



PAPAIOEA
PALMERSTON
NORTH
CITY

PALMERSTON NORTH CITY COUNCIL

AGENDA

ECONOMIC GROWTH COMMITTEE

9:00 AM, WEDNESDAY 19 JUNE 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
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NORTH
CITY

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

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

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).
-

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	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: 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  

Te Tauāki Takuine Statement of Intent

2024-25

1 March 2024

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 Manawatū 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 Manawatū region has remained steadfast in its progress, innovation, and resilience. While the past year has brought both challenges and opportunities, Manawatū 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 Manawatū 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 Manawatū Regional Food Strategy, and progressing key projects outlined in Manawatū 2032 – Manawatū'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 Manawatū 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 Manawatū 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 Manawatū, Ngāti Kauwhata, Ngāti Raukawa, The Factory, Sprout Agritech, Manawatū 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 Manawatū 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 Manawatū 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 Manawatū region
- Number of guest nights in Manawatū 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

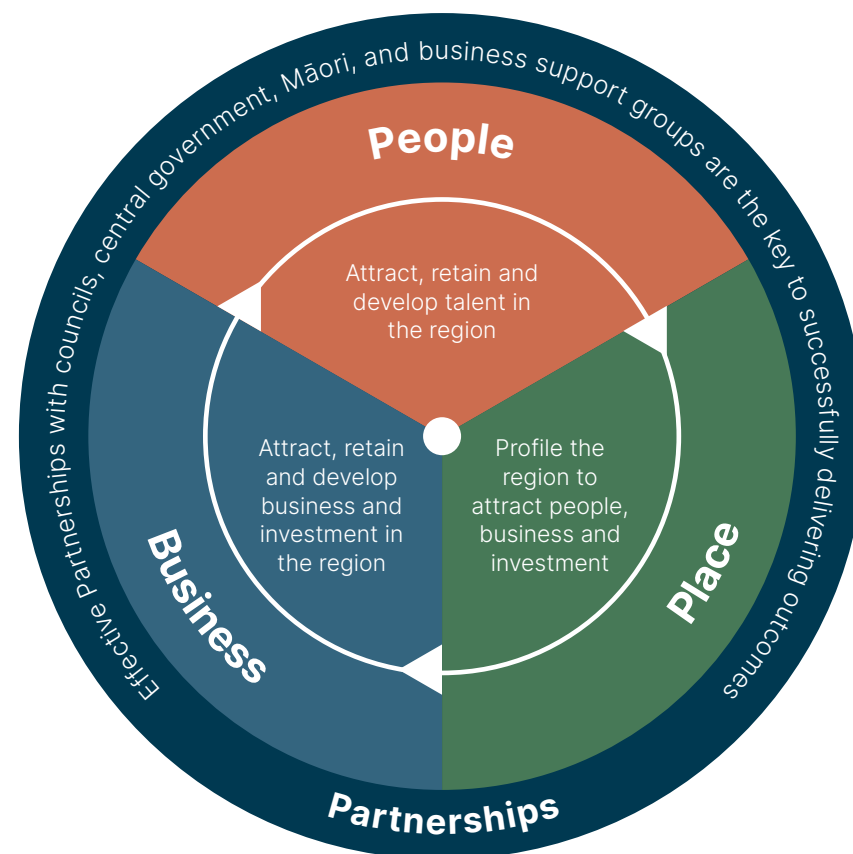
CEDA works across the three strategic pillars of economic development; Business, People, and Place, and our success is underpinned and enabled by the strength of our relationships with our regional and national partners.

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 Manawatū 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

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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.

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.

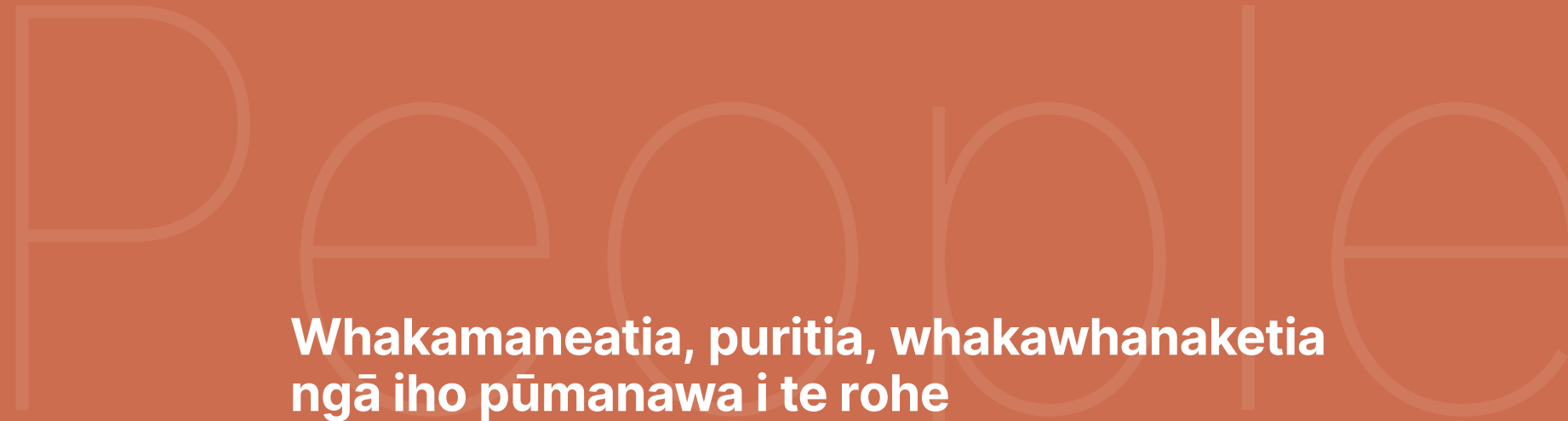
We will focus our engagement on businesses across sectors of strength and by connecting with key business leaders and stakeholders. These engagements will ensure we have access to the latest insights into business sentiment, regional opportunities through connections and trends, and are able to proactively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



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.

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.

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 Manawatū Māori Tourism Strategy, He Ara Kotahi Hei Ara Kōrero project, and profile and use of the Regional Identity “Te Mauri o Manawatū”

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 Manawatū, Ngati Kauwhata, Ngati Raukawa, The Factory, Sprout Agritech, Manawatū 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.

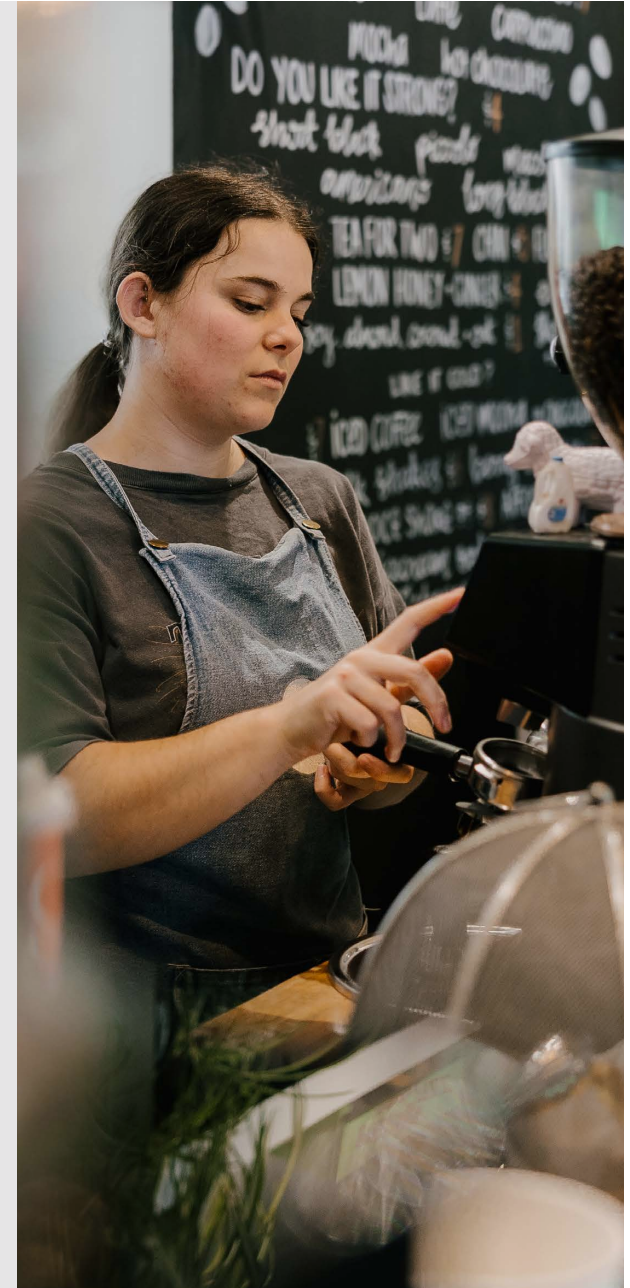
We review our partnership agreements and workplans, including identifying new opportunities for partnerships, to ensure plans are in place to support working collectively and identifying opportunities across all that we do.

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 Manawatū Quarterly Economic Snapshots and dashboards. This includes partnering with Palmerston North City Council, Manawatū 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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TE TAUĀKĪ TAKUNE STATEMENT OF INTENT
1 MARCH 2024

Where we focus our time and money

CEDA receives funding from Palmerston North City Council and Manawatū 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.

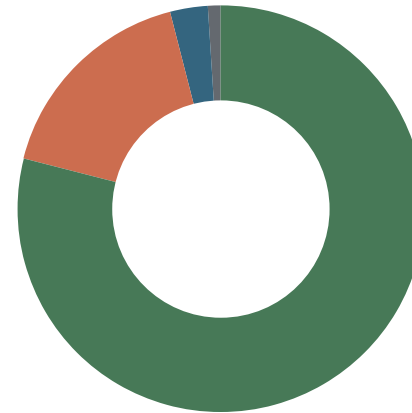
*Note:

1. Council funding includes Councils contribution to projects.
2. Industry/project contribution includes funding for Te Utanganui from Horizons regional council, Rangitāne o Manawatū, 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.

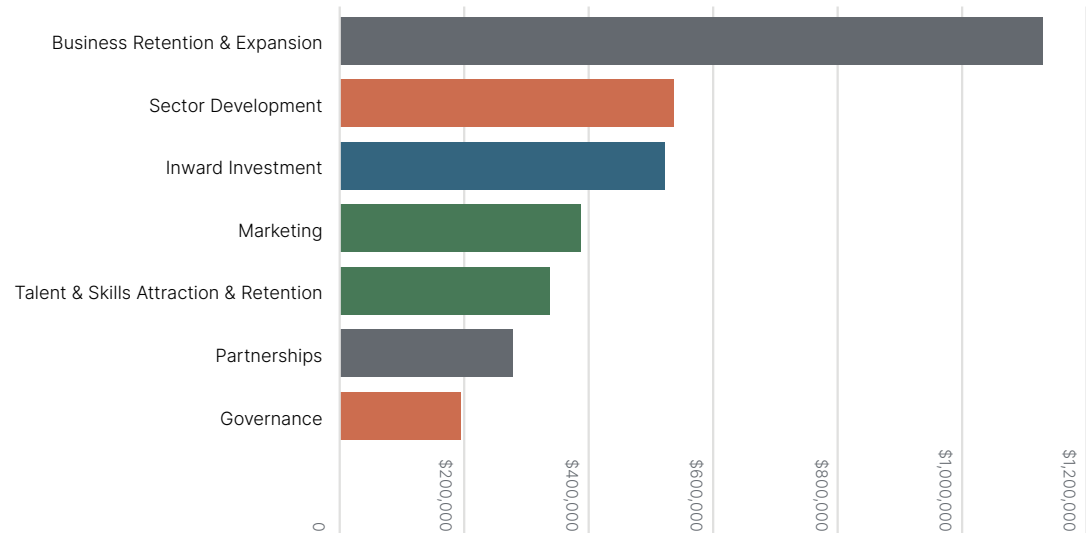
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TE TAUĀKĪ TAKUNE STATEMENT OF INTENT
1 MARCH 2024

Our Funding*

- Council funding **80%**
- Central Government funding **17%**
- Industry contribution **3%**
- Other revenue **1%**



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
mahī me te āhua o tō
kawae i aua mahī**

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 Manawatū. Through Partnerships, we aim to work together with our regional iwi for agreed outcomes that benefit the region, and we will ensure Protection is a priority focus by incorporating te reo and tikanga across our projects and programmes, and continued development of the team’s cultural awareness and, knowledge and understanding, of the principals of te Tiriti.

Sustainability Commitment

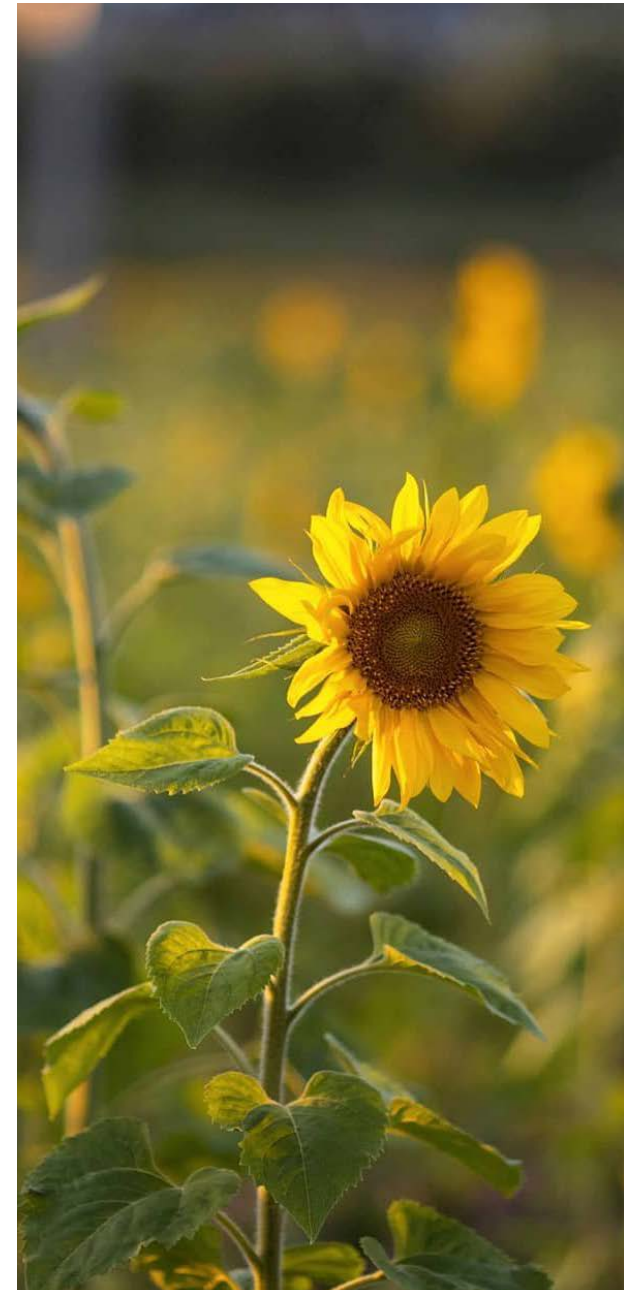
We are committed to sustainable practices in both CEDA’s office environment and the environment within which we work and live. We value diversity in both our team at CEDA and our commitment to promoting diversity in age, culture, ethnicity, and gender in all that we do. CEDA’s sustainability plan supports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

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, people 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 Manawatū 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 Manawatū locally, nationally, and globally. Profile Manawatū 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 Manawatū locally, nationally, and globally. Profile Manawatū 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 Manawatū 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 Manawatū locally, nationally, and globally. Profile Manawatū 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 Manawatū locally, nationally, and globally. Profile Manawatū 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 Manawatū 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 Manawatū District Council.

CEDA's Purpose

To drive and facilitate the creation and growth of economic wealth for Manawatū 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 Manawatū and beyond;
- b) be a good employer;
- c) exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which the Company operates and by endeavouring to accommodate or encourage these when reasonably able to do so.

CEDA's Structure and Governance

The Board of 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 Manawatū 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.



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

	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

See Appendix for Accounting Policies

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TE TAUĀKĪ TAKUNE STATEMENT OF INTENT
1 MARCH 2024

**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 Manawatū District Council (50%). CEDA is a council-controlled organisation as defined in section 6 of the Local Government Act 2002.

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

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	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 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.

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 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 Manawatū, 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

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 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 Tararua
Rangitīkei District Council
Ruapehu District Council
Tararua 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: 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

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).
-

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

ATTACHMENTS

1. Cover letter from Chief Executive [!\[\]\(b7e1c8bc060ab2af8bc42ce81bfcf3c4_img.jpg\) !\[\]\(2d0771195b0e0240efcbd9d75c7cddb8_img.jpg\)](#)
2. Final Statement of Intent 2025-2027 [!\[\]\(2877759bcf4a3609f6b92cbc19de8848_img.jpg\) !\[\]\(28f8e7c07e6223706c823723c822f20f_img.jpg\)](#)



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31st May 2024

PNAIRPORT.CO.NZ | FB.COM/FLYPALMY

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

Dear Waid,

FINAL STATEMENT OF INTENT 2025-2027

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

For your reference, we highlight below the key changes from the draft SOI, which are generally minor in nature.

Movements in the Profit & Loss

- Revenue and costs have been updated across the four years (including current year forecast) to reflect latest estimates. Revenue increases primarily relate to updated assumptions regarding passenger charges/volumes. Forecast passenger volumes have decreased slightly from the draft SOI, while forecast passenger charges have increased.
- Operating expenses remain largely in line with the draft SOI, while administration expenses have primarily increased in FY25 to cover additional expected costs associated with the ongoing evaluation of an appropriate funding model.
- Extraordinary items have notably increased in FY24-FY26 to reflect the expectation of a cash payment to PNCC (~\$500k) in FY24 in respect of Airport Dr vesting as well as the forecasting expensing of temporary terminal related costs in FY25/FY26 (\$800k). The temporary terminal costs, while always contemplated, have now been reflected in the P&L (rather than capex), in line with updated accounting advice regarding the nature of these costs.
- We draw your attention to the inclusion of an estimated \$500k payment to PNCC in June 2024. This cash payment is attributable to the vesting of Airport Dr and provides PNCC with the ability to use these funds as they see fit, for the upgrade/maintenance of Airport Dr and associated infrastructure (e.g. water pipes).
- Reductions in interest expenses reflect the change in assumed interest rates to 6.25% (was 6.5%) and changes in the debt profile.
- Overall, the above changes do not result in a significant change in NPAT, increasing by \$400k over the four years (including current year). For FY25 (first year of the SOI), there has been a \$180k unfavourable movement in forecast net loss after tax.

Movements in capital expenditure and debt

- Across the four years (including current year), forecast capital spend has increased by \$1.8m. This is spread across a variety of areas including latest cost estimates for the long-stay carpark extension (currently in progress) and forecast costs associated with Ruapehu Aeropark developments.
- There are also some significant changes in the timing of expected capital expenditure, with a movement in spend towards the latter years of the SOI period (e.g. FY25 has decreased by \$7.7m but FY26 has increased by \$6.2m). This is primarily driven by the latest forecasts on the timing of spend on the terminal redevelopment and Ruapehu Aeropark developments. It has not moved the ultimate completion date for the terminal redevelopment, which still remains as Q2 of FY27.

- Reflecting the above, total debt levels have been adjusted through the SOI period, with decreases in total debt in the earlier years, offset by FY27. Total debt in FY27 is \$1.6m higher than the draft SOI, largely reflecting the additional \$1.8m in capital spend outlined above.

Key ratios

- Compared to the draft SOI, there have been improvements across most key financial metrics in all years of the SOI.
- Of note, the Debt to Equity ratio has been replaced with Total Debt to Total Debt+Equity, reflecting that this provides a better metric of PNAL's loan-to-value position.

Significant assumptions

- As highlighted throughout the SOI, there are comments throughout the final SOI about the level of uncertainty that applies and judgements that have been required. These include standard areas of judgement regarding passenger volumes, interest rates etc.
- We specifically draw your attention to our assumptions regarding Airport Dr vesting, expecting the documentation for vesting will be submitted to LINZ prior to 30 June 2024. This will trigger the accounting treatments specified in this SOI, specifically the write-off of the roading asset and the one-off cash payment to PNCC for ~\$500k.
- We also note the addition of commentary in the final SOI regarding uncertainty surrounding the recent legislative change to remove tax depreciation on commercial buildings. While this will apply to PNAL from FY25, it is expected to have an impact on the balance sheet (increase in deferred tax liability) and P&L (increase in tax expense) in FY24. This one-off, non-cash amount is not yet confirmed but can be expected to have a negative impact on the NPAT for FY24.

We welcome any questions you may have.

Yours sincerely



David Lanham
Chief Executive Officer

Architect impression of planned Palmerston North Airport Terminal

2025-2027 STATEMENT OF INTENT



STATEMENT OF INTENT FOR THE YEAR ENDING 30 JUNE 2025

30 May 2024

3	Introduction
4	Contact Details
5	Nature and Scope of Activities
6	Strategic Objectives
7	Executive Summary
9	Terminal Development Plan
10	Kaitiakitanga / Guardianship
11	Manaakitanga / Customer Experience
12	Infrastructure
13	Commercial
14	Compliance
15	Financial Performance Targets
16	Performance Metric Targets
17	Debt Funding And Related Performance Metrics
18	Structure And/Or Investment Partnerships
19	Key Objectives
22	Financial Statements

2 STATEMENT OF INTENT 2025 – 2027





INTRODUCTION

STATEMENT OF INTENT 2025 - 2027

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



CONTACT DETAILS

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

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Palmerston North 4442

Phone: +64 6 351 4415
Email: info@pnairport.co.nz
Web: www.pnairport.co.nz

PALMERSTON NORTH AIRPORT LIMITED

ITEM 9 - ATTACHMENT 2



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:



STATEMENT OF INTENT 2025 - 2027

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



EXECUTIVE SUMMARY

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

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 narratives. 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.

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). At the time of preparing this final SOI, there remained some uncertainty as to whether this was achievable, or if vesting would be delayed until FY25. The timing of vesting has a material impact on PNAL's financial performance, given the ~\$2.1m expense associated with the write-off of the book value of the road and the associated cash payment to PNCC (approximately \$500k).

Uncertainty also exists regarding the impact of the recently announced removal of tax depreciation on commercial buildings from 1 July 2024. This is expected to have an impact on PNAL's deferred tax and tax expense balances for FY24, which is currently being quantified. It is reasonable to assume that PNAL's tax expense will be higher, and therefore net profit after tax will be lower, than that currently contemplated. This is a non-cash 'below the line' adjustment.

In total \$70.3m 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 \$66.0m by FY27 and the Debt to Debt+Equity ratio reaching 43.1%. Company debt in FY25 (the first year of the SOI) of \$34.6m is well within current debt facilities, while the FY27 debt level slightly exceeds existing facility limits. This will be addressed prior to FY27 through a variety of options which are outlined in further detail below. If required, the deferral of non-strategic (and uncommitted) projects, may also be considered in future SOI's. PNAL has also undertaken a 10-year forecast, which shows key financial metrics, and debt levels, improve over the long term.

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).

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 subject to meeting standard solvency tests. In addition to any dividends, PNAL intends to make a one-off cash payment of ~\$500k to PNCC in respect of Airport Drive, at the time of vesting.



Architect impression of planned Palmerston North Airport Terminal



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.

PNAL are also evaluating what Green Building Standard features can be incorporated into the design, while also balancing cost implications. This includes assessing Green Star rating equivalency.

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 in Q2 of FY27.

As outlined earlier the Company is focussed on ensuring that customer experience levels are maintained as high as reasonably and practically 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 was working through the final design phases of the development, with LT McGuinness appointed 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, this includes assessing the opportunity to achieve Green Star building equivalency.

PALMERSTON NORTH AIRPORT LIMITED

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, including evaluation of Green Star building equivalency

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.



INFRASTRUCTURE

STATEMENT OF INTENT 2025 - 2027

AIRSIDE/LANDSIDE PROJECTS

A total of \$8.9m is planned to be spent over the SOI on the ongoing upgrade of critical airside infrastructure, primarily pavement upgrades. In addition, \$3.1m 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 and upgrade of the terminal loop road.

A further \$1.35m has been allocated for the ongoing management of PFAS contaminated soil in line with the Company's global soil management consent conditions, although uncertainty remains regarding the required timing and quantum of this spend.

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. A further \$500k cash payment is expected to be made by PNAL to PNCC as a contribution towards future upgrades of Airport Dr.

The write-off and associated cash payments are reflected in the FY24 forecast. At the time of preparing this final SOI, there remained uncertainty as to whether vesting will be achieved in FY4 (or delayed until FY25). This has a material impact on PNAL's financial performance in the year of vesting.

PALMERSTON NORTH AIRPORT LIMITED

ITEM 9 - ATTACHMENT 2

COMMERCIAL

AIR SERVICE DEVELOPMENT

Passenger movements are projected to grow modestly during the SOI period to 578,000 by FY27. 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 continue 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 as a means of reducing aircraft congestion at peak activity levels.

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 long-term 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 the associated impact on aeronautical income levels and consequently our ability to continue to fund core operations and re-invest in core 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 Q2 of FY25. Construction is anticipated to be completed by mid FY26.
- Refurbishment and seismic strengthening of the H1 hangar, acquired by PNAL in early FY24, to enable the leasing of the hangar. This project also remains subject to business case validation and testing with the market.

Altogether, the above commercial developments require ~\$17.1m 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 late 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 for regional turbo-prop aircraft and 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 1.5% per annum, below long-term average passenger movement growth rates, reaching 578,000 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 \$17.78m represents an increase of \$2.20m or 14% on the FY24 forecast, driven by growth in aeronautical and carparking revenue.

OPERATING COSTS

Total costs (excl depreciation, interest, extraordinary items and gain/loss on sale) are projected to increase 19% to \$9.46m, \$1.52m 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 accelerates its income diversification plans.

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 to \$1.7m in FY25, and remain high in FY26 (at \$1.0m), and relate to

the expensing of terminal demolition costs in two stages and costs associated with the temporary terminal during construction.

Recent tax legislation changes have also resulted in the removal of tax depreciation on commercial buildings, which affects PNAL from 1 July 2024. Resulting changes to PNAL's deferred tax (and consequently tax expense) balances are also required for FY24. At the time of preparing the final SOI, the quantum of the required adjustment was yet to be confirmed and has therefore not been reflected in the SOI.

However, it is reasonable to assume that FY24 tax expense will be higher, and consequently FY24 net profit after tax will be lower, than currently contemplated in this SOI. This is a one-off non cash adjustment in FY24.

CAPEX

The FY25-FY27 capital expenditure budget of \$70.3m is focused on the completion of the TDP (\$37.1m across the SOI period) and the delivery of two developments in Ruapehu Aeropark (\$17.1m across the SOI period).

PNAL also has an ongoing focus on ensuring an appropriate investment in airside infrastructure renewals (\$8.9m across the SOI period), a PFAS (contaminated soil) treatment facility, as well as various customer experience enhancements, and a terminal loop road upgrade.

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>
Net Debt	\$10.8m	\$34.5m	\$59m	\$66m
To maintain a tangible net worth (total tangible assets after revaluations less total liabilities) above \$80 million	\$85.5m	\$83.6m	\$85.1m	\$87.3m
Total Debt to Total Debt+Equity ratio	11%	29%	41%	43%
A ratio of surplus before interest/tax/ depreciation/revaluations to total assets	4%	5%	7%	8%
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%	79%	64%	55%	53%
To maintain an interest coverage ratio of EBITDA (excl revaluations) to interest of at least 2.5	13.1	5.6	3.3	3.3
Net Debt* / EBITDA less than 4.5 (long term target)	1.6	5.2	5.8	5.2
Funds From Operations (FFO**) / Net Debt greater than 11% (long term target)	54.7%	17.8%	10.6%	11.3%

* 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 total debt to total debt + 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 \$66m by FY27 (\$34.5m in FY25). Net debt in FY25 is well within currently available lending facilities while net debt by FY27 slightly exceeds existing facilities. Longer term projections see these metrics improve.

As mentioned above, maximum debt specified in this SOI of \$66m in FY27 is slightly above 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 by the time this debt facility constraint applies (i.e. FY27), a funding solution will be in place. Investment by like-minded partners to support commercial development and/or sales of non-strategic land will enable projected debt levels to be reduced (see section below). Alternatively, access to additional debt funding facilities could ensure a prudent level of headroom can be maintained. If the above was not achieved by FY27 (considered unlikely), the Company has the ability to defer non-strategic (and uncommitted) capital projects.

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 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 divestments 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.

This represents an area of uncertainty within this SOI. 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	· Complete annual SMS Audit	FY 2025
	· Prior year audit recommendations adopted/addressed	FY 2024*
Airside pavement upgrades	· Critical airside pavement upgrades completed	Ongoing
Compliance software management	· OneReg implementation	FY 2024*
	· OneReg enhancements	FY 2025
Obstacle Limitation Surface Management	· Completion of Obstacle Limitation (OLS) Survey	FY 2024*
	· Stakeholder engagement and compliance with OLS	Ongoing
Noise Management	· Complete ground noise monitoring review	FY 2024*
	· Refresh Noise Management Plan	FY 2025
PFAS Management	· Global consent obtained	FY 2025
	· Ongoing PFAS management and compliance with global consent	Ongoing

CUSTOMER

Terminal Development Plan	· Detailed design complete	FY 2025 (Q1)
	· Stage 1 (Western end) construction complete	FY 2026 (Q2)
	· Stage 2 (Eastern end) construction complete	FY 2027 (Q2)
Customer Loyalty	· TDP communication strategy development complete.	FY 2024*
	· Communication strategy implementation commences	FY 2025 (Q1)
	· TDP customer service operations plan implemented	FY 2025 (Q1)
	· Net Promotor Score as close as reasonably practical to tourism industry benchmark of 45	FY 2025
	· Branding refresh	FY 2027
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 2025
	· 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 2025
Whanau Kotahi / One Team Wellness Plan	· Wellness Plan updated annually and implemented	Ongoing
	· Team engagement scores in line with or exceeding industry benchmarks	Ongoing
Payroll/ HRIS system	· Implementation of a new HRIS / payroll system	FY 2025

COMMERCIAL

Airport Drive	· Vest to PNCC	FY 2024*
Ruapehu Aeropark - property development strategy	Completion of property development strategy, including Ruapehu Aeropark Extension	FY 2024*
Ruapehu Aeropark – strategic partnership(s)	Strategic investment option identified and implemented (may require shareholder approval)	FY 2025
Ruapehu Aeropark – commercial developments	· Zone D warehouses – 50% preleased	FY 2025 (Q1)
	· Zone D warehouses construction complete	FY 2026 (Q2)
	· H1 hangar upgrade complete	FY 2026
Passenger movements	· 559,400	FY 2025
	· 569,000	FY 2026
	· 578,000	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.



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, demolition costs associated with the existing terminal and/or temporary terminal costs.

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

The impact of the removal of tax depreciation on commercial buildings has not been included in the Statement of Financial Performance. This is expected to increase Income Tax Expense above the amount stated above for FY24.

	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
Aeronautical Charges	8,647,912	10,107,132	12,122,056	13,650,359	14,351,785
Carpark and Leases	5,272,393	5,121,613	5,364,587	6,453,367	7,801,153
Other Income	268,295	350,106	290,591	306,634	323,661
Total Income	14,188,600	15,578,851	17,777,234	20,410,360	22,476,599
Operating Expenditure	4,326,904	3,635,313	4,234,194	4,374,984	4,593,337
Administration Expenditure	4,000,107	4,310,589	5,229,635	4,810,668	5,004,582
Extraordinary Items*	50,000	699,050	1,714,576	997,381	74,080
Total Operating Expenditure	8,377,011	8,644,952	11,178,405	10,183,033	9,671,999
EBITDA	5,811,589	6,933,899	6,598,829	10,227,327	12,804,600
(Gain)/Loss on Sale	-	2,442,878	-	-	-
Depreciation & Amortisation	2,021,713	2,162,883	8,000,482	3,849,799	3,650,187
EBIT	3,789,876	2,328,138	(1,401,653)	6,377,528	9,154,413
Interest Expense	1,104,141	528,068	1,177,678	3,079,096	3,907,639
Profit before Income Tax	2,685,735	1,800,070	(2,579,331)	3,298,432	5,246,774
Income Tax Expense	752,006	504,019	(722,212)	923,561	1,469,097
Profit after Income Tax	1,933,729	1,296,051	(1,857,119)	2,374,871	3,777,677

STATEMENT OF CHANGES IN EQUITY

For the 12 months to 30 June

*Declared dividends are paid in the following financial year

	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	85,504,851	83,647,734	85,072,657
Asset revaluation reserve movement					
Total Comprehensive Income / Loss	1,933,729	1,296,051	(1,857,120)	2,374,870	3,777,676
Dividends declared*	(193,373)	(129,605)	-	(949,949)	(1,511,071)
Equity at the end of the year	87,660,818	85,504,851	83,647,734	85,072,657	87,339,264

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	55,693	56,213	54,086	56,592
Receivables	1,294,197	1,459,868	1,746,199	2,003,793	2,238,413
Prepayments	403,528	503,843	556,156	613,629	645,271
Other Current Assets	207,174	240,580	240,580	240,580	240,580
Total Current Assets	1,957,438	2,259,983	2,599,148	2,912,088	3,180,856
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	14,695,461	36,169,881	56,790,990	61,388,061
Infrastructural - Land	12,411,485	9,717,093	12,532,093	12,882,093	14,497,093
Infrastructural - Air	39,235,091	38,172,097	39,252,097	41,877,097	47,394,097
Plant & Equipment	3,230,145	3,655,985	4,150,985	4,820,985	4,940,985
Furniture & Fittings	399,278	382,664	422,664	462,664	502,664
Computers	247,532	363,121	448,121	473,121	498,121
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)	(11,031,539)	(14,264,983)	(14,833,586)	(18,483,772)
Total Tangible Assets	128,834,591	105,770,823	128,528,799	152,289,305	160,553,189
Intangible Assets	7,336	6,800	1,920	-	-
Total Non Current Assets	128,841,927	105,777,623	128,528,719	152,289,305	160,553,189
TOTAL ASSETS	130,799,365	108,037,606	131,127,866	155,201,393	163,734,045
Current Liabilities					
Payables	2,821,061	2,366,036	5,849,733	3,938,273	2,749,434
GST/VAT	(217,860)	(181,566)	(542,493)	(135,344)	123,286
Income Tax	524,728	(626,749)	(2,523,961)	(2,800,400)	(2,641,303)
Loans Payable - Current	-	-	-	-	-
Provisions	600,191	665,192	665,192	665,192	665,192
Other Current Liabilities	135,034	204,988	204,988	204,988	204,988
Total Current Liabilities	3,863,155	2,427,901	3,653,460	1,872,709	1,101,597
Non Current Liabilities					
Loans Payable - Non Current	29,334,086	10,854,247	34,576,065	59,005,421	66,042,577
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	20,104,854	43,826,673	68,256,028	75,293,184
TOTAL LIABILITIES	43,138,548	22,532,755	47,480,132	70,128,737	76,394,781
NET ASSETS	87,660,818	85,504,851	83,647,734	85,072,657	87,339,264
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	28,210,828	26,353,711	27,778,634	30,045,241
Total Capital and Reserves	87,660,818	85,504,851	83,647,734	85,072,657	87,339,264
TOTAL EQUITY	87,660,818	85,504,851	83,647,734	85,072,657	87,339,264

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	18,149,314	20,157,486	23,214,320	25,613,470
Interest Received	-	-	-	-	-
Income Tax Refund	-	-	-	-	-
Operating Cash Inflows	15,932,788	18,149,314	20,157,486	23,214,320	25,613,470
<i>Cash was disbursed to:</i>					
Payment to Suppliers and Employees	7,240,789	12,148,831	9,671,337	8,752,042	10,989,054
Tax Loss Payment to PNCC	-	-	-	-	-
Payment of Income Tax	608,723	1,502,274	1,175,000	1,200,000	1,310,000
Interest Payments	1,104,141	528,068	1,177,678	3,079,096	3,907,639
Operating Cash Outflows	8,953,653	14,179,173	12,024,015	13,031,138	16,206,693
Net Cash Flows from Operating Activities	6,979,135	3,970,141	8,133,471	10,183,182	9,406,777
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	4,406,131	31,725,165	34,614,664	15,491,479
Acquisitions of Investment Property	-	-	-	-	-
Investing Cash Outflows	24,591,694	4,406,131	31,725,165	34,614,664	15,491,479
Net Cash Flow from Investing Activities	(24,591,694)	(4,406,131)	(31,725,165)	(34,614,664)	(15,491,479)
Cash Flow From Financing Activities					
<i>Cash was provided from:</i>					
Borrowings	18,070,520	7,876,816	24,020,330	24,727,606	8,415,133
Financing Cash Inflows	18,070,520	7,876,816	24,020,330	24,727,606	8,415,133
<i>Cash was applied to:</i>					
Repayment of Borrowings	463,471	7,448,512	298,511	298,251	1,377,976
Payment of Dividends	-	-	129,605	-	949,949
Financing Cash Outflows	463,471	7,448,512	428,116	298,251	2,327,925
Net Cash from Financing Activities	17,607,049	428,304	23,592,214	24,429,355	6,087,208
Net Increase/ (Decrease) in Cash, Cash Equivalents and Bank Overdrafts	(5,510)	(7,686)	520	(2,127)	2,506
Cash, Cash Equivalents and Bank Overdrafts at the Beginning of the Year	58,049	63,379	55,693	56,213	54,086
Cash, Cash Equivalents and Bank Overdrafts Year End	52,539	55,693	56,213	54,086	56,592

CAPITAL EXPENDITURE PROGRAMME

For the 12 months to 30 June

	<i>Jul 23 - Jun 24</i> <i>SOI</i>	<i>Jul 23 - Jun 24</i> <i>Forecast</i>	<i>Jul 24 - Jun 25</i> <i>SOI</i>	<i>Jul 25 - Jun 26</i> <i>SOI</i>	<i>Jul 26 - Jun 27</i> <i>SOI</i>
Capital Expenditure Programme					
Land	-	-	-	-	-
Buildings	500,000	467,293	515,000	-	-
Terminal Development	14,250,000	2,097,881	14,029,097	18,491,094	4,597,071
Infrastructure - Landside	1,280,000	931,635	2,715,000	250,000	975,000
Infrastructure - Airside	1,500,000	433,035	1,080,000	2,625,000	5,517,000
Plant & Equipment	180,000	215,000	475,000	650,000	100,000
Furniture and Fittings	40,000	30,000	40,000	40,000	40,000
Computers	25,000	98,115	85,000	25,000	25,000
Fire Appliances	20,000	27,930	20,000	20,000	20,000
Ruapehu Aero Park and Airport Dr development	4,729,496	290,181	11,792,480	5,509,291	640,000
Intangibles	-	-	-	-	-
Total Capital Expenditure	22,524,496	4,591,069	30,751,576	27,610,385	11,914,071

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, re-investment and dividend distributions.

In total \$70.3m 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 \$66 million by FY27.

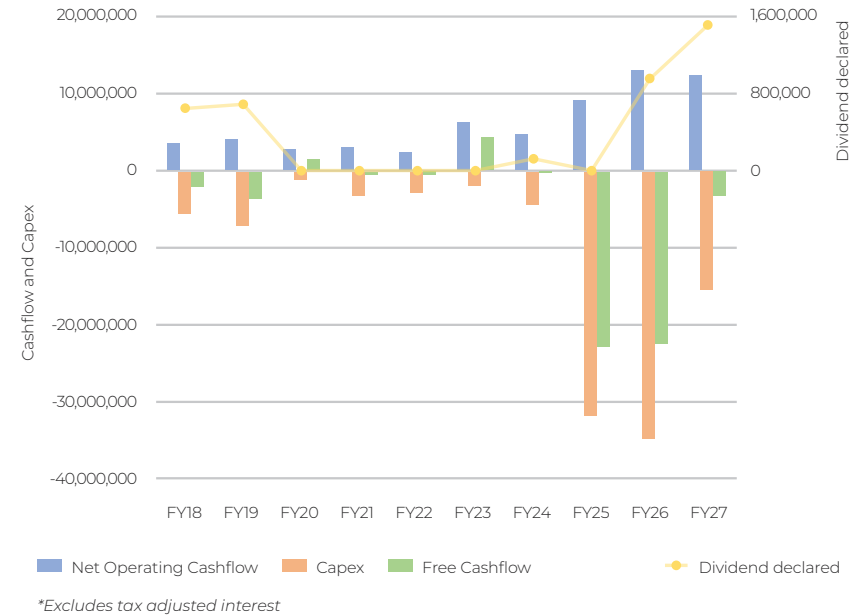
As outlined elsewhere in this SOI, PNAL is actively seeking to share the cost of the investment in Ruapehu Aeropark with like-minded partners, however given the debt level being managed a prudent focus on cashflow management remains as critical as it did during the Covid-19 pandemic and rebound period.

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.

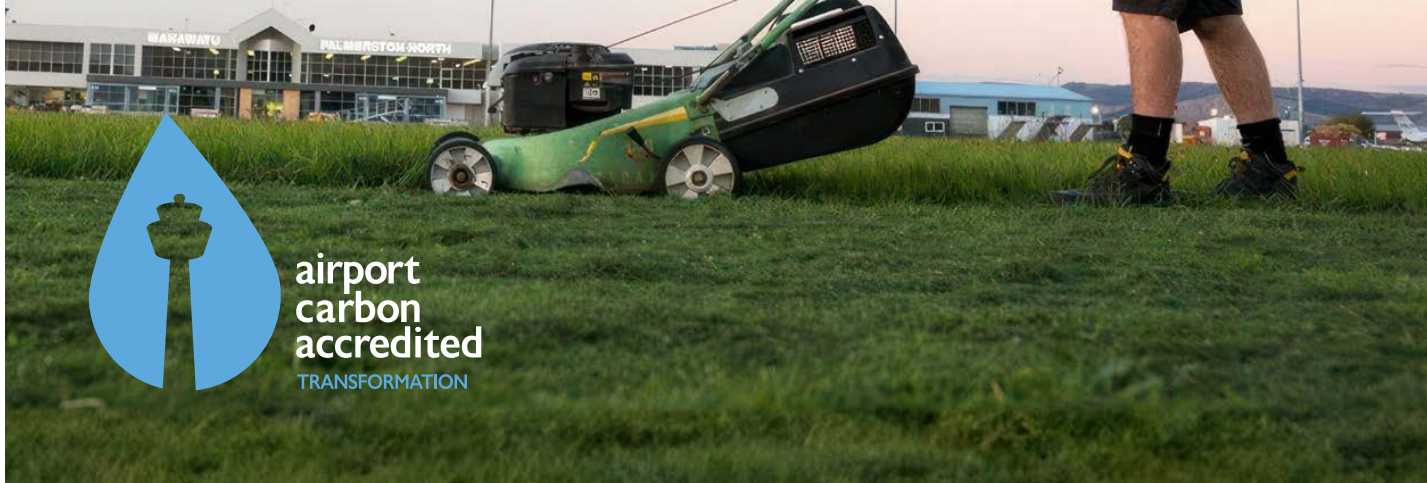
COMPENSATION SOUGHT FROM THE SHAREHOLDER

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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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

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.
-

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?	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 2: A Creative and Exciting City	
The recommendations contribute to the achievement of action/actions in City Shaping	
The action is:	
<ul style="list-style-type: none"> • The city centre contributes positively to the perception of Palmerston North. • Visible public life and pedestrian counts increase. 	
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

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.
-

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

ATTACHMENTS

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

Progress Update on Programme 1367 (City-wide - Street Light Infill)
as at 19 June 2024

Completed in 2023/24

Catlins Crescent
Jasper Place
Flygers Line
Dunk Place
Denver Place
Moa Street
Terry Crescent
Papawai Place
Pinedale Place
Paradise Place
Palliser Place

Future Considerations for Infill Lighting

Drayton Place	Marama Crescent
Lancaster Street	Russell Street (South)
Monowai Place	Battersea Place
Turakina Street	Weber Place
Otaki Place	Woodfield Avenue
Halswell Crescent	Sharon Place
Tiki Place	Rakino Place
Downing Street	Coronet Place
Admiral Place	Capri Place
Henley Court	Grant Place
Cecil Place	Paul Place
Waltham Court	Adrien Place
Matipo Street	Anaru Place
Argle Avenue	Squires Place
Aroha Street	Haast Place
Clausen Street	Otira Place
Seddon Street	Drake Street
Brett Place	Heath Place
Moana Street	Cavendish Crescent
Croxley Place	Hammond Place
Heatley Avenue	
Ranfurlly Street	
Roleston Street	
Seaton Court	
Tasman Place	
Rodeo Drive	
Fernwood place	
Hillgrove Place	
Parnell heights Drive	
Alpine Grove	
Branigan parade	
Rosalie Terrace	
Hind Place	
Waterloo Crescent	
Heathcote Place	
Clifton Terrace	
Nathan Place	
Just Place	
Manawaroa Street	
Graham Place	
Townshend Place	

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

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.**
-

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 275m² (a couple) through to 810m², with the average section size being 463m².
- 2.2 The development is being delivered through two stages:
 - Stage 1 – 79 sections; and
 - Stage 2 – The balance of 35 sections.
- 2.3 Construction of Stage 1 was completed in October 2022 with titles issued in December 2022.
- 2.4 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:

Stage 1	\$ (excl. GST)
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

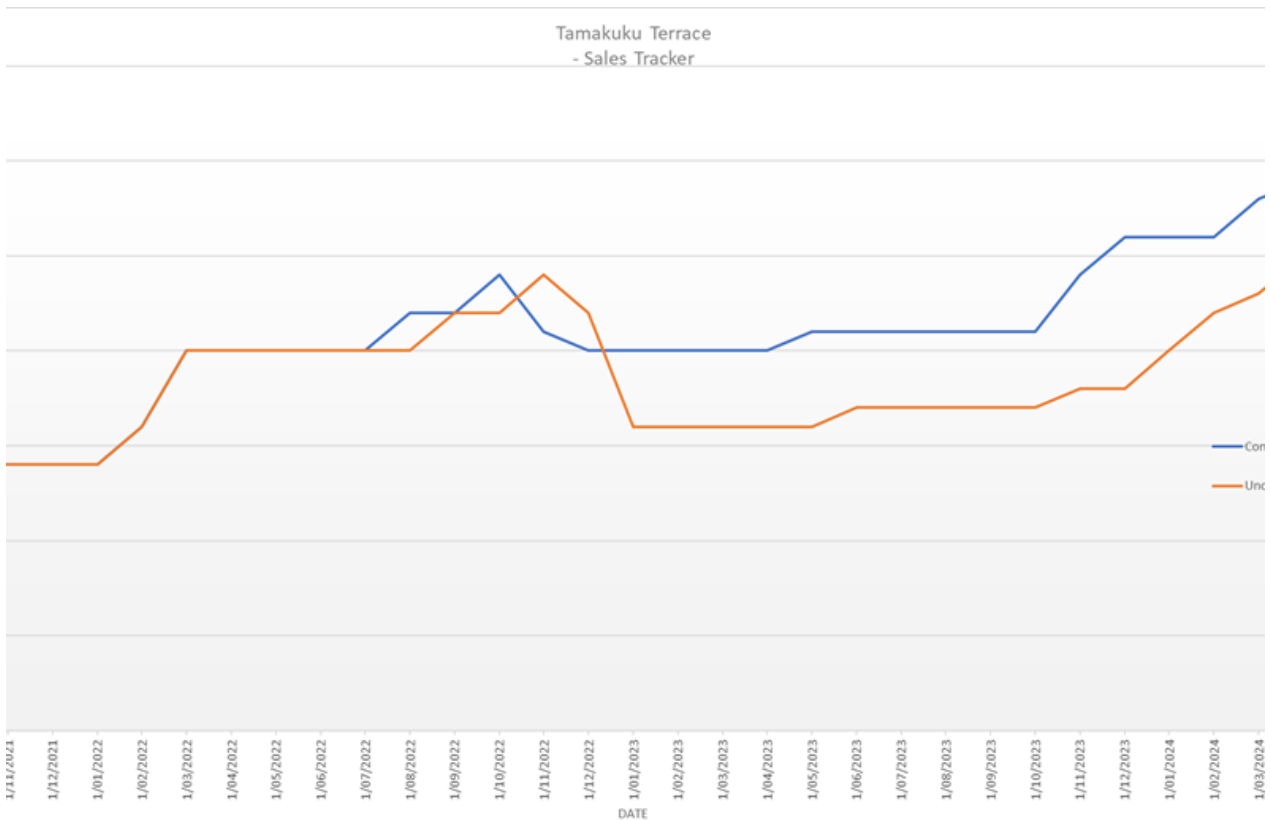
3.2 Please note: the forecasted revenue assumes all section sales are sold at their currently listed price.

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 20,000m³ 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?	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: 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"> • Provide additional sections to the marketplace to help reduce the supply vs. demand shortfall. • Provide choice to purchasers through a variety of section sizes and provide them the freedom to choose their preferred house builder. • Provide a best practice example to the private development community showcasing the opportunities and benefits of working closely with local iwi, urban designers, territorial authorities, and local experts to achieve excellent outcomes. • Support local contractors and the employment market.

ATTACHMENTS

- 1. Map of Sections  

Map of Sections as at 31 May 2024



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

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.
-

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 nationally¹. 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.

¹ 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?	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	

ATTACHMENTS






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

PALMY ECONOMIC GROWTH 2024



(as at June 2024)

	Palmerston North	New Zealand
GDP (Provisional) <small>YE Mar 2024 Source: Infometrics</small>	\$6,355m  -0.7%	+0.2%
Consumer Price Index (CPI) <small>YE Mar 2024 Source: Stats NZ</small>	4.0%	
Official Cash Rate (OCR) <small>May 2024 Source: RBNZ</small>	5.5%	






Business and jobs

Business counts <small>Mar 2024 (a) Source: Infometrics</small>	8,152  +0.7%	+1.3%
Non-residential construction investment <small>YE Mar 2024 Source: Stats NZ</small>	\$140.4m  -13.8%	-1.1%
Filled jobs (place of residence) <small>YE Mar 2024 Source: Stats NZ</small>	35,518  +1.0%	+2.0%
Filled jobs (workplace location) <small>As at Mar 2024 Source: Stats NZ</small>	45,619  -3.0%	+2.0%
Unemployment rate (average of four recent quarters) <small>As at Mar 2024 Source: Infometrics</small>	4.5%	4.0%
Change in MSD Jobseeker Benefits <small>Mar 2024 quarter Source: MSD</small>	+291  +10.6%	+11.6%



Earnings and Income

Annual Earnings <small>YE March 2024 Source: Stats NZ</small>	\$2.537b	 +9.3% Annual change	+8.6% Annual change
Median earnings from salaries and wages (excluding self-employment) <small>YE Mar 2023</small>	\$63,650	 +6.7% Annual change	+7.3% Annual change

Spending

Retail spending <small>YE Mar 2024</small>	\$1.501b	 +1.6%	+2.8%
New car registrations (annual) <small>As at Mar 2024 Source: Infometrics</small>	3,514	 +10.1	+7.5%
Commercial vehicle registrations (annual) <small>As at Mar 2024 Source: Infometrics</small>	1,004	 +13.6%	-0.2%
Tourism Electronic Card Spending <small>YE Mar 2024 Source: MBIE</small>	\$310.1m	 +1.8%	+5.5%
Guest nights (annual) <small>As at Feb 2024 Source: ADP</small>	433,300	 -5.7%	+11.5%

Housing

Average house value <small>April 2024 Source: Corelogic House Price Index</small>	\$653,223	 +2.5% Annual change	+0.5% Annual change (\$933,633)
Home ownership affordability <small>Mar 2024 Quarter Source: Infometrics</small>	5.2	(Ratio of average house value to estimated annual average household income)	7.0
Home rental affordability <small>Mar 2024 Quarter Source: Infometrics</small>	19.6%	(Percentage of average annualised rent to estimated annual average household income)	22.0%
New dwelling consents <small>YE Apr 2024 Source: Stats NZ</small>	405	 -8.6% Annual change	-23.0% Annual change

Notes: (a) Reflecting most recently available information as at June 2024



Palmerston North City Centre
Quarterly electronic card spending
(retail and selected tourism sectors)

March 2024

This report presents analysis of electronic card retail spending (i.e., 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 6 for location of precincts); and the 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 7).

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PRECINCT MAP	7
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Summary - March 2024

Palmerston North: City at a glance

- For the quarter ending March 2024, total electronic card spending was \$360 million, an increase of 0.9% from the same period the previous year. This compares with a 3.8% increase in spending across New Zealand (NZ).
- For the year ending March 2024, total electronic card spending was \$1.501 billion, an increase of 1.6% compared to the previous year. There is continued narrowing of the gap between the Palmerston North's year on year growth compared to New Zealand average of 2.8% - see graph on "Electronic Card Retail Spending Annual Change (%)" on page 3.
- The annual growth rate of retail spending is lower than the annual inflation rate of 4.0% for the March 2024 year. This indicates negative real growth in spending.

City Centre

- This quarter's electronic card retail spending in the city centre was \$200 million, up 1.0% from the March 2023 quarter. This compares with an increase of 3.8% nationally.
- Annual electronic retail spending in the city centre was \$840 million. This is 56.0% of total spending in the city.
- Annual retail spending in the city centre increased by a 2.2%, compared to a 1.6% increase for Palmerston North. This is below average growth of 2.8% across New Zealand.
- In the city centre, the annual growth in spending was supported by growth in travel and tourism related sectors.
 - "Fuel and automotive" (17%)
 - "Accommodation" (11%)
 - "Café, restaurants, bars and takeaways" (7%)
- In contrast, annual spending in "Arts, recreation and visitor transport" declined in February, with a decrease of 4% overall for the year ending March 2024. The previous decline in spending on "Arts, recreation and visitor transport" occurred during the Covid-19 pandemic.
- The top three retail sectors were "Groceries and liquor" (33%), "Home and recreational retail" (31%), and "Café, restaurants, bars and takeaways" (16%). Together they represented 80% of spending in the city centre. See pages 5 for breakdown by retail sectors.

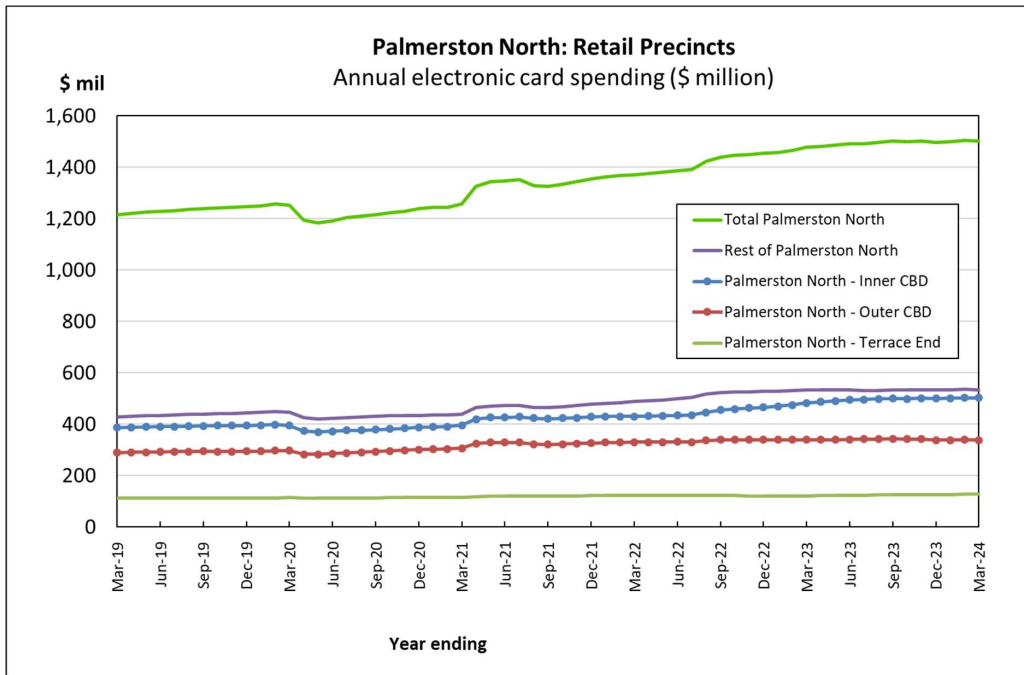
Retail Precincts

Retail Precincts	March 2024 quarter		Year ending March 2024		
	Value of spending (\$m)	Change from same quarter last year (%)	Value of spending (\$m)	Change from last year (%)	Precinct share (%)
Palmerston North CBD and Broadway Avenue	120	1.9%	502	4.0%	33.5%
Palmerston North Outer CBD	80	-0.3%	338	-0.5%	22.5%
Palmerston North City Centre*	200	1.0%	840	2.2%	56.0%
PNCC Terrace End	30	1.6%	127	4.5%	8.4%
Rest of Palmerston North	130	-0.7%	534	0.1%	35.6%
Total Palmerston North**	360	0.9%	1,501	1.6%	100.0%
Total New Zealand	19,636	3.8%	78,294	2.8%	

*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 10 for location of the precincts.*

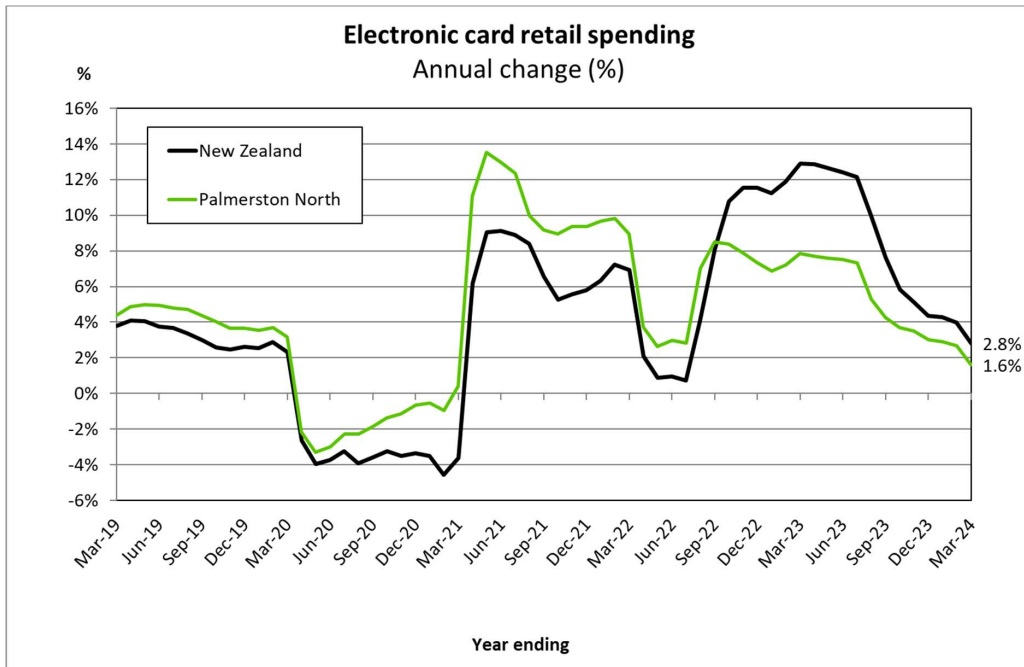
The annual growth rate of retail spending in Palmerston North for the year ending March 2024 was 1.6%, lower than the NZ annual growth rate of 2.8%, and the annual inflation rate of 4.0%. This indicates negative real growth at the city level. At precinct level, the CBD and Broadway Avenue (inner business zone) precinct achieved annual growth rate of 4.0%, while the Outer CBD district contracted by 0.5%. The time series of annual spending of Palmerston North and its precincts are shown on the next page.

Time series: Annual Electronic Card Spending (March 2019 – March 2024)



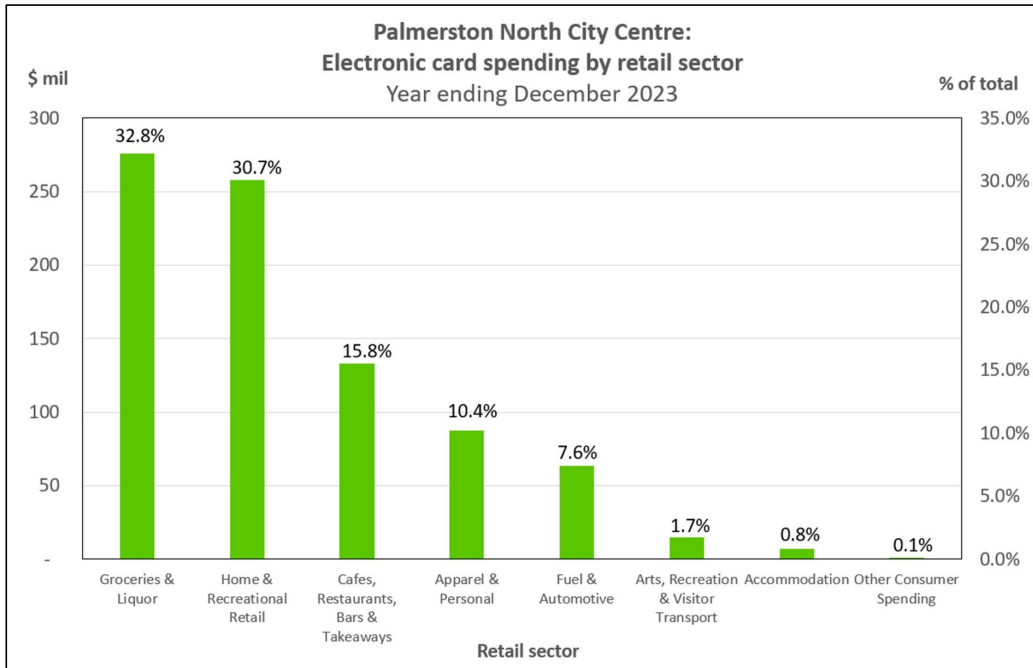
The time series below shows the annual change in electronic card spending (March 2019 – March 2024) for Palmerston North and New Zealand. The annual growth rate for New Zealand increased above Palmerston North from October 2022. Both have been falling since April 2023.

Time series: Annual Change (March 2019 – March 2024)



Retail sectors

The top three retail sectors in the city centre were “Groceries and liquor” (33%), “Home and recreational retail” (31%), and “Café, restaurants, bars and takeaways” (16%). Together they represented 80% of retail electronic card spending.



In the city centre, the annual growth in spending was supported by growth in retail sectors related to travel and tourism: -

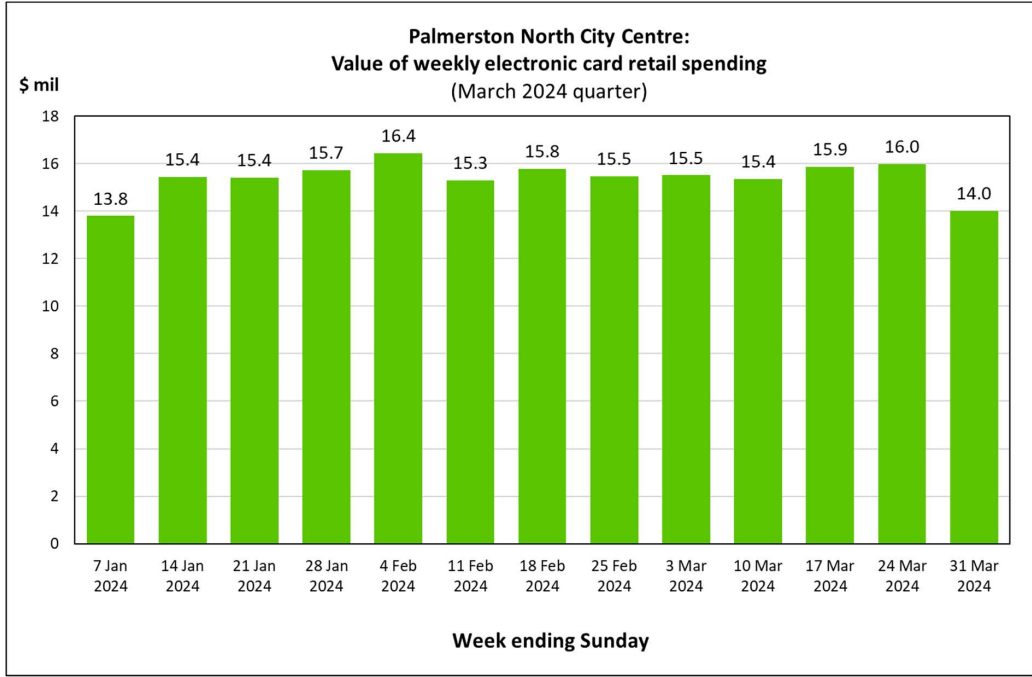
- “Fuel and automotive” (17%)
- “Accommodation” (11%)
- “Café, restaurants, bars and takeaways” (7%)

In contrast, there has been a recent decline in annual spending in “Arts, recreation and visitor transport” since the Covid-19 pandemic. This was observed in February, and by March 2024, the annual decline in spending on ‘Arts, recreation and visitor transport’ was 4%.

Retail sectors	Year ending March 2024						Palmerston North City Centre share of NZ
	City Centre		Palmerston North		New Zealand		
	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	10.6%	25	2.7%	1,842	-1.2%	0.36
Apparel & personal	88	2.4%	102	0.8%	4,539	-1.0%	1.90
Arts, recreation & visitor transport	15	-3.7%	27	-3.7%	2,296	1.6%	0.65
Cafes, restaurants, bars & takeaways	133	6.6%	198	5.4%	11,631	5.0%	1.15
Fuel & automotive	64	17.0%	256	0.9%	13,064	0.2%	0.47
Groceries & liquor	276	10.6%	522	8.6%	28,036	8.9%	0.98
Home & recreational retail	258	-10.0%	367	-7.6%	16,513	-4.2%	1.63
Other consumer spending	1	27.5%	3	-8.7%	371	3.5%	0.12
Total	840	2.2%	1501	1.6%	78,294	2.8%	1.09

Palmerston North: Weekly spending

Weekly spending in the City Centre this quarter ranged between \$13.8 to \$16.4 million, with an average spend of \$15.4 million per week. The lowest weekly spend in this quarter usually falls on the first week of the year. This year is no different.



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

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

Zoological & botanical gardens operation
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)

Antique & used goods retailing
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

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.
	19 Jun 2024	Annual Plan – International Relations Activity	Chief Planning Officer	Presented at Council 5 Jun 2024	Council 6 Dec 2023 Clause 203-23
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	18 Sep 2024 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.
					2024 Clause 18-24
13	20 Nov 2024	Featherston Street – report back on functionality of road	Chief Infrastructure Officer		Council 5 June 2024 Clause 98-24
14	20 Nov 2024	Featherston Street – concept design options – shared walkway/ non-separated cycleway	Chief Infrastructure Officer		Council 5 June 2024 Clause 98-24