

Economic Development Plan

Palmerston North

SMALL CITY BENEFITS, BIG CITY AMBITION

2018/21

Te Kaunihera o Papaioea
Palmerston North City Council



To fulfil the vision of small city benefits, big city ambition the Council has adopted five goals. The Economic Development Strategy was developed to achieve **Goal 1: an innovative and growing city**, and this plan shows how the Council will contribute to achieving this goal.

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.



The purpose of the Economic Development Plan is to create and enable opportunities for employment and growth, diversify the economy so that we are not so reliant on our traditional industries, support an 'innovation economy' to underpin growth into the future, and transform the economy to a low carbon economy (Priorities 1,3,4 and 5 Economic Development Strategy).

Actions to achieve this purpose are not solely the responsibility of CEDA, as the Council will also play a significant role in implementing this plan.



Where we are now



- The rate of growth in the number of jobs in Palmerston North has generally been weaker than the national trend over the last eight years.
- Median annual salaries and wages in the City are increasing ahead of the national trend but are below the median for New Zealand.
- Per capita GDP in Palmerston North is increasing more slowly than the national trend and is below the average for New Zealand.
- Palmerston North is a significant visitor destination but visitor spending in the City is increasing more slowly than the national trend.
- Visitor spending comes mostly from the domestic visitor sector.
- Palmerston North has a significant share of North Island and national secondary school sports events.
- Many Palmerston North businesses and other organisations are capable participants in the digital business environment.
- There is an increased focus on developing strategic international partnerships.
- CEDA was established to drive and facilitate the creation and growth of economic wealth of the Manawatū region and began operating on 1 September 2016.
- Palmerston North Holiday Park provides a range of accommodation options for visitors.
- The Conference and Function Centre provides facilities for large business events.

Where we want to be



- Average annual employment growth of 1.9% (increase of 12,000 jobs by 2028).
- There are fewer barriers to participation in the workforce.
- Businesses in the region have the skills to participate in the digital business environment.
- New businesses are supported.
- There is inward investment and new businesses move into the region.
- New low-carbon technology businesses are supported in the region.
- The priority sectors are growing.
- Emerging sectors in the region are supported.
- Māori business engagements increase and deliver stronger business growth.
- GDP growth is at or above the national average.
- Growth in median salaries and wages in the city continues to be higher than the growth rate for New Zealand.
- Businesses have access to the skilled workforce they need to grow.
- People say they are proud to live in the Manawatū region.
- There are more international students in the region.
- An active international relationships model achieves better economic outcomes for the city through increased investment, exports, and visitors.
- Existing businesses have the information they need to transition to low-carbon technologies.
- CEDA is delivering on Council's strategies.

How we're going to get there

Day to day / ongoing actions to achieve the purpose

- Reduce barriers to business investment and development, particularly in priority sectors.

- Deliver skill development and business growth programmes funded by central government:
 - Callaghan Innovation R&D grants through Regional Business Partner Network
 - Capability Development co-funding issued to businesses
 - Business Mentor Programme matches
 - Start-up 1:1 incubation and “Angel Investment” through the BCC.
- Attract investment expansion and new businesses.
- Engagement with Māori businesses to support business growth.
- Provide pathways for entrepreneurs and innovative start-ups to grow into successful businesses.
- Coordinate education sector delivery of information, advice, programmes and initiatives to attract more international students.
- Deliver Sort it Careers Expo.
- Support the development of Food HQ.
- Implement partnership agreement with MBIE/Immigration New Zealand to attract and retain skilled migrants.
- Promote the Palmerston North lifestyle to support the attraction of people to work, study and invest in the City.
- Provide promotion and information services to visitors.
- Provide and maintain the Palmerston North Holiday Park.
- Operate or lease out the Palmerston North Conference and Function Centre.
- Sister Cities and other international relationships support investment in and growth opportunities for priority sectors.

New ongoing actions to achieve the purpose

- Implement the labour market strategy and sector growth strategies.
- Support and continue to part-fund the BCC, the City’s innovation centre, and lead the development of an innovation hub.

Specific programmes to achieve the purpose (with timeframe)

- Develop business and innovation hub establishment strategy (by end of 2018/19).
 - Develop a Labour Market Strategy for the region (by end of 2018/19).
 - Undertake sector-specific surveys to identify barriers to and opportunities for growth in priority sectors [timeframe yet to be determined with CEDA]
 - distribution and logistics
 - research / agri (food, business, land, horticulture)
 - government administration
 - defence
 - healthcare and social services
 - tourism and visitor activity
 - education and training
 - IT / Tech, Digital and Agri-Tech
 - Develop growth strategies for priority sectors [time frame to be determined with CEDA].
 - Review options for the operation of the Palmerston North Holiday Park (by end of 2019/2020).
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Actions contributing to council's strategic themes



a) Smart city practices

- Support access to digital technology and innovative business practices through the business growth programmes.

b) Sustainable practices

- Support innovation, waste reduction, and the increased use of a range of low carbon technologies by individuals and businesses.
- Encourage increased business support for the restoration of waterways in the City and wider region.

c) Iwi partnerships

- Work closely with Rangitāne o Manawatū/Māori to identify opportunities to unlock the potential of local iwi businesses, workforce and investment.

d) Strategic partnerships

- Work with local authorities and economic development agencies in the Manawatū-Whanganui region.
- Develop strategic international city partnerships.
- Work with Accelerate25.
- Strengthen relationships with BCC, Talent Central, Spearhead, Palmerston North Airport Ltd and business organisations, such as the Manawatū Chamber of Commerce.
- Support Te Pae Tawhiti, the Mānawatu-Whanganui Māori Economic Development Strategy.
- Develop sponsorships for opportunities where Council can identify economic benefit.

Measures of success



- More businesses relocated to the region/ city
- Number of new businesses that employ staff that survive more than three years
- CEDA and other contracted organisations achieve the agreed objectives established in the statement of intent and contract
- Amount of investment in the region/ city
- Number of businesses scaling up in the region from BCC incubation and value of Callaghan Innovations grants approved

Related policies



- CEDA Statement of Intent
- CEDA Letter of Expectations
- Sport Manawatū contract
- BCC contract
- Class 4 Gambling Venues Policy
- NZ Racing Board Venue Policy
- Local Approved Products Policy
- Spearhead contract

Long-term Plan levels of service

Council funds external organisations to create and enable opportunities for employment and growth in line with Council's strategies.

Long-term Plan KPIs

Funding is distributed and the contract deliverables achieved with the funding will be described.

Actions, and contributing programmes, considered but not funded in this plan

- I-site – provision for increased opening hours.





Palmerston North City Council

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