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Palmerston North

SMALL CITY BENEFITS, BIG CITY AMBITION

2018

Te Kaunihera o Papaioea
Palmerston North City Council



Vision

PALMERSTON NORTH 2028

Palmerston North is the heart of the Manawatū region within central New Zealand.

We are a small city with a lot to offer, and we're ambitious about where we're going.

Palmerston North 2028 has been informed by our communities and is a statement of the future we want for our city. This document identifies the vision and strategic goals for Palmerston North from now to 2028.



Palmerston North

SMALL CITY BENEFITS, BIG CITY AMBITION

Palmerston North celebrates its small city advantages – great quality of life, strong community and easy, affordable access to services. We are a city that embraces our people and the Rangitāne o Manawatū iwi heritage and diversity, offering vibrancy and big city excitement without the hassle and cost. We are arty, with a creative spirit, and a healthy and active city with excellent options for sports and recreation.

We take seriously our responsibility to manage and renew for the future the city infrastructure our community relies on for its health and wellbeing.

As the economic and cultural centre of our region, we are ambitious, innovative and agile, and quickly adapt to change in order to create prosperity. We are connected and use the talents of our whole community to work as one team. We are a future-focused city that enhances its environment and ensures growth is sustainable.

To fulfil the vision of *small city benefits, big city ambition* the Council has adopted five goals.

Alongside the City Development Strategy, this strategy has been developed to achieve

Goal 1: An innovative and growing city.

We are a future-focused city





Goal 1: An innovative and growing city

Our aspiration

A city that is clever about the way it uses its natural advantages to encourage and support innovation, entrepreneurship and new industries, and positions itself to take advantage of change to fuel sustainable growth, prosperity and wellbeing.

Our goals

We will drive entrepreneurship and innovation by providing the support, infrastructure, opportunities and conditions to enable traditional sectors to diversify and expand, and new industries and new economies to grow to create the employment opportunities that sustain and expand our city's future. Palmerston North will stand out by transforming its economy to a low carbon economy, backed up by an action plan.

Our approach

The nature of work is changing rapidly and many jobs that exist today will be replaced by different types of work in the future. New jobs are anticipated in research, development, and creative industries and we must be positioned for this.

We have a lot of clever people in Palmerston North and we can build on this - innovation breeds innovation. As our traditional industries evolve and new industries emerge, we must create an innovation eco-system that extends our strengths of research, education and development, supports our entrepreneurs and innovators, and attracts new industries.

To do this, we must foster entrepreneurs and enterprises small and large, helping them to compete in local, national and global markets by ensuring the infrastructure and programmes are in place to support their success. We also must develop new ways to gather and share information to grow our city's knowledge sector.

Target: 12,000 more Palmerston North jobs by 2028



1. Introduction

The expansion of Palmerston North's labour market area has slowed population growth in the city's urban area and employment growth in some sectors of the economy. Palmerston North is the major economic hub for the Manawatū–Whanganui region for education, health services, retailing, business services such as banking and finance, insurance, and professional services, government administration, agribusiness and logistics.

The city's growing economic influence within the region is demonstrated by the number of people commuting to work in Palmerston North from surrounding local authority areas, and the expansion of the city's labour market region over the past 25 years. With 34% of the regional population, Palmerston North has 48% of jobs and 49% of earnings for the region. However, the expansion of the Palmerston North labour market area has contributed to slower population growth within the city's urban area, and also led to slow employment growth in some sectors of the city's economy.

The Central Economic Development Agency (CEDA) was established by Council and Manawatū District Council in 2016 to help build the region's economic wealth. CEDA will be responsible for many of the activities developed under Council's Economic Development Strategy, which sets an ambitious agenda for key priority areas. The Council will focus on maximising opportunities for young people to develop the skills they need for the changing jobs market. It will also maintain a diverse economy that can withstand changes to national and international markets. It wants to make sure efforts to grow the economy are focused on the future, make the most of new technologies, and promote careful environmental stewardship.

To make the best use of the city's talents and resources and allow it to fulfil its potential, Council will strengthen regional,

national and international connections to key markets. Council's goal is to build on the city's strengths and create new ones to ensure it has the strong, diverse and sustainable city economy that is fundamental to Palmerston North's future. Increasing economic wellbeing will depend on Council and CEDA working with businesses, support agencies, central government and other local authorities. Success will be measured by the increase in employment and wealth, and in the improved quality of life and prosperity of people in the city.

Palmerston North Airport Ltd, a council-controlled trading organisation, operates a key gateway for people and freight moving to and from the city and wider region. Its strategic objectives include growing passenger numbers and air freight activity using the airport. The Palmerston North Conference and Function Centre provides the capacity for the city to host large business events, increasing visitor expenditure from conference delegates.



2. Priorities

PRIORITY 1: CREATE AND ENABLE OPPORTUNITIES FOR EMPLOYMENT AND GROWTH

Skill development is critical for improving competitiveness and productivity. Skilled workers are more readily employed, and once at work, are more productive and can take on more sophisticated tasks. Low rates of participation in work are often characterised by other disadvantages in addition to low skills levels. For example, people on low incomes, single parents, people from ethnic minorities, people with disabilities, older workers, and former prisoners may face barriers to participating in the labour market and have a higher risk of remaining out of work.

Council wants to ensure that young people can move readily from school to work and training, and that an increasing proportion of school leavers and tertiary education graduates can find appropriate work in Palmerston North. It will achieve these goals by supporting initiatives that directly address barriers preventing people from participating in the workforce. For example, Council wants a strong partnership between CEDA and Talent Central that directly addresses the barriers faced by young people, so they are ready to take up new opportunities in the skilled workforce.

The Digital Journey report completed in 2016 shows that some Palmerston North businesses and other organisations need help to develop the skills and capability to grow and thrive in the future. Many others are already competent in digital business and able to compete with national and international competition.

Council wants to encourage employers to increase their focus on skills development and training for their employees. Skills training for business owners, including tools for participating in the digital world, will also improve productivity and overall economic growth. Council wants to move towards a model where businesses can access the advice and support they need, through a co-ordinated, centralised hub in the CBD.

By supporting local businesses and industries to grow and develop, Council will encourage new opportunities to attract investment to Palmerston North and the Manawātū region. Council's goal is to work in partnership with Manawātū District Council, CEDA, and Spearhead Manawātū to attract strategically important business to invest here, and in turn, to provide new partners with the services and support they need to thrive.

PRIORITY 2: PROVIDE INFRASTRUCTURE TO ENABLE GROWTH AND A TRANSPORT SYSTEM THAT LINKS PEOPLE AND OPPORTUNITIES

Council's goal is to support the growth of road, rail and air travel, and public and active transport options, to efficiently move people to where they need to be. The City Development Strategy sets out Council's commitment to delivering infrastructure in an integrated way that is efficient and focused on the future needs of the growing city. Increasing connectivity is also a key factor in Palmerston North's future prosperity.

The Regional Growth Study, commissioned by the Government in consultation with Horizons and the district and city councils in 2015, identified opportunities to help realise the region's economic potential. Accelerate 25 is a joint initiative of local and central government, business and iwi that will work towards achieving economic growth in the region. This includes focusing on distribution and transport connections, to make it easier to get business done. Completing the regional freight ring road will reduce car and heavy vehicle transport flows in the main urban area and improve links to national and international markets.

Improved air service options and connectivity for passengers and freight will benefit the region, by improving economic viability for businesses in the city and wider region, increasing tourism expenditure and boosting the city's image. Airfreight volumes to and from the city continue to grow, enhanced by the introduction of Boeing Jet freighter services in the second half of 2016. Greater competition resulted in a significant increase in air service passenger volumes between Palmerston North and Auckland. Increased competition on the Palmerston North to Christchurch route, already an important link for visitors to and from the South Island, offers further potential.

Anticipated rises in fuel prices will create both opportunities and challenges for the economy. Higher prices for petrol and diesel are likely to motivate gradual but sustained shifts in travel and land use patterns, characterised by a rise in alternative transport, changes in fuel types, and denser patterns of land use. Despite significant declines in the volume of raw milk transported out of the region between 2012 and 2016, regional freight volumes remained at 1.7 million net tonnes between 2012 and 2016. Further improvements in rail and roading infrastructure are needed to provide better connectivity to the expanding North-East industrial zone and Longburn inland port.

Council wants to improve regional transport links, to optimise links between the city, the region and wider markets. It will support and enable local initiatives, such as development of the FoodHQ campus, and improvements to the city and regional bus service, as well as look for other opportunities to support better regional connections. Council wants to continue building connections to make it easier for people and businesses to get to where they need to be.

PRIORITY 3: DIVERSIFY THE ECONOMY TO REDUCE RELIANCE ON TRADITIONAL INDUSTRIES

Council has identified six priority sectors that will help determine the city's future economic wellbeing: healthcare and social services; logistics; education; tourism and visitor activity; research (including a focus on agritech); and government administration and defence. These include sectors experiencing strong growth at a national level, as well as sectors where there is faster growth at a city or regional level than is experienced nationally. Council's goal is to support these sectors and help them grow. For example, CEDA has an important role in developing new activities or events of national significance to enhance how Palmerston North is perceived. This work includes events to improve the visibility and recognition of food innovation and other key economic sectors in the city, across New Zealand, and internationally. As well as these events benefiting the local community, they will enhance the reputation of Palmerston North and attract visitors.

Many of the priority sectors have a strong international correlation, and Council's goal is to refocus and strengthen the city's international partnerships, including Sister Cities, to support these emerging sectors and encourage investment, students and visitors to the city. International education currently contributes \$68 million to the city economy. While other parts of New Zealand have recently experienced growth

in international student numbers, Palmerston North's share has remained reasonably static. CEDA has a lead role in helping develop the region's international education sector, following the establishment of a leadership group in 2014.

The range of these growth sectors shows that Palmerston North already has a significantly diversified economy and is not

overly dependent on any one industry. This is a strong starting point for future growth. Council's goal is to build on the already diversified economy and develop new growth sectors by capitalising on the city's strengths. The city's natural advantages include its central location in the North Island, the availability of key infrastructure (for example, the road and rail hub and the

airport's 24-hour freight operations are key factors in the growth of the city's logistics sector), the highly qualified workforce, and the relative affordability of land. These advantages form a basis for Palmerston North's case for regional, national and international investment and partnerships.

PRIORITY 4: SUPPORT AN 'INNOVATION ECONOMY' TO UNDERPIN GROWTH INTO THE FUTURE

Council wants to have an innovation economy in Palmerston North that extends the significant research and education environment provided by Massey University, Fonterra Research Centre, and several Crown Research Institutes. An innovation economy enables and promotes the development and use of new or better products or services. Commitment to developing technology and innovation capabilities is crucial for businesses to maintain a competitive edge and to improve the cost-effectiveness of all organisations. Some organisations derive their competitive advantage directly through technological innovation. For others, technology plays a supporting role in key operational activities.

As well as skills in research and development, engineering, and market research, innovation needs an atmosphere in which people can be creative. It requires a high degree of employee involvement, openness to ideas, team-based improvement initiatives, understanding that innovation requires risk taking, and a tolerance for failure.

Council wants to build on the opportunity provided by Building Clever Companies (BCC), located at Massey University. This centralised innovation hub provides specialist business development for agriculture, agritech and agrifood start-ups,

as well as working alongside people to mentor and build entrepreneurial skills. Council's goal is to directly contribute to programmes to build business capacity, skill development, a global perspective, and an environment in which innovation can flourish. To achieve this, it will explore strategic international city partnerships that support shared research interests and strengths (such as Wageningen in the Netherlands), and promote opportunities for cross-border innovation.

PRIORITY 5: TRANSFORM THE ECONOMY TO A LOW CARBON ECONOMY

Council is committed to helping meet the national goal of achieving a 30% reduction in greenhouse gas emissions (below 2005 levels) by 2030, both as a large city organisation, and as a supporter and enabler of other businesses. One way it will work to achieve a low carbon environment will involve significant changes to the transport sector. At least 58% of the city's greenhouse gas emissions are currently estimated to come from petrol and diesel consumption.

Council will help businesses in the priority sectors work more efficiently, and to transition to low carbon technologies throughout their operations. Moving to a sustainable low carbon economy will require innovation and increasing the use of a range of low carbon technologies by individuals and businesses. One way of doing this is to improve access to ultra-fast broadband, which will boost business efficiency and enable more home-based working, thereby reducing the need for people to travel to work. Council will also encourage the growth

of new sectors that embrace new technologies and contribute to reducing greenhouse gas emissions. The Sustainable Practices Plan (under the Eco City Strategy) will determine the actions needed to achieve these changes.

3. Strategic themes

Council has identified four themes that will be strongly reflected in all of the plans developed to deliver on the strategies:

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SMART CITY PRACTICES

- Support access to digital technology and innovative business practices to support stronger economic growth and higher incomes.



SUSTAINABLE PRACTICES

- Support innovation, waste reduction, and the increased use of a range of low carbon technologies by individuals and businesses.



IWI PARTNERSHIPS

- Work closely with regional iwi/Māori to identify opportunities to unlock the potential of local iwi businesses and investment.



STRATEGIC PARTNERSHIPS

- Work with regional local authorities and economic development agencies to achieve the best outcomes for the region.
- Develop strategic international city partnerships to provide mutual benefits to the priority economic sectors.
- Work with Accelerate 25 to progress the strategic transport links for the region.
- Support Te Pae Tawhiti, the Manawatū–Whanganui Māori Economic Development Strategy.

4. Plans

Plans to deliver on the Eco City Strategy:

- The **Economic Development Plan** will determine Council’s role in supporting skills development, and the development and support of priority sectors. It will guide actions to support tourism and determine how Council will build on the city’s natural advantages to encourage inward investment in both new and growing sectors.
- The **International Relations Plan** will guide the direction of Council’s international relationships and encourage international partners to participate in the local and regional economy.



5. Success measures

Each of the three-year plans will have specific measures for each action specified. This strategy will also be monitored, so Council can see what progress is being made towards the goal of an innovative and growing city. Council will monitor a set of measures to gauge the strategy outcomes:

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| Number of jobs | Ratio of house price to median household income in Palmerston North |
| Median salaries and wages | Number and type of new houses |
| Total earnings (salaries, wages and self-employment income) | Location of new rural subdivisions |
| Growth rate for median salaries and wages | Housing density |
| People registered for MSD job seekers benefit | Business and housing land supply |
| Labour force participation | Number of international students |
| Employment in key sectors | Number of heritage buildings retained and strengthened |
| Change in percentage of school leavers with NCEA Level 2 or higher | Building occupancy in the city centre |
| GDP | Annual rail freight volume for Manawatū-Wanganui region |
| Ratio of rent to median household income in Palmerston North | Domestic and international visitor spending |
| | Digital maturity of businesses |





Palmerston North City Council

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