30am	Meet with head of the Management Planning Division	Present Mayor's introduction letter	
		Tour of the City Hall	1st Floor ~ 2nd Floor Citizen counter procedures 3rd Floor Disaster Prevention 7th Floor Main conference Hall • Committee Room 8th Floor Observation space etc...	
	11am – 12pm	Visit Mihara Fire Station	https://www.city.mihara.hiroshima.jp/site/syouboh/ Mihara officers will accompany you to lunch but please pay for your own meals and they will cover their own. This is due to the short notice visit so there is no room in their budget to cover. Cost will be ¥ 2,500 per person. Payment may be done by card (JCB、AMEX、Diners) Or in cash	
	12pm – 1pm	Lunch at Kura (A restaurant that offers octopus dishes) https://kura-mihara.com/	Menu: Side dishes • Sashimi (Raw fish) • Steamed food • Fried food • Kamameshi (kettle rice) • Soup • Dessert	

Itinerary for Cr Dennison – Japan 2023

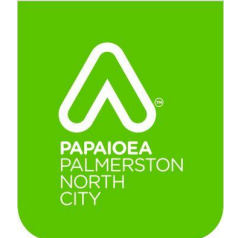
Extended leg to cover Hiroshima, Mihara and Okayama



1pm – 2.15pm	Suishin Yamane Honten Inspection Visit	https://www.suishinsake.co.jp/	
2.30pm – 3.15pm	Mihara Daruma painting experience	Daruma is a traditional Mihara's lucky charm and symbol of the city – a doll that always gets up when pushed down. https://mihara-daruma.com/	
3.30pm – 4.15pm	"Mihara Shinmei no Sato" Roadside station	https://www.shinmeinosato.jp/	
4.30pm	Arrival in JR Mihara station	Departure from JR Mihara station (Kodama no.855 Headed for Hakata) Platform no. 6	
4.41pm	Train back to Hiroshima		
5.07pm	Arrive in JR Hiroshima Station		
Please email a copy of the train ticket to Okayama to Koki and Gabrielle prior to departure date.			

Itinerary for Cr Dennison – Japan 2023

Extended leg to cover Hiroshima, Mihara and Okayama



Thursday 2 Nov 23	8.22am	Take shinkansen from Hiroshima to Okayama	With the JR Tokaido-Sanyo Shinkansen, it should take around 35 mins to get to Okayama Station. It will take another 40 mins drive to get to IPU campus.	Koki Tashiro TEL: 086-201-6711 (ext)3114 FAX: 086-908-0380 〒709-0863 岡山市東区瀬戸町観音寺 721 番地 k.tashiro@ipu-japan.ac.jp
	9am	Met by Koki at Okayama station	You will meet with Dr. Setsuko Ohashi here.	
	9.45am	IPU campus tour		
	11am	Lunch with IPU NZ students		
	1pm	Engagement with students who might be coming to IPU NZ/who went to IPU NZ	TBC	
	2pm	Depart from IPU		
	3pm	Check in at the Super Hotel Okayama Station (Higashigucho Kita-ku Kuwadacho 17-10, 700-0984, Okayama)	Koki will drop off at the hotel	

Memorandum of Understanding
between
Hiroshima Global Academy, Palmerston North City,
and Mihara City of Hiroshima Prefecture



Hiroshima Global Academy



Palmerston North City



Mihara City of Hiroshima Prefecture

Memorandum of Understanding

between

Hiroshima Global Academy

And

Palmerston North City

And

Mihara City of Hiroshima Prefecture



1. Background

Mihara City of Hiroshima Prefecture (Mihara) and Palmerston North City signed a sister city agreement on 21 March 2019. In 2024, the cities will commemorate the fifth anniversary of their sister city relationship. To acknowledge and build on the success of this relationship, Mihara and Palmerston North hereby confirm their desire to further develop relations between the two cities through the establishment of an International Student Programme.

Hiroshima Global Academy is a Prefectural public school funded by the Hiroshima Prefectural Board of Education, with the purpose of providing high-level learning opportunities for students, regardless of their economic circumstances. The mission of Hiroshima Global Academy is "to be a global leader in building peace through the power of learning". Hiroshima Global Academy is also a public IB World School with international validation, which provides students a high-quality foundation for their university students and professional life.

2. Purpose

This Memorandum of Understanding (MOU) records the shared intention of the parties to foster a friendly relationship through mutual cooperation between Hiroshima Global Academy, Mihara City, and the Palmerston North City. The Parties have identified the following area of co-operation for the mutual benefit of all parties:

- 2.1 To facilitate the establishment of an International Student Programme at Hiroshima Global Academy, benefiting Palmerston North high school students so that they can develop global skills and educational abilities;
- 2.2 To identify opportunities and facilitate co-operation on the role each city plays in encouraging their communities to participate in an International Student Programme at Hiroshima Global Academy, as well as to consult one another on matters of mutual interest.

3. Collaboration

- 3.1 Hiroshima Global Academy will offer the student tuition support system to Palmerston North high school students which will cover 100% of their tuition fees.

- 3.2 Palmerston North City will work with local education providers to promote the programme and assist the students with their application submission to Hiroshima Global Academy.
- 3.3 Mihara City will work with local community to support as well as to have regular interactions with the selected students during their time in Japan.
- 3.4 Regular contact will be maintained between the Mihara and Palmerston North City managing departments and Hiroshima Global Academy to ensure the smooth implementation and success of the programme.
- 3.5 The Parties intend to hold meetings, whenever the need arises, to identify opportunities for cooperation and consult with one another on matters of mutual interest.
- 4. Term**
 - 4.1 This MOU will commence on signing of this agreement by all Parties and will take effect from the date the last party signs this document for a period of five (5) years.
 - 4.2 This MOU may be terminated by any party giving the other Parties three (3) months' notice in writing for any reason or for no reason.
 - 4.3 Termination will not operate to prejudice any student or staff engaged in co-operative activity at the date of termination, the intention being that such activity will be permitted to reach its natural conclusion within a reasonable period of time. This includes any student who has commenced on the International Student Programme at Hiroshima Global Academy will be allowed to complete their scholarship.
 - 4.4 This MOU may be amended or varied from time to time provided that such amendment, waiver or variation is made in writing and sign by all Parties.
- 5. Review**
 - 5.1 A review of this MOU can be requested at any time, by any party.
 - 5.2 Amendments to this MOU will be made in writing by mutual agreement of all Parties.
- 6. Effect of Document**
 - 6.1 All parties acknowledge that this MOU is not intended to create binding legal obligations.
 - 6.2 Nothing in this MOU is intended or will be deemed to constitute a partnership, agency, employee/employer or joint venture relationship among the Parties. The Parties will not represent themselves, and will ensure that their officers, employees or agents do not represent themselves as being officers, employees, agents or partners of the other. No party will have any authority to bind the other legally or equitably by contract, admission, acknowledgement, undertaking or estoppel.
 - 6.3 If the Parties decide, having entered this MOU they would like to consider binding arrangements with each other then they shall negotiate and agree in writing a binding agreement relation to any such matter.
 - 6.4 The official document is published in English and translated into Japanese to support the understanding among three parties.

Signed:

Signed by PRINCIPAL KAZUHIKO FUKUSHIMA
on behalf of HIROSHIMA GLOBAL ACADEMY:



Kazuhiko Fukushima

Kazuhiko Fukushima
PRINCIPAL

Date: Jan. 31, 2024

Signed by MAYOR GRANT SMITH on behalf of
PALMERSTON NORTH CITY:



Grant Smith

Grant Smith
MAYOR

Date: 31 January 2024.

Signed by MAYOR YOSHIHIRO OKADA on behalf of
MIHARA CITY OF HIROSHIMA PREFECTURE:



Yoshihiro Okada

Yoshihiro Okada
MAYOR

Date: Jan 31, 2024



中华人民共和国江苏省昆山市与新西兰北帕默斯顿市 进一步发展友好关系谅解备忘录

1994年10月31日，中华人民共和国江苏省昆山市与新西兰北帕默斯顿市（以下简称“两市”）根据1972年《关于中华人民共和国和新西兰建立外交关系的联合公报》原则，正式签署了《友好交流合作协议》。

值此两市友好交流关系建立三十周年及《中华人民共和国和新西兰关于建立全面战略伙伴关系的联合声明》十周年之际，为进一步发展两市关系，在友好协商和互惠互利的原则下，两市决定共同签署《中华人民共和国江苏省昆山市与新西兰北帕默斯顿市进一步发展友好关系谅解备忘录》，并就以下事项达成一致意见：

1. 两市认可昆山市与北帕默斯顿市自1994年至今的合作与交流成果，并同意在结好30周年基础上，加强政府间交往，深化合作，增进理解。
2. 两市认可在经贸、科技、教育、商业、创新、城市工程、旅游和可持续发展等领域有进一步合作与交流的机遇。
3. 两市将保持长期友好关系，并在适当时机将两市伙伴关系提升为“友好城市”。本着相互合作、关爱和尊重的精神，共同促进昆山市和北帕默斯顿市的繁荣发展。
4. 本备忘录于2024年1月25日在昆山签署，中文、英文一式两份，同等有效。本备忘录自签署之日起生效。

中华人民共和国江苏省
昆山市

新西兰北帕默斯顿市
北帕默斯顿市



MEMORANDUM OF UNDERSTANDING ENHANCING FRIENDSHIP CITY RELATIONSHIP BETWEEN THE CITY OF PALMERSTON NORTH, NEW ZEALAND AND THE CITY OF KUNSHAN, JIANGSU PROVINCE, PEOPLE'S REPUBLIC OF CHINA

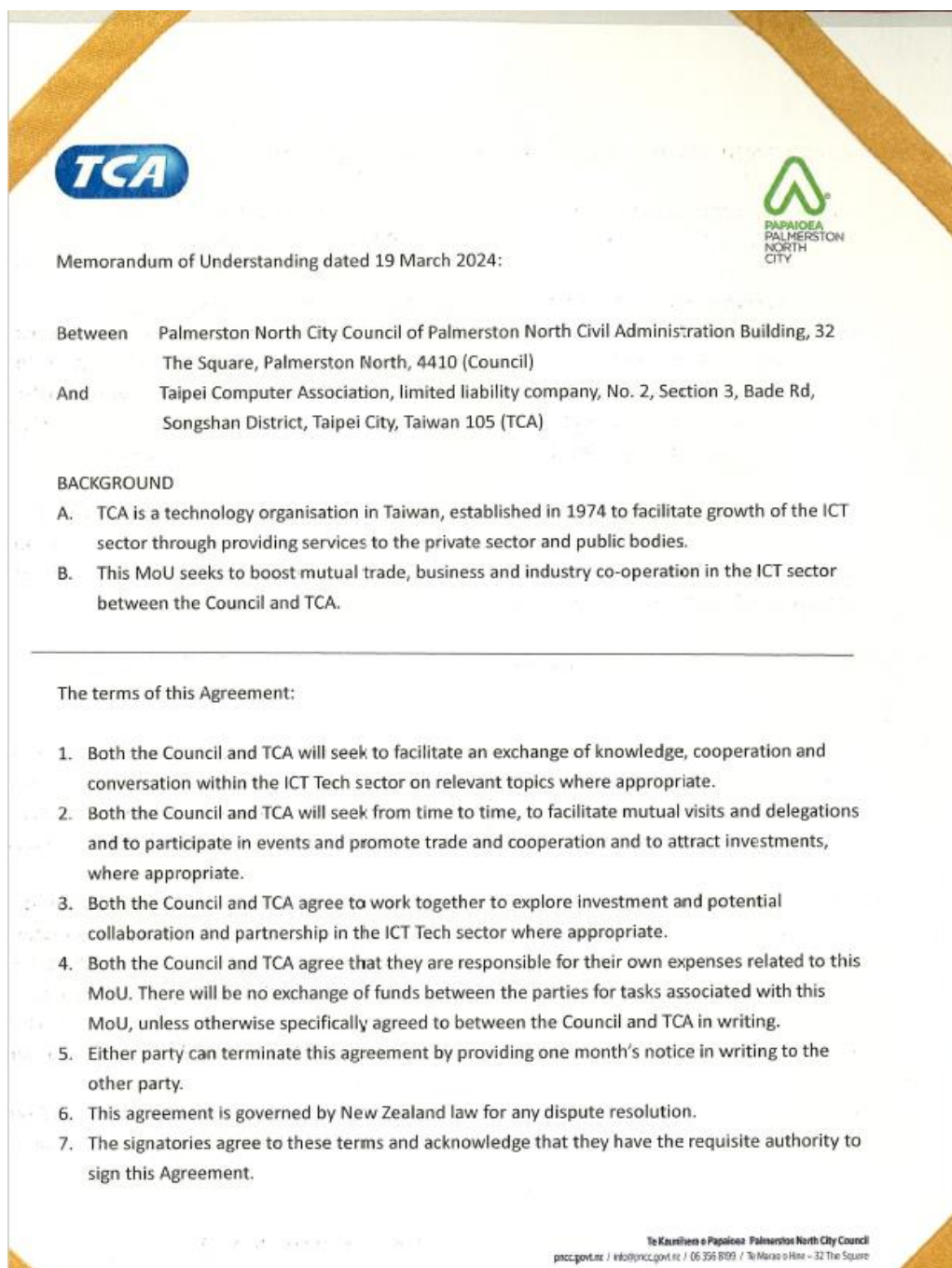
On October 31, 1994, Palmerston North of New Zealand and Kunshan City of Jiangsu Province of the People's Republic of China (hereinafter referred to as the "two cities") officially signed the Agreement on Friendly Communication and Cooperation in accordance with the principles of the 1972 Joint Communique on the Establishment of Diplomatic Relations between People's Republic of China and New Zealand.

On the occasion of the 30th anniversary of the establishment of friendly exchanges between the two cities and the 10th anniversary of the Joint Statement on the Establishment of a Comprehensive Strategic Partnership between China and New Zealand, in order to further develop the relations between the two cities, on the basis of friendly consultation and mutual benefit, the two cities hereby jointly sign the Memorandum of Understanding Enhancing Friendship City Relationship Between the City of Palmerston North, New Zealand and the City of Kunshan, Jiangsu Province, People's Republic of China, and agree on the following matters:

1. The two cities acknowledge the achievements of cooperation and exchanges to date between Palmerston North and Kunshan as friendship cities since 1994, and agree to strengthen governmental exchanges, deepen cooperation and enhance understanding on the basis of the 30th anniversary of friendly ties.
2. The two cities recognize opportunities to further deepen city-to-city cooperation and exchanges in the fields of economy and trade, science and technology, education, commerce, innovation, city engineering, tourism and sustainable development.
3. The two cities do hereby commit to the long standing relationship of the two cities, to the upgrading of the partnership to "sister cities" status at an appropriate time, and to the prosperity of Palmerston North and Kunshan, based on a mutual spirit of cooperation, caring and respect.
4. The MOU, signed on January 25, 2024 in Kunshan, is presented in both English and Chinese, and both texts are equally valid. The MOU shall enter into force on the date of its signature.

Palmerston North, New Zealand

Kunshan, Jiangsu Province, People's Republic of China



AGREED this Nineteenth day of March 2024

SIGNED by H.W Grant Smith,
Mayor of Palmerston North

in the presence of:

Witness Name:
Occupation:
Address:
Signature:

SIGNED by Paul S.L. Peng
Chairman of Taipei Computer Association

in the presence of:

Witness Name:
Occupation:
Address:
Signature:



**The Co-operation Agreement between the City of Palmerston North, the
Manawatu Region of New Zealand**

and

the City of Hefei of P. R. China

The City of Palmerston North, in the Manawatu Region of New Zealand and the City of Hefei, in Anhui Province of the People's Republic of China, have agreed to cooperate on the areas in which both sides are interested in accordance with the Communiqué of Establishing Diplomatic Relations between New Zealand and China through friendly negotiation. The Manawatu Region which Palmerston North is part of, will also be included. The first area for co-operation is in the field of Education. This co-operation agreement will endeavor to do the following:

1. Lay the foundation for understanding and friendship.
2. Strengthen the co-operation that has already commenced in the education sector.
3. Encourage and grow the contact between education facilities, such as full-primary, middle and high schools, colleges, polytechnics and the universities.
4. Increase opportunities for students, teachers and other staff. Some examples of this include:
 - Schools from both sides establishing friendly relationship, learning from each other, regularly conducting online and offline activities such as mutual visits of teachers and students, summer (winter) camps, exchanges on education scientific research etc.
 - Schools from both sides sending tutors to teach English/Chinese, exchanging students with each other.
5. As the co-operation grows, more education facilities further afield may be included under this agreement.

6. Other activities such as language promotion, educational cooperation, overseas students recommendation, will be organized by mutual discussions with educational departments of the cities and regions and specific education institutions.
7. The educational departments, and related educational facilities of the cities and regions will keep in touch with each other to exchange information and collaborate on projects in which both sides are interested.
8. Once the education co-operation is well underway, the city and representatives may discuss other areas for potential co-operation, thus reinforcing the friendship, economic growth and social progress between the cities and region(s).
9. The areas for further co-operation will be mutually decided but could include one or more of the following: sports, recreation, arts, culture, tourism, commerce, trade, environmental protection, transport, logistics, science, technology and so on.

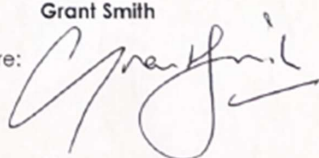
* A representative of The City Council of Palmerston North will sign this agreement and the Municipal Foreign Affairs Office will sign on behalf of the City of Hefei.

* This Co-operation Agreement is signed on the 30th Date 9th Month, 2021.
There will be 2 original copies for each city, one in Chinese and one in English.

For Palmerston North
New Zealand

Name: **Grant Smith**

Signature:



Title: **Mayor**

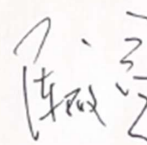
Stamp/Seal:



For Hefei of
P. R. China

Name:

Signature:



Title:

Stamp/Seal:

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MEMORANDUM

TO: Economic Growth Committee

MEETING DATE: 24 April 2024

TITLE: Overseas Mission to China and Japan 2024

PRESENTED BY: Mike Monaghan - Group Manager, Three Waters and Gabrielle Loga - International Relations Manager

APPROVED BY: David Murphy, Chief Planning Officer
Chris Dyhrberg, Chief Infrastructure Officer

RECOMMENDATION TO ECONOMIC GROWTH COMMITTEE:

1. That the Committee receive the report titled 'Overseas Mission to China and Japan 2024' presented to the Economic Growth Committee on 24 April 2024.
-

1. ISSUE

- 1.1 The is a joint report by the International Relations and Education division of the Strategic Planning Unit, the Water Treatment team from Infrastructure Unit, and Stantec, a leading engineering, architecture and environmental consulting company, on the overseas mission to China and Japan in January-February 2024. It presents the findings and highlights of the Mayoral delegation visit.
- 1.2 On 6 December 2023, Council approved the Mayor to lead a small delegation to connect with Kunshan, China and Mihara, Japan from 20 January to 6 February 2024.
- 1.3 The purpose of the overseas mission was to:
 - Commemorate 30 years of friendship with Kunshan, China and 5 years of sister city relationship with Mihara, Japan.
 - Foster international relations and explore potential partnerships in key sectors that are mutually beneficial.
 - Visit relevant facilities in our partner cities to seek understanding, exchange best practices and cultivate opportunities for future collaboration in urban development, innovation and environmental

management including water, waste, transportation, and disaster prevention and response.

1.4 The delegation consisted of:

- Mayor Grant Smith, Palmerston North City Council
- Mayoress Michelle Smith, Palmerston North City Council
- Chief Infrastructure Officer Mr Chris Dyhrberg, Palmerston North City Council
- Group Manager – Three Waters Mr Mike Monaghan, Palmerston North City Council
- International Relations Manager Mrs Gabrielle Loga, Palmerston North City Council
- Group Leader – Waters Ms Beth Parkin, Stantec

2. BACKGROUND

INTERNATIONAL RELATIONS, TRADE OPPORTUNITIES AND EDUCATION

GUIYANG, CHINA

- 2.1 Out of courtesy and respect for our oldest Chinese sister city Guiyang, the delegation paid a brief visit to them upon arrival in China 21 Jan – 24 Jan 2024.
- 2.2 The delegation was warmly welcomed by Deputy Mayor Lin Ping, Guiyang Municipal Foreign Affairs Office and Guiyang People's Association for Friendship with Foreign Countries.
- 2.3 A formal meeting with Deputy Mayor Lin Ping and directors of various bureaus including Agriculture and Rural Affairs, Education, Ecology and Environment, Natural Resources and Planning, as well as Guiyang Foreign Affairs Office was conducted on 22 Jan 2024. Both cities discussed enhancing existing education collaboration and exploring further opportunities in economic, trade, infrastructure, investment and sustainability.



Figure 1- Formal meeting with Deputy Mayor Lin Ping of Guiyang

- 2.4 The delegation was given a thorough tour of the Guizhou Shuanglong Airport Economic Zone Exhibition Centre. This is a solution-focused, national level airport economic demonstration zone with a multimodal transportation system. Their brand new "One bureau Four Centres" including International Bonded Logistics Centre, International Freight Centre, International Mail Exchanges and Customs Supervision Centre serve as a platform for the export-oriented economy and the development of international trade. The zone is also creating a comprehensive hot spring economic complex and wellness tourism hub, integrating the health and ecological tourism industry.
- 2.5 Further discussion on multimodal transportation, freight, logistics and distribution hub was facilitated during the delegation visit to Guiyang Free Trade Zone in Baiyun district.
- 2.6 The purpose of these two visits was to showcase the development of Guiyang's economic development zones and to learn best practices for the city's own airport development and distribution hub. Guiyang is interested in further talks on e-commerce, frozen logistics and second-hand vehicle trade with Palmerston North.



Figure 2- Learning about Multimodal transportation system at Shuanglong Airport Economic Zone

- 2.7 In addition to visits to Guiyang's economic development zones, their urban renewal project sites, their water and waste treatment plants, the delegation was also welcomed to the Central Primary School of Dula Buyi Village in Baiyun district.
- 2.8 The Central Primary School of Dula Buyi Village is an elementary school for minority ethnic children. They are working towards becoming a pilot elementary school for international exchanges in Guiyang.



Figure 3- Delegation welcomed at Central Primary School of Dula Buyi Village

- 2.9 Afterwards, the delegation was given small gifts to bring back to Palmerston North to give to a local elementary school who is interested in educational cooperation with the Central Primary School of Dula Buyi Village.
- 2.10 The delegation also met with Guizhou Communications Construction Group to hear about innovative bridge building techniques, environmental protection efforts and development of transport in the mountainous province.
- 2.11 It was also an opportunity to present Palmerston North to the Guizhou Communications Construction Group as they consider expanding their investment portfolio to international markets.



Figure 4 - Visit to Guizhou Communications Construction Group

SHANGHAI, CHINA

- 2.12 The New Zealand Consulate-General Office in Shanghai coordinated a NZ Inc meeting especially for the delegation on 25 January in New Zealand Central, a home base for New Zealand businesses in Shanghai.
- 2.13 During the meeting, delegates were briefed by the Consul-General on the recent development in the New Zealand-China diplomatic relations, Chinese market updates as well as on the bilateral trade between the two countries.
- 2.14 Education New Zealand and Tourism New Zealand also spoke about industry-specific updates, emphasizing the significance of China continuing to be the biggest source market for international students and visitors to New Zealand.



Figure 5 - Received industry and market updates from Education Manager – ENZ Shanghai office

KUNSHAN, CHINA

- 2.15 The visit to Kunshan City Science and Technology Museum provided valuable insights into Kunshan's clear and effective long-term vision, its economic development and urban planning strategies. Kunshan's success story as a major economic powerhouse highlighted the importance of innovation, industrial clusters, and foreign investment attraction. The delegation explored avenues for knowledge sharing and partnership in promoting economic growth and entrepreneurship.



Figure 6 - Learning about Kunshan's strategic vision and economic development history

- 2.16 Keeping with the theme of innovation, Advantech Collaborative Innovation Research and Development Centre welcomed the delegation and showcased its smart city initiatives, leveraging technology to enhance public services, transportation, and urban management. The delegation explored opportunities for knowledge exchange and adopting smart solutions in Palmerston North.



Figure 7- Exploring smart solutions product ranges at Advantech Collaborative Innovation Research and Development Centre, Kunshan

- 2.17 As requested by our Kunshan partners prior to the visit, in order to explore new avenues for exchanges and cooperation, the delegation spent time touring the smart agri-park in Lujia A + Greenhouse factory and the Kunshan Coffee Industry Creative Centre in the Comprehensive Protection Business Zone. It was identified that Kunshan had a need for dairy and health products that Palmerston North businesses might be able to meet. The opportunity to send an AgriTech/Food delegation from Kunshan to Palmerston North is being discussed to facilitate relevant business connections and potential economic benefits for the city.
- 2.18 At the East China Agricultural Science and Technology Centre, the delegation presented on the AgriTech ecosystem in Palmerston North and the opportunity for future collaboration. As a result, Palmerston North City Council is facilitating the conversation on a Memorandum of Understanding for Collaboration between the East China Agricultural Science and Technology Centre and FoodHQ, supported by the New Zealand Consulate-General Office in Shanghai as well as relevant government and diplomatic agencies in Wellington.

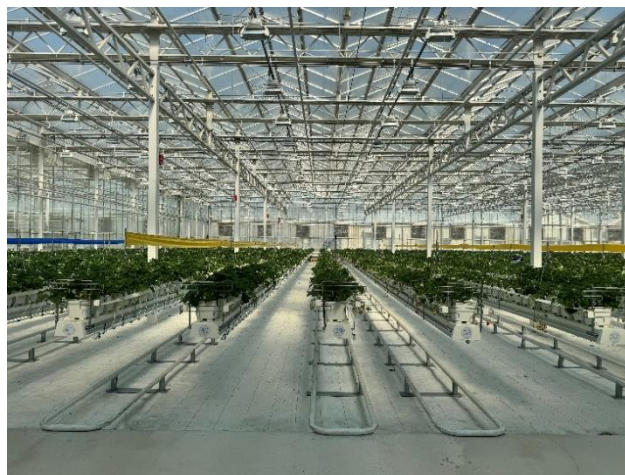


Figure 8 - Lujia A+ Greenhouse Factory, Kunshan

- 2.19 On the education front, the delegation visited Kunshan Huaqiao Senior High School in support of their partnership with Palmerston North Girls' High School and Palmerston North Boys' High School since May 2023.



Figure 9 - Visit to Kunshan Huaqiao Senior High School

- 2.20 During the stay in Kunshan, the delegation was warmly welcomed by Deputy Mayor Chen Zhao and the Kunshan Foreign Affairs Office.
- 2.21 A formal meeting between the delegation and Kunshan's city leaders was conducted on 25 January 2024 to commemorate 30 years of the city-to-city friendship. Mayor Grant Smith of Palmerston North and Deputy Mayor Chen Zhao signed a Memorandum of Understanding committing to the long-standing relationship of the two cities and to upgrading of the partnership to "sister cities" status. It was witnessed by the New Zealand Consul General and the Secretary of the Communist Party of China Kunshan Municipal Committee.



Figure 10 - Formal celebration of the 30th friendship anniversary between Palmerston North and Kunshan

- 2.22 A press release on the celebration of the 30th friendship anniversary between Palmerston North and Kunshan can be found [here](#).



Figure 11 - Formal meeting between Palmerston North and Kunshan's city leaders

MIHARA, JAPAN

- 2.23 Mihara took the delegation visit this time as an opportunity to showcase its economic strengths from small and medium companies such as the Hattendo Village, Nomura Dairy Products Co. Limited, to globally recognised brands including Coca Cola Botlers Japan Hiroshima Factory and Mitsubishi Heavy Industries Light Rail Manufacturing Plant.



Figure 12 - At My Flora Plant, Nomura Dairy Products Co., Ltd.



Figure 13 - Introduced product ranges at Hattendo Village

- 2.24 A direct outcome of these visits was the connection made between Nomura Dairy Products company and the New Zealand Institute for Plant and Food Research for potential collaboration in the research and development of probiotic products.
- 2.25 Another encounter with a Mihara tour operator resulted in talks on inbound tour into Palmerston North later in the year.
- 2.26 Moreover, the delegation was given a tour of Mihara City Hall to learn about the structure of Mihara City Council, their services and public facing engagement. It was an opportunity to exchange ideas and best practices in city management and council activities including disaster prevention and emergency management.



Figure 14 - In Mihara City's Council Chamber with Council Chairman

- 2.27 The city's leaders also shared concern over its challenge to maintain existing and attract new business investment into Mihara given the aging local labour force. This is an area where Palmerston North could share experience on how to make the city a more attractive place to live and do business for young families, professionals and entrepreneurs. Welcoming Communities could share their work in welcoming newcomers into the city, making Palmerston North a healthier, happier and more productive community.
- 2.28 During the formal celebration of the sister cities' 5th anniversary on 31 January 2024, Mayor Okada of Mihara, Mayor Grant Smith of Palmerston North and Principal Fukushima of Hiroshima Global Academy signed a Memorandum of Understanding, establishing an educational cooperation where Hiroshima Global Academy, an International Baccalaureate (IB) World School, will cover 100% tuition fees for Palmerston North high school students to study at their school to develop global skills and educational abilities. Palmerston North City will work with local education providers to promote the programme and assist the students with their application submission; while Mihara City will work with local community to provide extra pastoral care and regular interactions with the selected students during their time in Japan.



Figure 15 - Signing of Tripartite Educational Cooperation Memorandum of Understanding



Figure 16 - Celebration of 5th sister city anniversary between Palmerston North and Mihara

- 2.29 Upon invitation from Sagi Island's leaders and Sagiura Elementary School, the Mayoral delegation visited Sagi Island on 2 February 2024 for a tree planting ceremony to mark the 5th anniversary of the sister city affiliation. A commemorative plaque was installed for the occasion.



Figure 17 - Tree Planting Ceremony on Sagi Island

- 2.30 The delegates then spent time with students and teachers of Sagiura Elementary School who were connected with Terrace End School previously.



Figure 18 - Welcomed by students at Sagiura Elementary School



Figure 19 - Making mochi with students at Sagiura Elementary School

- 2.31 In addition, a side visit to IPU Japan campus in Okayama on 30 January 2024 saw the Mayor participate in a mini graduation ceremony of three local Kiwi students who were finishing their 6-month placement in IPU Japan.
- 2.32 IPU's leaders extended a warm welcome to the delegation and invited input from Palmerston North City Council to the soon-to-be-established Advisory Board for IPU New Zealand.



Figure 20 - Visit to IPU campus in Okayama

TOKYO, JAPAN

- 2.33 On the last day in Japan, the Mayoral delegation went to visit the headquarter of Japan's Council of Local Authorities for International Relations in Tokyo (CLAIR).
- 2.34 CLAIR is responsible for sister city relationships in Japan, the local government exchanges and cooperation conferences and seminars, as well as the Japan Exchange and Teaching (JET) Programme and Coordinator for International Relations Programme.
- 2.35 The discussion with CLAIR included an update on the sister city relationship between Palmerston North and Mihara as well as an invitation for CLAIR's local government and cooperation conferences and seminars to be held in Palmerston North. Palmerston North International Relations team will liaise with CLAIR Sydney office to further this conversation in the future.



Figure 21 - Meeting with leadership at CLAIR HQ, Tokyo

3. INFRASTRUCTURE – WATER MANAGEMENT

GUIYANG, CHINA

- 3.1 The delegation had the opportunity to visit a state-of-the-art waste disposal facility on the outskirts of Guiyang. The centre was called the Grand Blue Solid Waste Incineration Plant. A multi stream fluidised bed incineration facility received 750 tonnes of general waste per day from the wider Guiyang district. The waste being fed into incinerators operating at 1000deg C, resulting in only fly ash as a by-product. With hi-tech flu gas scrubbing systems and stringent environmental monitoring control, this plant is essential to the region for dealing with the problem of solid waste.



Figure 22 - Trucks lining up to deliver their payload

- 3.2 The Qingshan Water Recycling Plant is a wastewater treatment facility located in the residential heart of Qingshan. The plant is designed for minimum aesthetic interruption, being mainly underground, and not obvious to the passer by. Like Palmerston North, the Qingshan plant has an inland river discharge. We were not able to visit the whole facility, but we did see the final stages of treatment, including final clarification and Ultraviolet light disinfection. The quality of the final treated water was of an impressive standard, reducing nutrient levels to similar levels as targeted by the Nature Calls Project. The discharge to the river was via an open flume where the high quality of discharge water was observable to all. The city does take the opportunity to reuse the resource water wherever possible, one obvious example was feeding a series of water features and small lakes/ponds for recreation in a local park.



Figure 23- The discharge from the Quingshan plant entering the river

- 3.3 The delegation got to spend an hour visiting the Urban Renewal Project in Yuxin Lane and Caozhuangyuan Street. This project was a one-million-renminbi local government funded initiative to improve the streetscape in an urban area of the city. Local active play areas and small parklets complemented a street scape upgrade and building frontage renewal. Alleyways linking the two areas were also improved for safety and designed to become part of the experience. The city has completed 42 similar projects in the last year alone. The project had some similarities with the work recently undertaken at the Highbury Centre.

KUNSHAN, CHINA

- 3.4 One of the most innovative and impressive aspects of the entire visit was seeing how China is embracing the sponge city philosophy. A visit to the Forest Park, Temple Jinghe Corridor revealed a 166-hectare river park project that began development in 2001. The park has been specifically designed to

cater for heavy and frequent rain events. Initiatives included the detailed and specific planting programme, which includes species that will thrive in both wet and dry conditions, to footpaths that are pervious, therefore reducing the non-pervious surfaces that hinder most urban developments. Complementing this were a series of lakes, wetlands and attenuation ponds with flow control gates. The system having automation control to manage pond levels and control the flow of water during large events, maximising storage and reducing the chances of downstream flooding. The essence of the corridor was to allow “room” for the water and not to contain it within confined channels.



Figure 24- Map of the Forest Park corridor depicting the attenuation ponds and wetlands

- 3.5 After visiting the forest park, the delegation got to see first-hand how Kunshan City Greenery Engineering Co. Ltd are applying the sponge city mindset into the everyday infrastructure projects. Rain gardens are common and extensive, planted attenuation areas and footpaths that allow rainwater to soak through them are just some of the now common methods adopted. Interestingly, Greenery Engineering Co. Ltd are working closely with a number of Australian organisations for future sponge city initiatives, including Water Sensitive Cities Australia, Cooperative Research Centre for Water Sensitive Cities and Vic Water.



Figure 25- example of sponge city engineering with rain gardens and sensitive planting

MIHARA, JAPAN

- 3.6 Despite being a city with many new and exciting developments, Mihara still has many residential areas that are not connected to the wastewater reticulated network. These properties instead rely on septic tanks. A visit to the Mihara Sludge Treatment centre revealed that a full-scale sludge dewatering facility had been created exclusively to deal with domestic septage and industrial trade waste. Up to 175m³ per day of raw liquid sludge product is delivered by tanker to the plant. The operators of the facility revealed that, similarly to New Zealand, the challenge was to minimise chemical use while maximising the dry solid content to reduce haulage costs. The final product being trucked to the nearby solid waste and biosolid incineration plant.

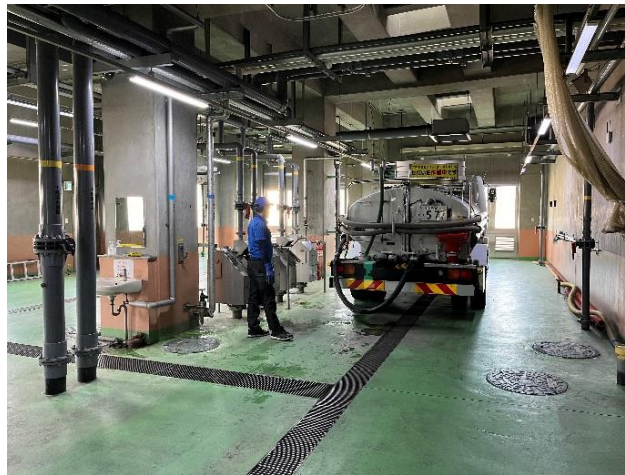


Figure 26- Septic waste truck delivering its contents to the plant

- 3.7 A smaller delegation had the opportunity to visit the Minami 5-chome construction site. This challenge was centred around constructing a brand-new stormwater pump station with the capacity to pump 3,900 litres/second of water from the surrounding locality, whilst maintaining the operation of the existing 75-Year-old plant. The construction manager had the added challenge of building this station in the middle of a residential district, with a high-speed railway on one boundary of the site and the Nuta river on the other. The project has been under construction for over 5 years, and like most major projects during recent times, it has suffered delays and cost challenges caused by the Covid 19 outbreak. This visit was preceded by a tour of the impressive Miyaoki Storm water Pump Station. With 10 diesel engine driven pumps to provide resilience during power outages.

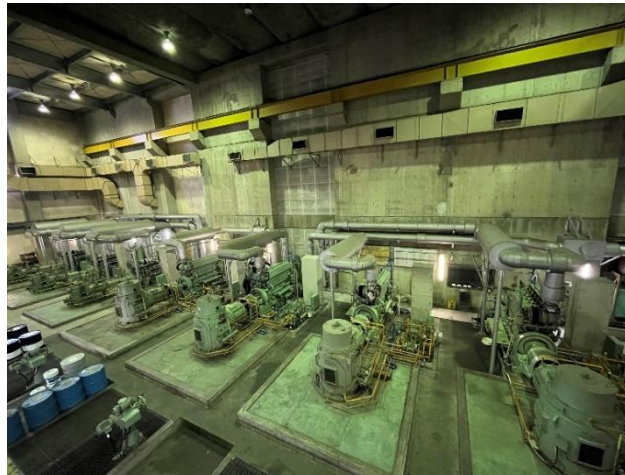


Figure 27- Diesel powered stormwater pumps

- 3.8 The day was concluded with a visit to the Mihara Fire & Emergency Services Station. Continuing Palmerston North's long standing relationship, it was a pleasure to see the new facilities being fully utilised by the emergency services. A demonstration of capability was then provided for the delegation, with the operation of mobile lifesaving equipment – jaws of life, cutting machinery and the impressive new chemical response fire truck showing its capability.



Figure 28- The Mihara Chemical emergency vehicle demonstrating its power

- 3.9 Since the devastating floods in 2018, Mihara have been working hard to identify and fix areas of concern along the Nuta river which runs through the heart of the city. A tour was provided by our host to a number of Disaster Prevention construction sites along the river. Typically, these sites were focused on raising and shoring the stop banks or removing obstructions from within the river corridor itself. Many irrigation dams had been built over the

years, all having a compounding effect on the natural flow and capacity of the river. Removing and reengineering these dams will go some way to preventing a reoccurrence of the disaster that befell on Mihara.

- 3.10 A visit to the Nuta River Purification plant was a chance to see how Mihara have turned around a highly polluted waterway within a time span of just 25 years. This plant is a biological nutrient removal wastewater treatment plant that began operation in 1996. Treating connected residential and trade waste from Mihara and Higashihiroshima, the original plant served a population equivalent of approximately 50,000, and had an average dry weather flow of 34000m³/d. Recently, a third stream has been constructed to cater for the growth of the city and further improve the quality of the discharge water which, after chlorination, discharges directly into the Mihara harbour. The site has a large footprint, and treated wastewater is also utilised onsite for irrigation, cooling water and other non-potable purposes.



Figure 29- Visiting the newly constructed stream at the Nuta WWTP

- 3.11 The last day in Mihara City saw the delegation visit the Nishino Water Purification Plant. This was an opportunity for the delegation to see how potable drinking water is treated in Japan. Supplying a population similar to Palmerston North, the treatment centre had some similarities, but a few obvious differences to the process used in Palmerston North. The main difference being the treatment for protozoa. Utilization of direct filtration using slow sand filtration would not be an acceptable solution for NZ without a further barrier such as Ultraviolet Light disinfection. Overall though, it was a great plant with lots of investment in renewals, an in-house laboratory for regulatory sampling and a well-supported team of operators and maintenance staff.



Figure 30 - Labour intensive slow sand filters at Nishino WTP

- 3.12 The delegation managed to pay a visit to the impressive Mihara Waste Processing Plant. This is a centre that has two factories on one site. One factory being a Flammable Waste Facility, comprising of fluidised bed incinerators, built at the end of the 1990's. The other a very modern Non-Flammable Material Recovery Facility (MRF). The incineration plant, similarly, to the plant in Guiyang, used combustion methods to destroy both solid waste from the city and surrounding districts, and biosolids from the two treatment plants mentioned above. Interestingly, the fly ash by-product has been utilised in land reclamation projects throughout the region. There was also mention of the ash being used in cement products, but no details were available.

The MRF was similar to PNCC's in that it was a manual sort line without the use of optical automated sorting machines. However, that is where the similarity ended. We questioned our tour host about contamination levels of the kerbside product, this seemed to be an unfamiliar concept to him. As we witnessed when watching the sorting process, the Japanese people appeared to be very compliant with the rules of recycling. The material was simply sorted into soft plastics, PET's, and MDPE's. There appeared to be very minimal waste, the incoming product was generally clean and contained little to no contamination. What contamination did exist was simply sent next door to the flammable waste plant.

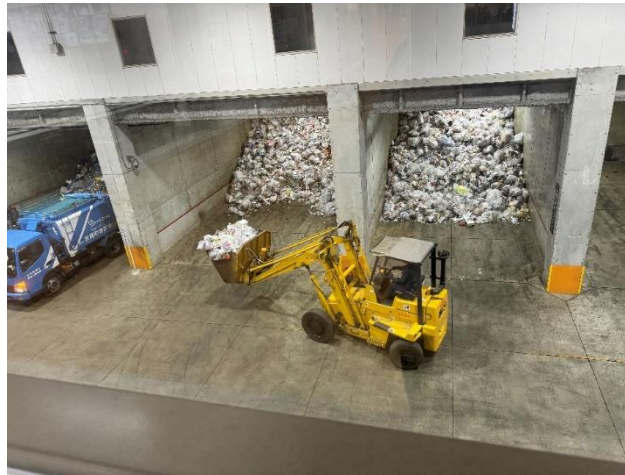


Figure 31- The impressively clean raw product ready for sorting.

TOKYO, JAPAN

- 3.13 In the spirit of getting as much from the trip as possible, on the morning of the departure for NZ, the Waters team members took the train from Tokyo to the Shibaura Water Reclamation Centre. The size and scale of this plant was impressive. Serving a population base of 1,200,000 people, the plant consisted of primary settling processes, secondary biological nutrient removal final sedimentation, with a tertiary pilot plant trialling microfiltration. The plant was vast, and time was short, so we did not see all processes. However, we did discover that this facility had a standalone fluidised bed incineration plant to deal with the biosolids. The fly ash being turned into paving bricks, of which we saw an example in the streets around the plant. The highly treated wastewater was re-used wherever possible, including process water at the plant, irrigation of local sports fields and feeding a wetland and stream in the onsite park.



Figure 32- The enormous Shibaura Water Reclamation Plant



Figure 33- The rope circle depicts the size of the incoming sewer pipe; the bricks are made from the ash by-product from the Biosolids incineration.

4. NEXT STEPS

INTERNATIONAL RELATIONS, TRADE OPPORTUNITIES AND EDUCATION

4.1 Key next steps and actions are detailed below:

Guiyang, China:

- Working with Guiyang Foreign Affairs on a 2024-2025 action plan, following up leads from the delegation visits with the economic development zones, Guizhou Communications Construction Group and infrastructure partnerships, i.e. exchange ideas and best practices, educational and cultural cooperation.
- PNAL - Guizhou Airport collaboration around Master planning. (Action: PNAL)
- Special Economic Zone learnings (Action: CEDA)
- Urban Design treatments and examples (Action: PNCC Infrastructure)
- Primary School exchanges online (Action: PNCC International Unit & Schools)
- Guizhou Construction & Bridge Company introductions. (Action: PNCC - Central Govt).

Shanghai, China.

- Working with Education NZ to incentivise international students back to the PN market (Action: PNCC International Unit & Education providers)

Kunshan, China.

- Working with Kunshan Foreign Affairs on a delegation visit to Palmerston North in 2024 with a focus on economic cooperation and AgriTech
- Facilitating collaborative conversations between the East China Agricultural Science and Technology Centre and FoodHQ as well as between Nomura Dairy Products and New Zealand Plant and Food Research
- Tech and Business sector collaboration (Action: CEDA/PNCC International Unit)
- Dairy industry opportunities (Action: CEDA/PNCC).
- Science & Research collaboration and MoU with Chinese counterparts (Action: Food HQ)
- Education, International students and Sister School collaboration, both in person & online (Action: PNCC International Unit & Schools).
- Future full Sister City status with Kunshan (Action: both cities)

Mihara, Japan.

- Working with Hiroshima Global Academy and Mihara City and liaising with local schools in Palmerston North to promote the tripartite Memorandum of Understanding and the study overseas opportunity for Palmerston North high school students.
- Working with Mihara City on a 2024-2025 action plan, following up leads from delegation visits and Mr Shiro Inoue's one-week study tour with Palmerston North City Council.

- Dairy company market research (Action: NZ Plant & Food Research)
- Inbound Tourism opportunities (Action PNCC Mayors Office)
- Education opportunities with International students (Action: PNCC International Unit)
- Welcoming Communities collaboration (Action PNCC International Unit & Comm Dev Unit)
- Emergency Management collaboration (Action: PNCC Infrastructure Unit)
- Sister Primary Schools online (Action: PNCC International Unit & Schools)
- Business collaboration with International Education Institutions (Action: PNCC International Unit & Education providers).

Tokyo, Japan.

- Advocate to host Clair-Japan LG Assn international conference in PN (Action: PNCC International Unit).

INFRASTRUCTURE – WATER MANAGEMENT

- 4.2 Connecting with the Stantec office in China to gather more information on the reuse opportunities that the Qingshan Water Recycling Plant have realised.
- 4.3 Facilitate conversations with the Kunshan City Greenery Engineering Co. Ltd to learn more about the implementation of sponge city initiatives.
- 4.4 Investigate in more detail the environmental standards for air discharge from the incineration plants in China and Japan.

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?		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: Foster deeper relations with Palmerston North's global city partners to promote the city's interests and facilitate meaningful cooperation in economic, trade, education, city planning, and resource management.		
Contribution to strategic direction and to social, economic, environmental and cultural well-being	The delegation visit helped to promote the city's positive international reputation, demonstrated Palmerston North's commitment to international collaboration and friendship, exchanged best practices and explored opportunities with partner cities to enhance economic, educational, cultural and community cooperation.	

ATTACHMENTS

1. Final Itinerary for Mayoral Delegation Visit to China and Japan 2024 [↓](#) 

Monday 22 Jan		
7.30AM	Breakfast – team briefing	
8.30AM – 10.30am	<p>Visit Shuanglong Airport Economic Zone to view the planning, development and construction of a national level airport economic demonstration zone.</p> <ul style="list-style-type: none"> Meet with the Zone leaders to learn about the planning and development of the zone 	<ol style="list-style-type: none"> Mr Han Junliang, Vice Director of Shuanglong Airport Economic Development Zone Administrative Committee Mr Wang Peng, Vice Section Chief of Party Office of Shuanglong Airport Economic Development Zone Mr Lijun, Vice Director of Investment Promotion Bureau of Shuanglong Airport Economic Development Zone
11am – 12.15pm	Formal meeting with Deputy Mayor Mr Lin Ping and heads of relevant departments	*Please note specific items like Big data expo, eco forum questions will be answered in private after, not during this meeting
12.30pm – 1.30pm	Welcome Lunch with Deputy Mayor Mr Lin Ping	
2pm – 4pm	Meet with Guizhou Communications Construction Group (i.e. road and bridge construction and investments)	
4.30pm – 5.30pm	Visit Xingfuli Old Age Nursing Home	
6PM	Dinner	Shengtai Hotel
Tuesday 23 Jan		
7.30AM	Breakfast – team briefing	
8.30AM – 10AM	Visit Central Primary School of Dula Buyi Village	Wish to establish sister school partnership with local PN primary school

10.20AM – 11.20AM	Visit to Guiyang Free Trade Zone	
11.30AM	Meet with Guiyang Free Trade Zone leaders	
12.10PM	Lunch at Customs House	
1.30PM	Visit Grand Blue – Solid Waste Incineration Plant https://www.grandblue.cn/en/ProductFeatures/index.aspx?lcid=185	
3PM	Visit Qingshan Water Recycling Plant	
4.30PM	Visit Urban Renewal project in Yuxi Lane and Caozhuangyuan Street	
5.50PM	Record Mayor's message – Chinese New Year	
6.30PM	Dinner (Zhuangyuan Tower)	
Wednesday 24 Jan		
8AM	Breakfast briefing	
9.30AM	Leave for Guiyang Longdongbao International Airport	Accompanied by Guiyang FAO
11.20AM	Depart for Shanghai Pudong airport Flight CZ3657 (2 hours 30 mins)	
1.50PM	Arrive Shanghai Pudong Airport Taxi to hotel	
2.30PM	Check in hotel Langham Shanghai Xintiandi 99 Ma Dang Road, Xintiandi and Huaihai Rd, Shanghai	
	Free evening	
Thursday 25 Jan		
8AM	Breakfast – team briefing	
9.30AM	Meet at hotel lobby Walk to NZ Central	
10AM – 11.30AM	NZ Inc Meeting Venue: NZC Boardroom	Attendees: 1. Consul-General Ardi Barnard



	New Zealand Central 3rd Floor, Jin Lin Tian Di 190 Ma Dang Road Shanghai	2. Deputy Consul General Wilson Chau 3. Maggie Shen, Policy Advisor 4. Richard Dunsheath - NZTE 5. Shelly Xu – ENZ 6. Lilian - ENZ 7. TBC – Tourism NZ
12PM	Delegation departs for Kunshan from hotel	Booked with Frank through CG office.
1.30PM	Check in Novotel Huijin Kunshan Meet with Kunshan Foreign Affairs officer(s) Joined by Ardi and Maggie.	Reservation number: BX6AWV
2PM – 2.30PM	Visit Kunshan City Science & Technology Museum	Exhibition of city's planning, infrastructures and future projection
3.30PM – 4.30PM	Visit Advantech Collaborative Innovation R&D Centre No. 887 Hanpu Road, Kunshan	Smart city solutions Propose office set up in Palmerston North for Australasia.
5PM – 5.40PM	Meeting with Kunshan Secretary of the CPC Kunshan Municipal Committee – Mr Zhou Wei and Deputy Mayor Chen Zhao Venue: 5F, Novotel Kunshan 1. Mr.Zhou's speech 2. Mayor Smith's speech 3. CG's speech	Exchange city anniversary gifts Gift to Deputy Mayor Signing MOU upgrading partnership Take photos
5.40PM – 6.40	Mayoral welcome dinner Venue: 3/F. Novotel Kunshan	Ardi and Maggie will leave for Shanghai at 6PM
Friday 26 Jan		
8AM	Breakfast – team briefing	
9.40AM - 10.10AM	Visit Kunshan Huaqiao High School	Existing MOU of collaboration with PNGHS & PNBHS





10.20AM – 10.50AM	Visit Lujia A + Greenhouse Factory Greenhouse South Ring Rd, Lujia town	Smart Agri-park Joined by Ardi and Maggie
11.10AM – 11.45PM	Visit East China CAAS Center <ul style="list-style-type: none"> • Tour of facilities • Presentation on Agritech sector • Discussion 	Discuss proposal of a collaboration MOU in the agricultural sciences and technology between East China CAAS center and the AgriTech/Food sector in Palmy.
12PM – 1PM	Working lunch	
1.15PM – 1.45PM	Visit Kunshan Coffee Industry Creative Centre (Comprehensive Protection Zone Business Building)	Starbucks China Coffee Innovation Park (CIP), “from bean-to-cup” across one market
2.15PM – 2.45PM	Visit newly completed Kunqu Opera Museum	Historic/Cultural
3PM – 4PM	Visit Duke Kunshan University	Ardi and Maggie will leave for Shanghai after this
5PM	Working dinner at Aozao Hall (Hongqi Road Store)	
Saturday 27 Jan		
8AM	Breakfast – team briefing	
10AM	Visit Forest Park, Temple Jinghe Corridor	Joined by Ardi and Mimi
11AM	Visit Kunshan City Greenery Engineering Co. Ltd.	Sponge city project base
11.30AM	Depart for Zhouzhuang/Qiandeng Ancient Town	
12.20PM	Working lunch	
1PM	Visit Zhouzhuang/Qiandeng Ancient Town	Ardi and Mimi will leave for Shanghai after this. Final farewell
3.10PM	Winery visit (Traditional rice wine)	Discuss export opportunities
4PM	Back to hotel	
6PM	Dinner with Deputy Mayor Chen Kunqu Opera Teahouse	





Sunday 28 Jan		
10AM	Coffee/tea catch up	Gabrielle only
2PM	<p>Picked up by Kunshan FAO to Holiday Inn Express Shanghai Pudong Airport</p> <p>Address: NO.850 Airport Avenue Pudong., Pudong Int'l Airport and New District, Shanghai</p> <p>Booking ID: 1134414689</p> <p>Reference ID: 41186289</p> <p>Date: Jan 28, 24 - Jan 29, 24</p> <p>Rooms: 4</p>	
	Free Evening	<p>Complete online for Japan at https://viw-ip.digital.go.jp/en/</p> <p>Take screenshot of 2 QR codes (Immigration and Custom Declaration)</p>
Monday 29 Jan		
6AM	<p>Hotel check out</p> <p>Depart for Shanghai Pudong Airport</p>	5-10mins drive
6.30AM	Final Check in time for Flight MU0293	
9.30AM	Depart for Hiroshima Airport Flight MU0293 (2 hours)	
12.30PM	<p>Arrive Hiroshima Airport</p> <p>Welcomed by Mihara staff (possibly x4)</p>	Mihara staff will be waiting at the International Arrivals lobby
1.30PM – 2PM	<p>Visit Hattendo Village</p> <p>https://hattendo-village.jp/</p>	
2.10PM – 2.50PM	<p>Visit Nomura Milk Company</p> <p>https://www.nomura-milk.co.jp/english/</p> <p>Meet with Nomura Company's President & CEO Mr Kazuhiro Nomura</p>	<p>Advanced Probiotic research & product applications</p> <p>Food fermentation industries</p>



3PM – 4.20PM	Visit Coca Cola Bottlers Japan Hiroshima Factory https://en.ccbji.co.jp/plant/	Tour of new factory
5.30PM	Check in Hotel Route Inn Mihara Ekimae Shiromachi 1-3-3, Mihara, Hiroshima Prefecture	
6.30PM	Group dinner – Mihara briefing Hosted by Mihara Management Planning Division	Mayor Okada will be there for a quick meet & greet After dinner, arrange shinkansen tickets for Okayama.
Tuesday 30 Jan		
8AM	Breakfast – team briefing	
9.00AM	Picked up by Mihara city staff	
10AM – 11.30AM	Visit Mitsubishi Heavy Industries (Ltd.) Mihara Manufacturing Plant Wadaoki Factory <ul style="list-style-type: none"> • Light rail vehicle development • Maintenance vehicles • advancing decarbonization solutions 	PPE will be provided No high heels No photo taking /video recording allowed.
12.12PM	Board the Bullet train bound for Okayama which will depart at this time (Kodama 848)	Grant, Michelle and Gabrielle only
1PM – 4.30PM	Visit IPU Japan in Okayama	Arranged by Shoji Wakayama, Director, International Department of SEG Head Office, Japan + 81 90 8410 7600
5.15PM – 7.30PM	Dinner in Okayama	
7.50PM – 8.34PM	Board the Bullet train back to Mihara Kodama 865, arrive at Mihara at 20:34	
12PM – 12.50PM	Lunch at "Michi no eki, Shinmei no Sato"	Chris, Mike and Beth only
1.10pm	Visit to Mihara Sludge Treatment Centre	
2pm – 3pm	Visit to Miyaoki Pump Station and Minami 5-chome construction site	



3.15pm – 4pm	Visit to Mihara Fire Department	
	Free evening	
Wednesday 31 Jan		
8AM	Breakfast – team briefing	
9.15AM	Inspection of the NZ products exhibition	
9.15AM – 12.30AM	Visit Disaster Prevention facilities <ul style="list-style-type: none"> Emergency hall and situation room in City Hall Safety shelter, flood banks, etc. 	
12.30PM – 1.30PM	Lunch at "mihola ミホラ"	
1.45PM – 2.45PM	Visit Nuta River Water Treatment Plant	Managed by Hiroshima Prefecture
3.00PM – 3.30PM	Tour of Mihara City Council Building and City Hall	
3.30PM – 3.45PM	Meet Mr Junsho Okamoto, Chairperson of the Mihara City Council	
4PM – 5PM	Mayoral Meeting at Mayoral Reception room	Exchange formal city anniversary gifts Gift to Mayor Okada
5PM – 5.30PM	Tripartite MOU signing ceremony at No. 1 Reception Hall	Hiroshima Global Academy, Mihara city and Palmerston North city
6PM – 8PM	Mayoral Welcome Dinner Venue: Mihara Kokusai hotel	IPU to attend Total of 20 attendees Mayoral speech to introduce delegates
Thursday 1 Feb		
8AM	Breakfast – team briefing	
9AM	Picked up by Mihara city staff	
10AM – 11AM	Visit Sakai Fish farm – koi fish breeding facility (million dollar industry)	Explanation of Koi Production Tour of breeding facilities with Mr Kentaro Sakai,





		President and Representative Director
12PM – 1PM	Lunch at 天吉 "Tenkichi"	
1PM – 2.30PM	Visit Nishino Water Purification Plant	
3PM – 4.30PM	Visit Non-flammable Waste Processing Plant	
6PM	Izakaya dinner hosted by Mihara city at 六文銭 "Rokumonsen"	
Friday 2 Feb		
8AM	Breakfast – team briefing	
9AM	Picked up by Mihara city staff	
9.15AM – 9.25AM	Depart for Mukoda Port in Sagi Island by taking the Ferry from the Sunami Port (Arrive at Sagi Island by 9.42am)	
10AM – 10.20AM	New Zealand Friendship Forest. Tree planting ceremony to commemorate the 5th anniversary of the sister city affiliation (installation of a commemorative plaque)	Mayoral speeches by both cities' Mayors
10.30AM – 11.30AM	Visit Sagiura Elementary School <ul style="list-style-type: none"> A taiko drum performance by students. Japanese Mochi pounding (planned) Mochi making with students 	Sagiura Elementary School Principal Mr Naohisa Ishihara, et al The number of students : 13 children
12PM – 1PM	Lunch at 鷺邸 "Sagitei" with Hiroshima - New Zealand Friendship Society: <ul style="list-style-type: none"> Mr Takehisa Tsunose Mr Shoichi Kodani Mr Keizo Koudono 	
1.30PM – 1.44PM	Depart for Sunami Port from Mukoda Port by Ferry. (Arrive back onto the mainland by 2.02pm)	
2.15pm – 2.30pm	Overview of Mihara city from Mt. Fudekage-yama	
3PM – 4.30PM	Visit Suishin Yamane Main Branch	Explore possibility to export to NZ/Palmerston North



		Sake tasting might be offered
	Free evening	Arrange tickets for Hiroshima
Saturday 3 Feb		
8AM	Breakfast – team briefing	
9AM – 12PM	Visit Peace Memorial Monument and Atomic Bomb Dome	
12PM – 1PM	Lunch	
1PM – 5PM	Visit Hiroshima Castle (15-minute walk from the Peace Park) Explore Hiroshima Downtown Hondori Street and Aoidori Street	
5PM – 6PM	Train back to Mihara	
	Free evening	
Sunday 4 Feb		
7.15AM	Depart for Hiroshima Airport with Mihara city staff	31 mins drive
9.25AM	Depart for Tokyo Haneda Airport Flight NH0674 (1 hour 20 mins)	
10.45AM	Arrive Tokyo Haneda Airport	
12PM	Check in bags only at Shinagawa Prince Hotel N Tower Booking ID: 1134283397 Date: Feb 04, 24 - Feb 05, 24 Rooms: 4	
12PM – 1PM	Lunch	
4PM	Meet Mr Gareth Pidgeon, Deputy Head of Mission – NZ Embassy in Tokyo	
6PM	Dinner with Mr Masa Osada and Mrs Yuriko Iida	complete an online declaration , which can be filled in online here .

Monday 5 Feb		
8AM	Breakfast – team briefing	
10AM	Check out hotel Leave bags Depart hotel for CLAIR HQ	31 mins train + 10 mins walk from Shinagawa Station
11AM – 12PM	Visit CLAIR HQ Contact Ms Youki Wiens Programme Coordinator Council of Local Authorities for International Relations (CLAIR) Department of International Exchange, Cooperation, and Economic Relations International Exchange Division Email: y-wiens@clair.or.jp Tel +81-3-5213-1723	Grant, Michelle and Gabrielle only. Attendees from CLAIR: 1. Mr Tamotsu Okamoto, Chairman of the Board of Directors 2. Mr Masayuki Nankoin, Managing Director 3. Mr Yasuyuki Suzuki, Secretary-General 4. Ms Mizuho Tanaka, Head of Department for the International Exchange, Cooperation and Economic Relations 5. Mr Toshiaki Matsuda, Section Chief of the International Exchange Division, 6. Youki Wiens Possibly 2 staff members who will be working for the CLAIR Sydney Office in April
10AM – 12PM	Visit Shibaura Water Reclamation Center(https://www.gesui.metro.tokyo.lg.jp/business/b4/guide/sise-list/03-01/index.html) 1-2-28 Konan, Minato-ku, 108-0075 Phone: 03-3472-6411	Chris, Mike and Beth only * Tours are in Japanese language only. Translator: Mrs Yuriko Iida
1.30PM	All meet back at hotel to pick up bags	
2PM	Depart for Narita Airport	Airport Limousine Bus
3.30PM	Final check in time for Flight NZ90	



6.30PM	Depart Tokyo Narita Airport for Auckland Flight NZ90 (10 hours 35 mins)	
Tuesday 6 Feb Waitangi Day		
9.05AM	Arrive Auckland	
11.35AM	Depart for Palmerston North Flight NZ5115	
12.45PM	Arrive Palmerston North	
Wednesday 7 Feb		
9AM	Council Meeting	



COMMITTEE WORK SCHEDULE

TO: Economic Growth Committee

MEETING DATE: 24 April 2024

TITLE: Work Schedule - April 2024

RECOMMENDATION TO ECONOMIC GROWTH COMMITTEE:

1. That the Economic Growth Committee receive its Work Schedule dated April 2024.

COMMITTEE WORK SCHEDULE - APRIL 2024

	Estimated Report Date	Subject	Officer Responsible	Current Position	Date of Instruction & Clause no.
	24-Apr-2024	Amendment to the Appointment of Directors & Trustees Policy 2022	Acting Chief Executive Unit Manager		
	24-Apr-2024	Vogel Street Safety Improvements – Community feedback and analysis of options	Chief Infrastructure Officer		12-April 2023 Clause 14-23
	24-Apr-2024	PN Airport – 6 Month Report and draft SOI	Chief Financial Officer		<u>Terms of Reference</u>
	24-Apr-2024	Quarter 2 Economic Report October-December 2023	Chief Planning Officer		<u>Terms of Reference</u>
	24-Apr-2024	CEDA – 6 Month Report and draft SOI	Chief Planning Officer		<u>Terms of Reference</u>
	24-Apr-2024	International Relations and Education Activities – 6 monthly update to include Annual plan for international relations activity to	Chief Planning Officer		<u>Terms of Reference</u> Council Clause 203-23

	Estimated Report Date	Subject	Officer Responsible	Current Position	Date of Instruction & Clause no.
		Council			
	24-Apr-2024	Road Maintenance Contract (6-monthly report on work programme and performance)	Chief Infrastructure Officer		16-Mar-2022 Clause 4-22
	24-Apr-2024	City Economic Structure Report (annually)	Chief Planning Officer		30-Aug-2023 Clause 35-23
	24-Apr-2024	Puriri Terrace – solutions for improving safety	Chief Infrastructure Officer		30-Aug-2023 Clause 30-23
1	24-Apr-2024 19-Jun-2024	Parking Framework – Draft for consultation	Chief Planning Officer	Delayed to avoid consultation immediately following LTP	
2	19-Jun-2024	Presentation: Palmy Bid			
3	19-Jun-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
4	19-Jun-2024	Tamakuku Terrace Update (6 monthly)	Chief Infrastructure Officer		Terms of Reference
5	19-Jun-2024	PNAL - Final Statement of Intent for 2024-27	Chief Financial Officer		Terms of Reference
6	19-Jun-2024	Quarter 3 Economic Report Jan-March 2024	Chief Planning Officer		Terms of Reference
7	19-Jun-2024	CEDA - Final Statement of Intent for 2024-27	Chief Planning Officer		Terms of Reference
8	19-Jun-2024	Manawatū Regional Economic Structure	Chief Planning		30-Aug-2023 Clause 35-23

	Estimated Report Date	Subject	Officer Responsible	Current Position	Date of Instruction & Clause no.
		Report (2 yearly)	Officer		
9	19 Jun 2024	Annual Plan - International Relations Activity	Chief Planning Officer		Council 6 Dec 2023 Clause 203-23
10	18 Sep 2024	Presentation: Chamber of Commerce			
11	18 Sep 2024	Streets for People Update (6 monthly)	Chief Infrastructure Officer		Terms of Reference
12	18 Sep 2024	International Relations 6 Monthly report	Chief Planning Officer		<u>Terms of Reference</u>
13	18 Sep 2024	Quarter 4 Economic Report April-June 2024	Chief Planning Officer		<u>Terms of Reference</u>
14	18 Sep 2024	PNAL – Annual Report for 2023/24	Chief Financial Officer		Terms of Reference
15	18 Sep 2024	CEDA – Annual Report for 2023/24	Chief Planning Officer		<u>Terms of Reference</u>
16	20 Nov 2024	Presentation: The Factory			
17	20 Nov 2024	PNCC Events - Annual Summary of Economic Impact and Benefits 2022/23	CE Unit Manager		25 Oct 2023 Clause 60-23
18	20 Nov 2024	Quarter 1 Economic Report Jul-Sep 2024	Chief Planning Officer		Terms of Reference
19	20 Nov 2024	PNAL – Statement of Expectation for 2024/26 – 2027/28	Chief Financial Officer		Terms of Reference