



**PAPAIOEA**  
PALMERSTON  
NORTH  
CITY

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# **PALMERSTON NORTH CITY COUNCIL**

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AGENDA

## **ECONOMIC GROWTH COMMITTEE**

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9:00 AM, WEDNESDAY 19 JUNE 2024

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

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# MEMBERS

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**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](http://pncc.govt.nz) | Civic Administration Building, 32 The Square  
City Library | Ashhurst Community Library | Linton Library

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**Waid Crockett**

**Chief Executive | PALMERSTON NORTH CITY COUNCIL**

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

19 June 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. Presentation - Palmy BID** Page 7

**7. Confirmation of Minutes** Page 9

That the minutes of the Economic Growth Committee meeting of 24 April 2024 Part I Public be confirmed as a true and correct record.

**8. Central Economic Development Agency (CEDA) Final Statement of Intent 2024/25** Page 19

Memorandum, presented by David Murphy, Chief Planning Officer.

**9. Palmerston North Airport Limited - Final Statement of Intent for 2024/25 to 2026/27** Page 63

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

**10. Central City Transformation - Streets for People Six Monthly Update** Page 97

Memorandum, presented by Glen O'Connor, Group Manager - Transport and Development and James Miguel, Senior Transport Planner.

**11. Progress Update on Programme 1367 (City-wide - Street Light Infill)** Page 101

Memorandum, presented by Glen O'Connor, Group Manager - Transport and Development.

**12. Tamakuku Terrace Six Monthly Update** Page 105

Memorandum, presented by Bryce Hosking, Group Manager - Property and Resource Recovery, and Anna Saunders, Capital Projects Officer.

**13. Palmerston North Quarterly Economic Update - June 2024** Page 113

Memorandum, presented by Stacey Andrews, City Economist.

**14. Work Schedule - June 2024** Page 135

**15. Karakia Whakamutunga**

**16. Exclusion of Public**

To be moved:

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

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

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

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

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

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



## **PRESENTATION**

**TO:** Economic Growth Committee

**MEETING DATE:** 19 June 2024

**TITLE:** Presentation - Palmy BID

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### **RECOMMENDATION TO ECONOMIC GROWTH COMMITTEE**

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

### **SUMMARY**

Palmy BID (Business Improvement District) exists to support organisations within the CBD. Matthew Jeanes, General Manager will present an update to the Committee on various projects.

### **ATTACHMENTS**

NIL





## PALMERSTON NORTH CITY COUNCIL

### **Minutes of the Economic Growth Committee Meeting Part I Public, held in the Council Chamber, First Floor, Civic Administration Building, 32 The Square, Palmerston North on 24 April 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, Billy Meehan and Orphée Mickalad.

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

**Apologies:** Councillor Debi Marshall-Lobb (Council Business), The Mayor (Grant Smith) (early departure on Council Business)

The Mayor (Grant Smith) entered the meeting at 9.04am after consideration of clause 21. He was not present when the meeting resumed at 2.12pm. He entered the meeting again at 2.54pm during consideration of clause 34. He was not present for clauses 21, 32 and 33.

Councillor Lew Findlay left the meeting at 12.16pm during consideration of clause 30. He was not present for clauses 30 to 36 inclusive.

Councillor Brent Barrett left the meeting at 12.41pm during consideration of clause 30. He entered the meeting again when it resumed at 2.12pm. He was not present for clauses 30 and 31.

Councillor Roly Fitzgerald left the meeting at 12.45pm after consideration of clause 30. He entered the meeting again when it resumed at 2.12pm. He left the meeting again at 2.50pm during consideration of clause 34. He was not present for clauses 30, 34 to 36 inclusive.

Councillor Orphée Mickalad was not present when the meeting resumed at 2.12pm. He was not present for clauses 32 to 36 inclusive.

#### **Karakia Timatanga**

Councillor Roly Fitzgerald opened the meeting with karakia.

## 21-24 Apologies

Moved Leonie Hapeta, seconded William Wood.

The **COMMITTEE RESOLVED**

1. That the Committee receive the apologies.

Clause 21-24 above was carried 14 votes to 0, the voting being as follows:

**For:**

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

The Mayor (Grant Smith) entered the meeting at 9.04am.

### **Declaration of Interest**

The Mayor (Grant Smith) declared an interest in item 18 (clause 31-24) Overseas Mission to China and Japan.

## 22-24 Public Comment

Chris Morgan made public comment on item 7, (clause 24-24) Puriri Terrace – Solutions for Improving Safety.

Chris spoke to support the installation of judder bars and would like Council to consider the following key points:

- The test Council undertook to measure its results gives inaccurate data.
- The high resident numbers supporting the original petition had no opposition.
- There is new support from Marist Tennis club, Netball Manawatu, some hospital staff, Freyberg school teachers.
- Manapouri Terrace and Seddon Terrace held similar risks and various uses and have had positive outcomes since the judder bars were installed.
- Puriri Terrace is a drop off street for three local schools, is an access way to one of the busiest sports parks in the city, and two of its main uses want to see judder bars added for the safety of its members.
- There is a high volume of users with past and ongoing near miss issues around safety.
- Everyone involved supports that judder bars will mitigate risks

even for a temporary trial period.

Moved Leonie Hapeta, seconded William Wood.

The **COMMITTEE RESOLVED**

1. That the Committee receive public comment.

Clause 22-24 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, Billy Meehan, Ophée Mickalad, Lew Findlay, Patrick Handcock, Karen Naylor and Kaydee Zabelin.

**23-24**

**Confirmation of Minutes**

Moved Leonie Hapeta, seconded William Wood.

The **COMMITTEE RESOLVED**

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

Clause 23-24 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, Billy Meehan, Ophée Mickalad, Lew Findlay, Patrick Handcock, Karen Naylor and Kaydee Zabelin.

**24-24**

**Puriri Terrace - Solutions for Improving Safety**

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

Having considered the public comment, Elected Members resolved to trial temporary judder bars on Puriri Terrace as a pragmatic and low cost exercise to improve safety.

Moved Lorna Johnson, seconded Grant Smith.

The **COMMITTEE RESOLVED**

1. That the Chief Executive arrange to install temporary judder bars in Puriri Terrace as a trial.

Clause 24-24 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, Billy Meehan, Ophée Mickalad, Lew Findlay, Patrick Handcock, Karen Naylor and Kaydee Zabelin.

25-24

**Palmerston North Airport Limited - Interim Report for 6 months to 31 December 2023**

Memorandum, presented by Steve Paterson, Council Strategy Manager – Finance, Murray Georgel, PNAL Board Chair, David Lanham, PNAL Chief Executive, and Jonathan Baker, PNAL Chief Financial Officer.

Moved Leonie Hapeta, seconded William Wood.

The **COMMITTEE RESOLVED**

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

Clause 25-24 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, Billy Meehan, Ophée Mickalad, Lew Findlay, Patrick Handcock, Karen Naylor and Kaydee Zabelin.

26-24

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

Memorandum, presented by Steve Paterson, Council Strategy Manager – Finance, Murray Georgel, PNAL Board Chair, David Lanham, PNAL Chief Executive and Jonathan Baker, PNAL Chief Financial Officer

Moved Leonie Hapeta, seconded Grant Smith.

The **COMMITTEE RESOLVED**

1. That the Committee receive the Palmerston North Airport Limited (PNAL) draft Statement of Intent for 2024/25 to 2026/27, presented to the Economic Growth Committee on 24 April 2024.

Clause 26-24 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, Billy Meehan, Ophée Mickalad, Lew Findlay, Patrick Handcock, Karen Naylor and Kaydee Zabelin.

Moved Leonie Hapeta, seconded Grant Smith.

The **COMMITTEE RESOLVED**

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.

Clause 26-24 above was carried 13 votes to 2, the voting being as follows:

**For:**

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

**Against:**

Councillors Brent Barrett and Karen Naylor.

**27-24**

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

Memorandum, presented by Bobbie O'Fee, CEDA Chairperson, Jerry Shearman, CEDA Chief Executive and Jacqui Middleton, CEDA Finance and Operations Manager.

Moved Leonie Hapeta, seconded William Wood.

The **COMMITTEE RESOLVED**

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.

Clause 27-24 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, Billy Meehan, Orphée Mickalad, Lew Findlay, Patrick Handcock, Karen Naylor and Kaydee Zabelin.

The meeting adjourned at 11.12am.  
The meeting resumed at 11.30am.

**28-24**

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

Memorandum, presented by Sarah Claridge, Democracy and

Governance Advisor.

Moved Leonie Hapeta, seconded William Wood.

The **COMMITTEE RECOMMENDS**

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.

Clause 28-24 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, Billy Meehan, Ophée Mickalad, Lew Findlay, Patrick Handcock, Karen Naylor and Kaydee Zabelin.

**29-24**

**Road Maintenance Contract 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 'Road Maintenance Contract 6 Monthly Update' presented to the Economic Growth Committee on 24 April 2024.

Clause 29-24 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, Billy Meehan, Ophée Mickalad, Lew Findlay, Patrick Handcock, Karen Naylor and Kaydee Zabelin.

**30-24**

**International Relations and Education Activities 6 Monthly Report**

Memorandum, presented by Gabrielle Loga - International Relations Manager.

Officers noted that Council has recently been awarded NZ \$25,000 from the United States Embassy's Public Diplomacy Grant. The purpose of the grant is to foster cross-culture connections between the United States of America and New Zealand and will be used to foster connections between Palmerston North and its sister city, Missoula.

Councillor Lew Findlay left the meeting at 12.16pm.  
Councillor Brent Barrett left the meeting at 12.41pm.

Moved Leonie Hapeta, seconded William Wood.

The **COMMITTEE RESOLVED**

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

Clause 30-24 above was carried 12 votes to 0, with 1 abstention, the voting being as follows:

**For:**

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

**Abstained:**

The Mayor (Grant Smith).

Councillor Roly Fitzgerald left the meeting at 12:45pm

**31-24 Overseas Mission to China and Japan 2024**

Memorandum, presented by Chris Dyhrberg, Chief Infrastructure Officer, Mike Monaghan - Group Manager, Three Waters, Gabrielle Loga - International Relations Manager and Beth Parkin, Group Leader, Water, Lower North Island at Stantec.

Moved Leonie Hapeta, seconded William Wood.

The **COMMITTEE RESOLVED**

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.

Clause 31-24 above was carried 11 votes to 0, with 1 abstention, the voting being as follows:

**For:**

Councillors Leonie Hapeta, William Wood, Mark Arnott, Rachel Bowen, Vaughan Dennison, Orphée Mickalad, Lorna Johnson, Billy Meehan, Patrick Handcock, Karen Naylor and Kaydee Zabelin.

**Abstained:**

The Mayor (Grant Smith).

**Note:** The Mayor Grant Smith declared an interest.

The meeting adjourned at 1.10pm

The meeting resumed at 2.12pm

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

**32-24**

**Vogel Street Safety Improvements - Consultation Feedback**

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

Elected Members agreed an additional motion to ensure specific safety measures are prioritised in the next financial year.

Moved Brent Barrett, seconded Leonie Hapeta.

The **COMMITTEE RESOLVED**

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.

The **COMMITTEE RECOMMENDS**

2. That Council install three raised pedestrian crossings in Vogel Street, and right-hand turn bay into Featherston Street in FY2024/25.

Clause 32-24 above was carried 12 votes to 0, the voting being as follows:

**For:**

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

**33-24**

**Bus Shelter Civil Works**

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

Moved Leonie Hapeta, seconded William Wood.

The **COMMITTEE RECOMMENDS**

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.

Clause 33-24 above was carried 12 votes to 0, the voting being as follows:

**For:**

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



**34-24**

**Palmerston North Quarterly Economic Update**

Memorandum, presented by Stacey Andrews, City Economist.

Councillor Roly Fitzgerald left the meeting at 2.50pm.

The Mayor (Grant Smith) entered the meeting at 2.54pm.

Moved Leonie Hapeta, seconded William Wood.

The **COMMITTEE RESOLVED**

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.

Clause 34-24 above was carried 12 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, Lorna Johnson, Billy Meehan, Patrick Handcock, Karen Naylor and Kaydee Zabelin.

**35-24**

**Palmerston North Economic Structure Summary Report 2023**

Memorandum, presented by Stacey Andrews, City Economist.

Moved Leonie Hapeta, seconded William Wood.

The **COMMITTEE RESOLVED**

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.

Clause 35-24 above was carried 12 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, Lorna Johnson, Billy Meehan, Patrick Handcock, Karen Naylor and Kaydee Zabelin.

**36-24**

**Committee Work Schedule - April 2024**

Moved Leonie Hapeta, seconded William Wood.

The **COMMITTEE RESOLVED**

1. That the Economic Growth Committee receive its Work Schedule

dated April 2024.

Clause 36-24 above was carried 12 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, Lorna Johnson, Billy Meehan, Patrick Handcock, Karen Naylor and Kaydee Zabelin.

**Karakia Whakamutunga**

Councillor Kaydee Zabelin closed the meeting with karakia.

The meeting finished at 3.23pm.

Confirmed 19 June 2024

**Chair**

## MEMORANDUM

**TO:** Economic Growth Committee

**MEETING DATE:** 19 June 2024

**TITLE:** Central Economic Development Agency (CEDA) Final Statement of Intent 2024/25

**PRESENTED BY:** David Murphy, Chief Planning Officer

**APPROVED BY:** David Murphy, Chief Planning Officer

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### RECOMMENDATION TO ECONOMIC GROWTH COMMITTEE

1. That the Committee agree the final Statement of Intent 2024/25 submitted by the Central Economic Development Agency (Attachment 1).
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#### 1. ISSUE

- 1.1 The Central Economic Development Agency (CEDA) has provided its final Statement of Intent (SOI) for 2024/25. This is included as Attachment 1.

#### 2. BACKGROUND

- 2.1 CEDA provided a draft of its SOI for 2024/25. This was considered by the Economic Growth Committee on 24 April 2024 and its proposed direction and content was supported. No specific changes to the draft SOI were sought by the Committee or Manawatū District Council, as the shareholding partner.
- 2.2 The Local Government Act requires that the final version of SOIs adopted by the Boards of council-controlled organisations be delivered to the shareholder by 30 June 2024. CEDA has met that requirement.
- 2.3 CEDA will be in attendance at the meeting to answer any questions on the final SOI.

#### 3. NEXT STEPS

- 3.1 The SOI will be published on the websites of Council and CEDA.
- 3.2 The current CEDA funding agreement expires on 30 June 2024. An updated funding agreement for the three-year period 1 July 2024 to 30 June 2027 will be prepared based on the funding provision contained within the final 2024/34 Long Term Plan.

**4. COMPLIANCE AND ADMINISTRATION**

Does the Committee have delegated authority to decide? If Yes quote relevant clause(s) from Delegations Manual	<b>Yes</b>
Are the decisions significant?	<b>No</b>
If they are significant do they affect land or a body of water?	<b>No</b>
Can this decision only be made through a 10 Year Plan?	<b>No</b>
Does this decision require consultation through the Special Consultative procedure?	<b>No</b>
Is there funding in the current Annual Plan for these actions?	<b>Yes</b>
Are the recommendations inconsistent with any of Council's policies or plans?	<b>No</b>
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: Agree a Statement of Intent with CEDA.	
Contribution to strategic direction and to social, economic, environmental and cultural well-being	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.

**ATTACHMENTS**

1. CEDA Final Statement of Intent 2024/25  































































































## MEMORANDUM

**TO:** Economic Growth Committee

**MEETING DATE:** 19 June 2024

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

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

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

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### RECOMMENDATION TO ECONOMIC GROWTH COMMITTEE

1. That the Committee agree the Statement of Intent for Palmerston North Airport Limited for 2024/25 to 2026/27 (Attachment 2).
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#### 1. ISSUE

- 1.1 Palmerston North Airport Ltd (PNAL) has provided its final version of the Statement of Intent (SOI) for 2024/25 to 2026/27 and this is attached for acceptance by the Committee.

#### 2. BACKGROUND

- 2.1 PNAL provided a first draft of its SOI for 2024/25 to 2026/27 in February 2024. This was considered by the Economic Growth Committee on 24 April 2024 and its proposed direction and implementation strategy endorsed.
- 2.2 The Committee recognised that the draft SOI assumed there would be a projected total loan requirement of \$44.9m by 30 June 2025 and that PNAL would be seeking to utilise the loan facility provided by the Council to fund a significant portion of this.
- 2.3 The Local Government Act requires that the final versions of SOIs adopted by the Boards of council-controlled organisations be delivered to the shareholder by 30 June 2024. PNAL has met that requirement.
- 2.4 The **final version of the SOI** (Attachment 2) and a letter from the Chief Executive Officer explaining the changes (Attachment 1) from the draft is **attached**. The final version still meets Council's expectations.
- 2.5 For the reasons outlined in the letter from PNAL the terminal development is now expected to start later than previously assumed but still be completed at the same time. As a consequence of the later timing the budgeted total debt requirement as at 30 June 2025 is now \$34.6m (rather than \$44.9m)

meaning there will be less sought through the Council facility than previously advised.

**3. NEXT STEPS**

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

**4. COMPLIANCE AND ADMINISTRATION**

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

**ATTACHMENTS**

1. Cover letter from Chief Executive [!\[\]\(0f48f43ebd21f231a458c96216dbf4d1\_img.jpg\) !\[\]\(ba0878532603d6e0b20c60ffb7475d12\_img.jpg\)](#)
2. Final Statement of Intent 2025-2027 [!\[\]\(0a70dbd9915c9ea99c6f238a2c711f53\_img.jpg\) !\[\]\(76511d025e9c8b0592325ddba91331d4\_img.jpg\)](#)











































































## MEMORANDUM

**TO:** Economic Growth Committee

**MEETING DATE:** 19 June 2024

**TITLE:** Central City Transformation - Streets for People Six Monthly Update

**PRESENTED BY:** Glen O'Connor, Group Manager - Transport and Development  
James Miguel, Senior Transport Planner

**APPROVED BY:** Chris Dyhrberg, Chief Infrastructure Officer  
David Murphy, Chief Planning Officer

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### RECOMMENDATION TO ECONOMIC GROWTH COMMITTEE

1. That the Committee receive the memorandum titled 'Central City Transformation – Streets for People Six Monthly Update' presented to the Economic Growth Committee on 19 June 2024.
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#### 1. ISSUE

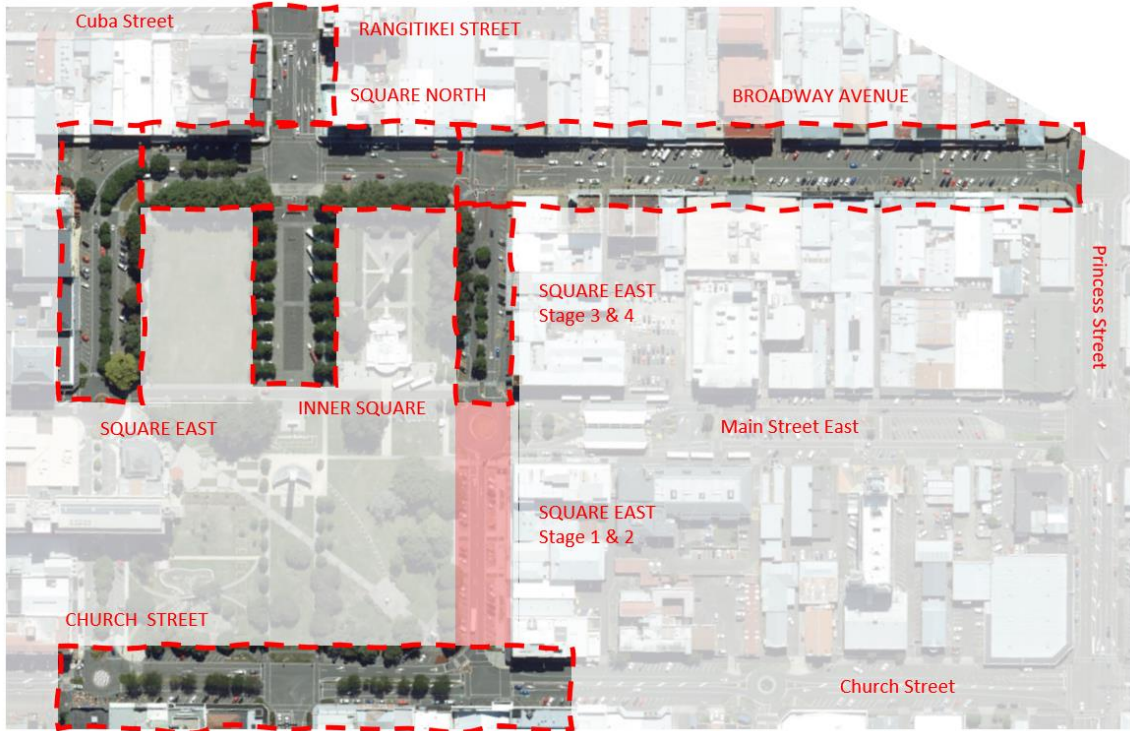
- 1.1 The Economic Growth Committee requested six monthly updates be provided for Council's Central City Transformation – Streets for People Programme.
- 1.2 This report provides an update on the programme for the period ending 31 June 2024. The previous six monthly update was presented to the committee on 28 February 2024.

#### 2. BACKGROUND

- 2.1 The Streets for People Programme delivers on Council's City Centre Streetscape Plan and was included in the 2018-28 Long-Term Plan through Programme 2122 (CBD Streets for People). The objective of the programme is to invest into the public realm resulting in the following benefits:

- Improved vitality in the city centre, more people, more often, more interaction with the streetscape.
- Slow traffic speeds and decreased through traffic volumes – with pedestrians prioritised.
- A range of population demographics actively using the streets; and
- Improved multi-mode share for getting to and moving around the streets.

- 2.2 The Streets for People Programme aligns with the city's strategic aspiration for the road network and is one of the key work activities of the Palmerston North Integrated Transport Initiative (PNITI).
- 2.3 A map of the streets covered by Council's Central City Transformation- Streets for People programme is outlined in red dashed lines below:



- 2.4 The first stages of the programme, as noted in faded red, were completed in June 2020.

**3. PROJECT UPDATE**

Programme Steering Group

- 3.1 The Steering Group met for the first time on 29 February 2024.
- 3.2 As there was no specific progress to report on Council's Streets for People project, the meeting instead focused on the wider City Centre Indicative Business Case (CCIBC) project and how the CCIBC impacts the functions of the Steering Group.
- 3.3 No follow-up meeting of the Steering Group was scheduled, as the Steering Group is involved in the CCIBC workshops. The Steering Group will continue to be involved in the CCIBC until the project is completed.
- 3.4 Following the completion of the CCIBC the Steering Group will reconvene to discuss the impacts of the CCIBC on the Council's Central City Transformation- Streets for People programme.

City Centre Indicative Business Case

- 3.5 The City Centre Indicative Business Case (CCIBC) is a project that officers are undertaking to achieve two things; the first is to align city centre projects to a shared vision for the city centre. The second is to help the council secure co-funding from NZTA Waka Kotahi for capital projects like upgrading the central bus hub or streets for people.
- 3.6 On Thursday, 29 February, PNCC hosted the first workshop for the City Centre Indicative Business Case. The workshop was an investment logic mapping (ILM) exercise. An ILM seeks to examine the drivers for change, the problems that need to be solved or an opportunity to be explored.
- 3.7 The workshop was attended by PNCC Elected Members, Business Representatives, Rangitāne, Horizons Regional Council, NZTA Waka Kotahi and the Disability Reference Group.
- 3.8 Over the course of the workshop, the attendees had a roundtable discussion identifying issues and opportunities within the City Centre. There were several different issues which we grouped into three themes: Vibrancy, Accessibility and Safety.
- 3.9 On Monday 8 April, PNCC hosted a second workshop. This workshop sought to brainstorm potential interventions that could address the issues raised during the first workshop. The attendees moved between three different maps, looking at interventions specific to each of the themes. At the workshop, an initial list of over 70 possible interventions was identified.
- 3.10 Officers have been connecting with other stakeholder groups not involved in the workshop to expand on the brainstorming undertaken during the second workshop. This was driven by a recognition at the workshops that the younger demographic was not well represented by the attendees. Officers have also sought feedback from the Seniors and the Pasifika reference groups, as well as the Multicultural Community Committee to build on the work done in the second workshop.
- 3.11 Following the initial brainstorming, the potential interventions will be filtered and assessed to identify interventions that best address the problems identified during the first workshop.

**4. NEXT STEPS**

- 4.1 The Steering Group will continue to be involved in the CCIBC.
- 4.2 The next six monthly update will be provided in November 2024.

**5. COMPLIANCE AND ADMINISTRATION**

Does the Committee have delegated authority to decide?	<b>Yes</b>
Are the decisions significant?	<b>No</b>

If they are significant do, they affect land or a body of water?	<b>No</b>
Can this decision only be made through a 10 Year Plan?	<b>No</b>
Does this decision require consultation through the Special Consultative procedure?	<b>No</b>
Is there funding in the current Annual Plan for these actions?	<b>Yes</b>
Are the recommendations inconsistent with any of Council's policies or plans?	<b>No</b>
The recommendations contribute to Goal 2: A Creative and Exciting City	
The recommendations contribute to the achievement of action/actions in City Shaping	
The action is:	
<ul style="list-style-type: none"> <li>• The city centre contributes positively to the perception of Palmerston North.</li> <li>• Visible public life and pedestrian counts increase.</li> </ul>	
The city centre has a series of places with a strong place identity.	
Contribution to strategic direction and to social, economic, environmental, and cultural well-being	<p>A vibrant city centre will make Palmerston North even more attractive for work and play, provide more opportunities for locals and visitors to connect with the city and the people who live here, and bring significant benefits for the local economy.</p> <p>Streets for People provides investment in the public space to ensure our roads are places for people, not just vehicles and encourages more private investment in the city centre.</p>

**ATTACHMENTS**

Nil

## MEMORANDUM

**TO:** Economic Growth Committee

**MEETING DATE:** 19 June 2024

**TITLE:** Progress Update on Programme 1367 (City-wide - Street Light Infill)

**PRESENTED BY:** Glen O'Connor, Group Manager - Transport and Development

**APPROVED BY:** Chris Dyhrberg, Chief Infrastructure Officer

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### RECOMMENDATION TO ECONOMIC GROWTH COMMITTEE

1. That the Economic Growth Committee receive the report titled 'Progress Update on Programme 1367 (City-wide - Street Light Infill)' presented on 19 June 2024.
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#### 1. ISSUE

- 1.1 Programme 1367 (City-wide - Street Light Infill) was included in the 2018-28 Long-Term Plan with a total budget of \$5.73M spread over seven (7) years, delivered through 12 work packages. This programme funded the upgrading of lighting across the city to address any non-compliance in terms of the light levels provided by the current pedestrian (P) and vehicle (V) category streetlights.
- 1.2 The final infill work package was completed in 2023/24, which saw 11 streets from the list of non-compliant streets within the city addressed.
- 1.3 This report also identifies future in-fill lighting considerations that were identified from our contractor when they were renewing lighting throughout the city. As these opportunities were identified after the draft 2024-34 Long-Term Plan was out for consultation, if Council wanted to extend the in-fill lighting programme to deliver these additional streets, then additional capital new funding would be required to deliver this. Based on the previous programme circa \$1M per annum may be appropriate. This could be considered in the next Long-Term Plan.
- 1.4 Appendix 1 provides a list of the streets addressed in the final work package of the existing programme, along with the additional streets that have been identified for future consideration.

#### 2. BACKGROUND

- 2.1 Please refer to the report presented to the Infrastructure Committee on [16 March 2022](#) for detail on the history of the programme and the works undertaken in previous financial years.

2.2 The programme of work started in the 2018/19 financial year and is currently scheduled to be completed in 2024/25, delivered through a separate contractor and contract from the Fulton Hogan led Street Light component of the Road Maintenance, Renewal, and Capital Improvements Services Contract.

**3. NEXT STEPS**

3.1 As the existing work programme has now concluded, if Council wanted to extend the in-fill lighting programme to deliver these additional streets, then additional capital new funding would be required to deliver this.

**COMPLIANCE AND ADMINISTRATION**

Does the Committee have delegated authority to decide?	<b>Yes</b>
Are the decisions significant?	<b>No</b>
If they are significant do, they affect land or a body of water?	<b>No</b>
Can this decision only be made through a 10 Year Plan?	<b>No</b>
Does this decision require consultation through the Special Consultative procedure?	<b>No</b>
Is there funding in the current Annual Plan for these actions?	<b>Yes</b>
Are the recommendations inconsistent with any of Council's policies or plans?	<b>No</b>
The recommendations contribute to Goal 1: An Innovative and Growing City	
The recommendations contribute to the achievement of action/actions in Transport The action is: Prioritise transport programmes that deliver on the Council goals, the purpose of this plan and the Government Policy Statement on Transport.	
Contribution to strategic direction and to social, economic, environmental, and cultural well-being	Continuation of the infill lighting programme ensures areas of the network where lighting has been identified as being inadequate are addressed, improving the safety for night-time users.

**ATTACHMENTS**

1. Progress Update on Programme 1367 (City-wide - Street Light Infill)  
 







## MEMORANDUM

**TO:** Economic Growth Committee

**MEETING DATE:** 19 June 2024

**TITLE:** Tamakuku Terrace Six Monthly Update

**PRESENTED BY:** Bryce Hosking, Group Manager - Property and Resource Recovery, and Anna Saunders, Capital Projects Officer

**APPROVED BY:** Chris Dyhrberg, Chief Infrastructure Officer

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### RECOMMENDATION TO ECONOMIC GROWTH COMMITTEE

1. That the Committee receive the memorandum titled 'Tamakuku Terrace Six Monthly Update', presented to the Economic Growth Committee on 19 June 2024.
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#### 1. ISSUE

- 1.1 During the last term of Council, the Infrastructure Committee requested six monthly updates be provided throughout the duration of the project. In the 2022-25 term updates are presented to the Economic Growth Committee.
- 1.2 This report is the update for the six-month period ending 31 May 2024.

#### 2. BACKGROUND

- 2.1 Tamakuku Terrace is a new 114-section subdivision within the Whakarongo Growth Area. Section sizes within the subdivision range from 275m<sup>2</sup> (a couple) through to 810m<sup>2</sup>, with the average section size being 463m<sup>2</sup>.
- 2.2 The development is being delivered through two stages:
  - Stage 1 – 79 sections; and
  - Stage 2 – The balance of 35 sections.
- 2.3 Construction of Stage 1 was completed in October 2022 with titles issued in December 2022.
- 2.4 Construction of Stage 2 is forecasted to commence in late 2024.

**3. STAGE 1 FINANCIALS**

3.1 A high-level financial summary of the project costs is provided in the table below:

<b>Stage 1</b>	<b>\$ (excl. GST)</b>
Budgeted total development cost	\$15.2M
Forecasted total development cost	\$13.75M Current cost to date is \$13.4M Remaining costs are for landscape maintenance, sales fees, legal costs, and the remaining part of the boardwalk construction.
Forecasted Stage 1 revenue	\$24.8M
Completed settlements at 31 May	\$6.43M

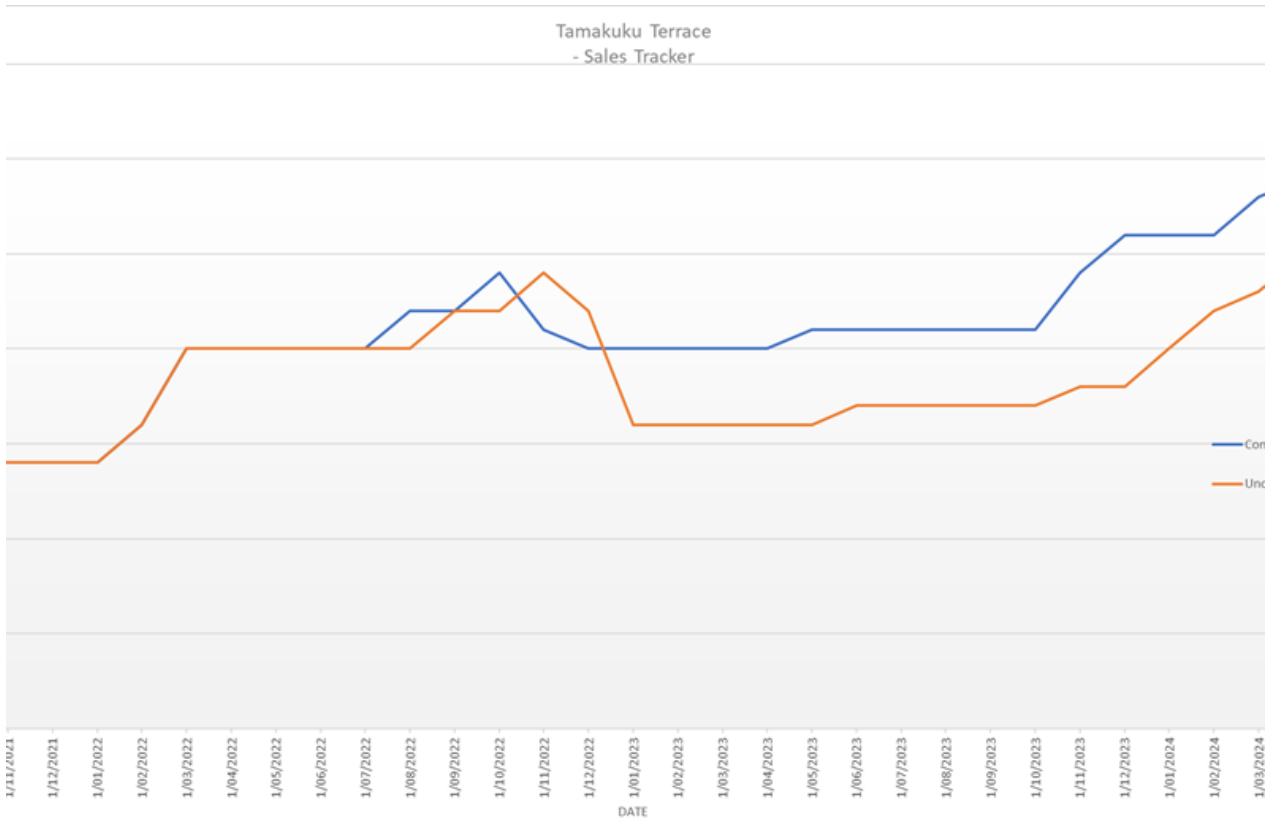
3.2 Please note: the forecasted revenue assumes all section sales are sold at their currently listed price.

Sales

3.3 Tamakuku Terrace has recently been outperforming comparable areas in the market with increased enquiries as well as recent sales conversions to back these up.

3.4 In the last six months Tamakuku Terrace has made twelve (12) sales, validating that the sections are appropriately priced, the design guidelines are not too onerous, and that the development remains attractive to buyers.

3.5 The graph of sales below shows the notable upward trend since October 2023, which indicates we are averaging 1-2 sales per month:



3.6 The table below summarises the sales and stock volumes at Tamakuku Terrace as well as the pricing allocated to these:

Stage 1 Stock	Number of Sections	Value (excl. GST)
Sections under contract as at 31 May	31	\$9.3M
Unsold stock	48	\$15.5M
Total stock	79	\$24.8M

3.7 Please note there are some sections under contract that have not yet settled or are still conditional.

3.8 Please refer to Appendix 1 for a map of the development sections to see which have sold. Noting that all unsold sections in Stage 1 are available for sale.

3.9 As at the time of writing the report, there are currently negotiating with three (3) additional potential buyers who have expressed their interest.

3.10 An important milestone for the project will be breaking even on Stage 1. Based on the Stage 1 costs, circa 45 sections are required to break even. Providing that the three interested parties convert to sales, a further 11 sections needs to

be sold to breakeven. Based on our current sales cadence, Officers forecast achieving the breakeven milestone around December 2024.

- 3.11 The remaining section sales in Stage 1 will go towards offsetting the expenditure required for Stage 2. Once the breakeven for Stage 2 and the whole development is achieved, the balance of sale proceeds can be considered profit.

**4. STAGE 2 BUDGET AND PROGRAMME/WORKSTREAMS**

- 4.1 Below is an update on the workstreams for Stage 2.

Stage 2 Detailed Design and Consent

- 4.2 Stage 2 detailed design is complete and the resource consent approval is currently being reviewed by an independent commissioner and the decision is imminent. Draft conditions have been agreed upon.

Culvert Bypass Construction

- 4.3 The oxbow culvert construction will be combined with the Tamakuku Terrace Stage 2 earthworks and civil construction to achieve construction cost and programme efficiencies.
- 4.4 The culvert construction will be the first works in Stage 2 as it needs to be completed before Stage 2 earthworks can commence.

Stage 2 Procurement

- 4.5 An advance notice was issued on GETS in March 2024 and there has been a good response from the local contractor market. A supplier briefing was held in early April where nine contractors were in attendance.
- 4.6 A request for tender was issued via GETS on 13 May 2024 and is set to close on 10 June. Tender interviews will be conducted with each of the respondents as part of the tender assessment and clarification process.
- 4.7 The tender award report will be presented to Council on 7 August 2024 to seek approval of the circa \$6M contract.

Stage 2 Construction

- 4.8 Stage 2 of the development consists of three separable portions; enabling work of the stormwater culvert bypass, earthworks and the remaining civil work.
- 4.9 The culvert bypass and earthworks will be delivered this summer period, October 2024 through to April 2025. The civil work will commence next summer season in October 2025.
- 4.10 There are several considerations for splitting the earthworks and civil works including:

Item	Reason
Financial management	Splitting the programme will allow the construction to be spread across multiple financial years. This allows the revenue from sales 2024/25 financial year to supplement the payments for the Stage 2 civil work.
Alignment with Summerset programme	<p>The adjacent retirement village are pressing forward with a compact construction programme.</p> <p>We need to move 20,000m<sup>3</sup> of fill from the Whakarongo attenuation pond/lower oxbow site to Tamakuku Terrace. Summerset have approved Council's contractor accessing the Stage 2 area through their site from the Stoney Creek Road entrance, providing we can align our construction programmes.</p> <p>The benefit of aligning with Summerset's programme is we can avoid causing damage to our newly laid roads in Tamakuku Terrace from heavy vehicles.</p>
Weather	It is recommended to capitalise on the summer season weather and avoid the wet weather in winter. Working in winter may pose challenges for delivering the quality finishes we require. Hence, we have programmed two summer seasons of work.
Other risks	There are more risks associated with winter civil work, such as increased wet day allowances, health and safety risks, programme delays, poor finishes, and increased variations to deal with quality and safety issues, to name a few.

## 5. NEXT STEPS

- 5.1 Officers will continue to sell sections within Stage 1 and continue to progress design approval, construction procurement, and consent for Stage 2.

- 5.2 Construction on the culvert bypass, from the pond to the oxbow, and Stage 2 earthworks will be undertaken over the 2024-25 summer construction period.
- 5.3 Construction of the remaining Stage 2 civils will commence in October 2025 to reduce the risks associated with winter construction work.

**6. COMPLIANCE AND ADMINISTRATION**

Does the Committee have delegated authority to decide?	<b>Yes</b>
Are the decisions significant?	<b>No</b>
If they are significant do they affect land or a body of water?	<b>No</b>
Can this decision only be made through a 10 Year Plan?	<b>No</b>
Does this decision require consultation through the Special Consultative procedure?	<b>No</b>
Is there funding in the current Annual Plan for these actions?	<b>Yes</b>
Are the recommendations inconsistent with any of Council's policies or plans?	<b>No</b>
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: Housing development is initiated at Whakarongo.	
Contribution to strategic direction and to social, economic, environmental and cultural well-being	Progressing with the Tamakuku Terrace will: <ul style="list-style-type: none"> <li>• Provide additional sections to the marketplace to help reduce the supply vs. demand shortfall.</li> <li>• Provide choice to purchasers through a variety of section sizes and provide them the freedom to choose their preferred house builder.</li> <li>• Provide a best practice example to the private development community showcasing the opportunities and benefits of working closely with local iwi, urban designers, territorial authorities, and local experts to achieve excellent outcomes.</li> <li>• Support local contractors and the employment market.</li> </ul>

**ATTACHMENTS**

- 1. Map of Sections  







## MEMORANDUM

**TO:** Economic Growth Committee

**MEETING DATE:** 19 June 2024

**TITLE:** Palmerston North Quarterly Economic Update - June 2024

**PRESENTED BY:** Stacey Andrews, City Economist

**APPROVED BY:** David Murphy, Chief Planning Officer

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### RECOMMENDATION TO ECONOMIC GROWTH COMMITTEE

1. That the Committee receive the Palmerston North Quarterly Economic Update – June 2024, including:
    - a. Palmerston North Economic Growth Indicators - June 2024 (Attachment 1),
    - b. Palmerston North electronic card spending report – March quarter 2024 (Attachment 2),presented to the Economic Growth Committee on 19 June 2024.
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#### 1. INTRODUCTION AND PURPOSE

- 1.1 This memorandum presents a summary of the key themes in the Palmerston North Quarterly Economic Update to June 2024, and the Palmerston North City Centre Quarterly electronic card spending (retail and selected tourism sectors) for the March quarter 2024.
- 1.2 The cities snapshot report presented to Council at the April 2024 Economic Growth Committee is no longer able to be provided. This is due to the use of data for cities other than Palmerston North falling outside the terms and conditions of our subscription with Infometrics. We will consider alternative methods of benchmarking the performance of the Palmerston North economy against similar cities, alongside a refresh of the 2014 Core Cities report.
- 1.3 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.
- 1.4 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. This update is attached as Appendix 1.

- 1.5 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. The electronic card spending report for the city is included as Appendix 2.
- 1.6 The memorandum concludes with a summary of the economic outlook for the city and the wider New Zealand economy.

**2. QUARTERLY ECONOMIC UPDATE**

**GDP**

- 2.1 Infometrics reports that the Palmerston North GDP fell by -0.7% over the year to March 2023. This compares with a +0.2% increase in GDP nationally. Statistics New Zealand GDP data for the March quarter 2024 is not released until 20 June.
- 2.2 Annual inflation (as measured by the Consumer Price Index) eased to 4.0% in the March quarter as the economy contracted in response to higher interest rates and a pullback in spending across the economy. While inflation is heading in the right direction, there are aspects of domestic inflation that are proving stubborn. Housing and household utility costs, including rents and construction, continue to drive inflation in addition to increasing costs for accommodation, and recreational and cultural services. Higher prices for alcohol and cigarettes, and tobacco, have also contributed to CPI inflation.
- 2.3 The Official Cash Rate (OCR) was reviewed by the Reserve Bank of New Zealand (RBNZ) on 23 May. While the cash rate was left untouched at 5.5%, the Monetary Policy Statement indicated a higher for longer interest rate scenario alongside lower growth than previously anticipated. This weak economic activity is against a backdrop of strong population growth.
- 2.4 The New Zealand population is estimated by Statistics NZ to have grown by 2.5% over the year to March 2024. This growth has been fuelled by strong net international migration levels with net international migration reaching as high as 139,000 in the year to October 2023. These high net international migration figures are observed alongside a growing number of New Zealanders migrating overseas. While net migration numbers have eased to 111,145 over the March year 2024, net migration remains well above the long term trend.
- 2.5 While the first set of Estimated Resident Population figures for the city based on the 2023 Census have not yet been released, secondary data implies that the population of the city continues to grow. Primary health enrolments in

Palmerston North increased by +1,002 over the year to March 2024 (+1.2%). Since March 2020, enrolments have increased by 2,280.

- 2.6 This implied population growth alongside the current contraction in annual GDP indicates falling GDP per capita in Palmerston North and across much of New Zealand. GDP per capita figures will be updated post the release of the Estimated Resident Population data series due for release in October 2024.
- 2.7 Challenging economic conditions are set to continue in 2024 as the RBNZ holds interest rates at 5.5% and household budgets continue to come under pressure from the high cost of living. As a result, GDP growth is forecast to remain weak with the RBNZ projecting annual growth of just +1.0% over the 2024 calendar year. 2025 presents a more positive scenario with annual GDP growth projected to rise to 2.4% over the year, increasing to 2.9% in 2026.

**Business and jobs**

- 2.8 There were 8,152 businesses in Palmerston North in March 2024; an increase of 55 businesses from the previous year. This is an increase of +0.7% over the year, compared with +1.3% growth in business counts, nationally.
- 2.9 Non-residential consents totalled \$140,386,169 in the city over the year to March 2024. This is a decrease in value of -13.8% compared with the March year 2023, and compared with a -1.1% fall nationally. This negative growth is coming off a strong March 2023 year, where investment in short term accommodation, health and education buildings, and industrial and commercial buildings pushed up construction investment in Palmerston North.
- 2.10 Health sector and commercial and industrial construction investment continues to be elevated in the March 2024 year. Specifically, health sector construction added \$50.7m to non-residential construction, alongside \$30.7m in commercial construction and \$52.0m in the construction of factories, and industrial and storage buildings.
- 2.11 Domestic economic conditions suggest further easing of labour market conditions in 2024, driven by an increase in the number of available workers and reduced demand for workers due to a decline in demand for goods and services across the economy.
- 2.12 The Seek Employment report for April 2024 reflects easing labour market conditions across New Zealand with job advertisements in all regions falling over the year. The number of job advertisements fell by 33% in the Manawātū Region over the year to April 2024, alongside an increase in the number of applicants per role. This decline in job ads is around average compared with other parts of New Zealand. Topping the list, job ads on the West Coast fell by -54% over the year while advertised jobs fell by -44% in Wellington.
- 2.13 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 -3.0% to a total of 45,619 in the March quarter, while the number of Palmerston North residents in jobs increased by +1.0% to 35,518. This compares with +2.0% growth, nationally.

- 2.14 The annual average unemployment rate increased to 4.5% in the city in the March quarter 2024, up slightly from 4.4% in the December quarter 2023. This compares with 4.0% nationally. This rate 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.
- 2.15 The number of MSD jobseeker beneficiaries in Palmerston North increased by 291 over the year to March, to a total of 3,027. This is a +10.6% increase on the previous year compared with an +11.6% increase, nationally. Of this increase, 180 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**

- 2.16 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 over the year to March 2024 increased by +9.3% in the city compared with the March year 2023. This compares with an +8.6% increase nationally over the same timeframe.
- 2.17 Elevated earnings growth is further reflected in the Statistics NZ median salary and wages data, with median earnings in the city increasing by +6.7% over the year to March 2023. This compares with a +7.3% increase nationally. Growth in earnings, both in the city and nationally, is reflective of the elevated wage inflation that prevailed over the period due to tight labour market conditions and strong demand, alongside large scale sector wage agreements settled in 2022 and 2023.
- 2.18 Wage growth is easing alongside CPI inflation, relieving some pressure on businesses and organisations. Early indications of this trend are reflected in the Quarterly Economic Survey (QES) for ordinary time hourly earnings, and the Labour Cost Index (LCI) for the March 2024 year. These measures of wage growth indicate that ordinary time hourly earnings increased by +5.2% over the March 2024 year, compared with a +6.9% increase the previous year. Similarly, the LCI increased +4.1% over the year to March 2024 compared with a +4.3% increase over the year to March 2023. This easing in wage growth is expected to continue throughout 2024 and into 2025 as demand for labour continues to ease due to weak demand.

## Spending

- 2.19 Retail spending increased by +1.6% in the city over the year to March 2024, to a total of \$1,501m (\$1.5b). This compares with a +2.8% 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.
- 2.20 As discussed earlier in this report, the annual rate of inflation over the year to March 2024 was 4.0% with an increase in average household living costs of 6.2% over the year. The annual rate of growth in living costs is slowing from previous highs, however annual retail spending versus the rate of inflation continues to reflect negative real growth in spending over the year.
- 2.21 The pressure on household budgets is further reflected in the decrease in spending on discretionary items. 'Home and recreational retail' spending in the city fell by -7.8% over the year to March 2024, with spending on 'Arts, recreation and visitor transport' down -2.0% over the same period.
- 2.22 New car registrations in the city increased by +10.1% over the year to March 2024 compared with a +7.5% increase nationally. This follows a period of decline over 2023. The number of new commercial vehicle registrations also increased over the year, up +13.6% in the city versus the previous year. This compares with a decline of -0.2% nationally.
- 2.23 The Monthly Regional Tourism Estimates (MRTEs) are no longer available due to the closure of the business providing the data. In response, the Ministry of Business, Innovation and Employment (MBIE) has reinstated the Tourism Electronic Card Transactions (TECTs) employed from 2020-2023 to monitor national tourism spending trends. According to this series, domestic tourism spending in Palmerston North fell -2.3% over the year to March 2024 to a total of \$276.9m. This compares with a -3.8% fall nationally. In contrast, international tourism spending increased by +57.3% to a total of \$33.1m in the city, compared with a +43.6% increase nationally.
- 2.24 The annual change in guest nights is also a useful indicator of tourism activity in the city and across the country. Over the year to March 2024, guest nights in the city decreased by -5.7% to a total of 42,000. This compares with an +11.5% 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. The downturn in the domestic economy is weighing on tourism activity, as businesses and households limit non-essential expenditure.

## Housing

- 2.25 The average house price in the city continues to inch upward with prices increasing +2.5% over the year to April 2024, to a value of \$653,223. This compares with an increase in the national average house price of +0.5%, nationally. The average house price in the city has fallen -13.4% since the peak value of \$754,212 in January 2022. This compares with a -10.5% decline in national house prices since the peak value of \$1,043,261 in March 2022.

- 2.26 Mortgage lending to first home buyers eased to 21.3% in April, down from the earlier peak of 25.2% in December 2023. This remains above the 10-year average of 16.6% of total lending. Easing house prices and higher incomes supported first home buyers into the market in 2023. This increase in first home buyers as a proportion of the market occurred alongside a substantial increase in First Home Grants. In the city, the number of First Home Grants increased by 104 to a total of 228 over the year to March 2024 (+83.9%). Nationally, the number of First Home Grants increased by 35.5% over the year. The impact of the Government's recent removal of First Home Grants will be watched, as we monitor access of first home buyers into the housing market in the city.
- 2.27 Mortgage lending to investors increased to 19.9% in March 2024, up from 15.4% in January 2023. This compares with a 10-year average of 22.4%. Investor lending is expected to strengthen in response to the restoration of interest deductibility as well as increased demand for new housing driven by population growth, improving financial conditions and forecast strengthening of house prices in 2025.
- 2.28 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 March 2024. This compares with 7.0 times the average income, nationally.
- 2.29 Rental prices continue to increase as strong population growth increases demand relative to supply. In the city, rental prices increased by +5.4% over the year compared with a +6.9% increase in weekly rental prices nationally<sup>1</sup>. Over the same period, the number of properties rented increased by +2.9% in the city compared with a +4.1% increase nationally. Rising rental prices are of concern to the RBNZ, as rental cost increases continue to exceed the rate of headline inflation.
- 2.30 Renting a home in Palmerston North remains more affordable than much of New Zealand, with annual average rent making up 19.6% of annual household income compared with 22.0% nationally. Renting in the city is more affordable than both the Manawatū District and the wider Manawatū-Whanganui region with average annual rent taking up 21.4% and 21.5% of the average household income, respectively.
- 2.31 The number of new dwelling consents issued across New Zealand fell by -24.9% over the year to March 2024. This decline was driven by the continuation of high development costs, weak demand and capital values, and tougher lending conditions. Over the same period, new dwelling consents in the city increased by +8.2% to a total of 447 dwellings.

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<sup>1</sup> The rental price increases are calculated on the annual increase in the average annual geometric mean rent by area.

2.32 Kāinga Ora new dwellings are estimated at 106 over the year to March 2024, with a net increase of 98 dwellings. There is uncertainty around the future development plans of Kāinga Ora relative to earlier investment plans shared in 2023. These investment plans indicated that a total of 496 new dwellings were planned for delivery in Palmerston North from 2023 to 2026. We are seeking further information from Kāinga Ora to understand any changes to their housing development plans in the city.

2.33 Staff are currently developing a monthly net dwelling series that removes relocatable dwellings, as well as dwellings that have been demolished or removed for redevelopment. This monthly series will also include a breakdown between public and private housing consents.

### 3. PALMERSTON NORTH ELECTRONIC CARD SPENDING REPORT – MARCH 2024

3.1 Total electronic card spending increased by +0.9% in the March quarter 2024 to a total value of \$360.0m. This compares with a +3.8% increase in spending nationally. Growth continues to be supported by recovering international tourism, boosting economic activity for parts of the country hit hard by border closures during the Covid-19 pandemic.

3.2 Over the year to March 2024, electronic card spending in the city reached \$1.501 billion, an increase of +1.6% from the previous year. This compares with a +2.8% increase nationally over the same period. Of this total, 56.0% was spent in the city centre.

3.3 Spending in the city centre increased by +2.4% over the year. The retail sectors most affected by the pullback in consumer spending were 'Arts, recreation and visitor transport', falling -3.7%, and 'Home and recreational retail' spending down by -10.0% 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.

3.4 Reflecting the increase in spending on essential items, spending on 'groceries and liquor' was the highest growth sector in Palmerston North, up +8.6% compared with the previous year. The trend for grocery spending was similar for the city centre and New Zealand, up by +10.6% and +8.9% respectively over the same period. Spending on 'cafes, restaurants, and bars' also increased over the year, up +6.6% in the city centre, +5.4% in the city overall, and +5.0% nationally. To put this in perspective, the increase in spending at cafes, restaurants and bars is coming off a low base with the hospitality sector in our city, continuing to come under pressure from wider economic challenges.

3.5 In contrast to recent trends, 'other consumer spending' in the city centre increased by +27.5% over the year to March 2024. This compares with an -8.7% fall across the city over the same time period. It is worth noting that 'other consumer spending' makes up just 0.1% of total spending, with the

highest spending categories being 'groceries and liquor' (32.8%) and 'home and recreational retail' (30.7%).

- 3.6 The annual inflation rate to March 2024 was 4.0%, indicating a real decline in spending across retail precincts in the city except for the Inner CBD and Broadway Avenue and Terrace End. Spending in the Palmerston North Inner CBD and Broadway Avenue precinct increased by +4.0% over the year, while spending in Terrace End increased by +4.5%.
- 3.8 The Quarterly Economic Card Spending Report for March 2024 is attached as Appendix 2.

**4. ECONOMIC OUTLOOK**

- 4.1 Times are challenging in 2024, but the longer term outlook remains positive as inflation tracks lower and interest rates look set to fall in 2025. For now, we expect the current economic challenges to continue as high interest rates and elevated costs continue to dampen demand for goods and services across the economy in 2024.
- 4.2 On the upside, inflation is easing with annual CPI projected to fall back to 3.0% per annum in the September 2024 quarter, alongside further easing of price pressure affecting business and government costs in 2024.
- 4.3 Lower inflation will enable interest rates to fall in 2025, reducing living costs for our families and releasing money to be spent on goods and services across the economy. This in turn, will support our businesses to be profitable, enabling an increase in investment and employment across the city. Factors such as significant investment in the expansion of defence force activities in the region also support the longer term economic outlook for the city.
- 4.4 The Palmerston North economy also benefits from a large proportion of big business in the city that are less vulnerable to economic cycles and the contraction of government spending on public sector services. These attributes of the Palmerston North economy will support economic activity relative to parts of New Zealand with greater dependency on consumer demand and higher exposure to central government public sector cuts.
- 4.5 Challenges to our business community and households will continue throughout 2024 with relief in the form of lower interest rates anticipated by the sector in the first half of 2025. 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.



**5. COMPLIANCE AND ADMINISTRATION**

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



Does this decision require consultation through the Special Consultative procedure?	<b>No</b>
Is there funding in the current Annual Plan for these actions?	<b>Yes</b>
Are the recommendations inconsistent with any of Council's policies or plans?	<b>No</b>
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	

**ATTACHMENTS**

1. Palmerston North Economic Growth Indicators - June 2024 [↓](#) 
2. Palmerston North electronic card spending report - March quarter 2024 [↓](#) 





























## COMMITTEE WORK SCHEDULE

TO: Economic Growth Committee

MEETING DATE: 19 June 2024

TITLE: Work Schedule - June 2024

### RECOMMENDATION TO ECONOMIC GROWTH COMMITTEE:

- That the Economic Growth Committee receive its Work Schedule dated June 2024.

### COMMITTEE WORK SCHEDULE - JUNE 2024

	Estimated Report Date	Subject	Officer Responsible	Current Position	Date of Instruction & Clause no.
	19 Jun 2024	Presentation: Palmy Bid			
	19 Jun 2024	CEDA—Final Statement of Intent for 2024-27	Chief Planning Officer		Terms of Reference
	19 Jun 2024	PNAL—Final Statement of Intent for 2024-27	Chief Financial Officer		Terms of Reference
	19 Jun 2024	Central City Transformation—Streets for People Six Monthly Update	Chief Infrastructure Officer		
	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 <u>Clause 3-22</u>
	19 Jun 2024	Tamakuku Terrace Update (6 monthly)	Chief Infrastructure Officer		<u>Terms of Reference</u>
	19 Jun 2024	Quarter 3 Economic Report Jan-March 2024	Chief Planning Officer		<u>Terms of Reference</u>

	Estimated Report Date	Subject	Officer Responsible	Current Position	Date of Instruction & Clause no.
	<del>19 Jun 2024</del>	<del>Annual Plan – International Relations Activity</del>	<del>Chief Planning Officer</del>	<del>Presented at Council 5 Jun 2024</del>	<del>Council 6 Dec 2023 Clause 203-23</del>
1	19 Jun 2024 18 Sep 2024	Parking Framework – Draft for consultation	Chief Planning Officer		
2	18 Sep 2024	Presentation: Chamber of Commerce			
3	18 Sep 2024	PNAL – Annual Report for 2023/24	Chief Financial Officer		Terms of Reference
4	18 Sep 2024	Quarter 4 Economic Report April-June 2024	Chief Planning Officer		<u>Terms of Reference</u>
5	18 Sep 2024	International Relations 6 Monthly report	Chief Planning Officer		<u>Terms of Reference</u>
6	20 Nov 2024	Presentation: The Factory			
7	<del>18 Sep 2024</del> 20 Nov 2024	CEDA – Annual Report for 2023/24	Chief Planning Officer	Waiting on audit	<u>Terms of Reference</u>
8	20 Nov 2024	PNAL – Statement of Expectation for 2025/26 – 2027/28	Chief Financial Officer		Terms of Reference
9	20 Nov 2024	PNCC Events - Annual Summary of Economic Impact and Benefits 2022/23	CE Unit Manager		<u>25 October 2023</u> <u>Clause 60-23</u>
10	20 Nov 2024	Manawatū Regional Economic Structure Report (2 yearly)	Chief Planning Officer		<u>30 August 2023</u> <u>Clause 35-23</u>
11	20 Nov 2024	Quarter 1 Economic Report Jul-Sep 2024	Chief Planning Officer		Committee Terms of Reference
12	20 Nov 2024	Streets for People Update (6 monthly)	Chief Infrastructure Officer		<u>Terms of Reference</u> <u>28 February</u>



	Estimated Report Date	Subject	Officer Responsible	Current Position	Date of Instruction & Clause no.
					<a href="#">2024</a> <a href="#">Clause 18-24</a>
13	20 Nov 2024	Featherston Street – report back on functionality of road	Chief Infrastructure Officer		<a href="#">Council</a> <a href="#">5 June 2024</a> <a href="#">Clause 98-24</a>
14	20 Nov 2024	Featherston Street – concept design options – shared walkway/ non-separated cycleway	Chief Infrastructure Officer		<a href="#">Council</a> <a href="#">5 June 2024</a> <a href="#">Clause 98-24</a>