

CEDA

CENTRAL ECONOMIC
DEVELOPMENT AGENCY

Cafe & STORE

OPEN

Statement of Intent

For the year ending
30 June 2019

30 June 2018



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Company Directory

Central Economic Development Agency Limited Ltd

Level 1, 478 Main Street
Palmerston North 4410

☎ 06 350 1830
🖱 www.ceda.nz

Chief Executive

Linda Stewart

Directors

Malcolm Bailey (Chairperson)
Shamubeel Eaqub
Susan Foley
John Fowke
Lucy Griffiths
Blair O'Keeffe

Registered Office

Morrison Creed Advisory
Cnr Victoria Ave & Main St, Palmerston North

Bankers

Westpac New Zealand Ltd

Auditors

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

Foreword

This Statement of Intent (SOI) sets out the Central Economic Development Agency Limited's (CEDA) strategic framework, activities and performance outlook in order to deliver on our role of driving and facilitating the creation and growth of economic wealth for Manawatu and beyond.

CEDA's first full year of operation in 2017/18 saw us focus on building the internal capability, capacity, systems and processes needed to position us as a progressive and innovative economic growth agency with a deep passion for the prospects of our region. The team concentrated on achieving excellence in their 'business as usual' functions, and setting the platform for future growth and transformational projects for Palmerston North and Manawatu.

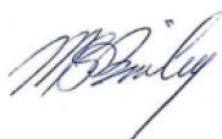
We have been fortunate to secure the international expertise of McKinsey's. This work has enabled us to identify and prioritise the projects that we believe will make the most significant impact to our long-term growth and prosperity. These strategic projects will require a long term view. They will require regional as well as national partnerships, and they will need unwavering focus if we are to fully realise the potential and opportunity that they present.

This SOI outlines our work programmes for the year ahead; building on our 2017/18 achievements, beginning our long term strategic projects, yet still providing enough freedom to take advantage of new opportunities and meet new challenges.

To do this requires investment. Our financial forecasts for the next three years show a budgeted deficit which is due to increased spend in these significant growth projects, and in our regional identity development. This deficit will be covered by funds on hand from previous surplus and retained earnings.

The nature of economic development requires strategic thinking, long term focus and collaboration - which will be our priority over the coming year.

CEDA acknowledges the ongoing support of PNCC and MDC, and partnerships with key stakeholders in the region including Massey, UCOL, Manawatu Chamber of Commerce, BCC, and local Iwi in achieving successful outcomes for the region.



Malcolm Bailey
Chairperson

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 letter of expectation comments into consideration and includes performance measures and targets as the basis of organisational accountability. See Appendices for the 2018-19 Letter of Expectation.

The Central Economic Development Agency (CEDA) has been fully operating since 1 September 2016 with the purchase of Vision Manawatu and Destination Manawatu. CEDA is a Council controlled organisation jointly owned by the Palmerston North City Council and the Manawatu District Council.



About CEDA

CEDA's Purpose

To drive and facilitate the creation and growth of economic wealth for Manawatu 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 Manawatu 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 up to seven (currently six) independent directors is responsible for the strategic direction and control of CEDA's activities.

The Board guides and monitors the business and affairs of CEDA, in accordance with the Companies Act 1993, the Local Government Act 2002, the Company's Constitution and this Statement of Intent.

The Board's approach to governance is to adopt "good practice" with respect to:

- the operation and performance of the Board
- managing the relationship with the Chief Executive
- being accountable to all shareholders and reporting to the Joint Strategic Planning Committee of Manawatu District Council and Palmerston North City Council

The Chief Executive Officer is responsible for the day-to-day operations of CEDA, engaging and oversight of staff and reporting to the directors on performance against CEDA's objectives.



Our Vision

Manawatu 2025; New Zealand's most progressive region

Our vision is bold and purposefully so, it encompasses the ambitions of both our shareholder Councils. It requires our region to move from comfortable to aspirational, from reactive to determined, and to move with an increased cadence and sense of resolve. We believe that Palmerston North and Manawatu have the leadership and the ingredients to reposition itself on the national stage - a flourishing and evolving region that will be first choice for lifestyle and success.

Four key indicators that we are on our way to achieving this vision are:

- Our regional story is embraced, promoted and stated proudly by residents, businesses and visitors
- We are the renowned central hub for agribusiness
- We are growing sustainably
- Innovation is part of the fabric of our community and culture, and it's celebrated

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

Our Strategic Objectives

Powering our progress; achieving the vision

CEDA works across three strategic pillars of economic development; People, Place and Business. Our key 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 and Manawatu.



These key objectives guide the development of the short and medium-term programmes of work for CEDA as articulated through this Statement of Intent for 2018/19.

When considering how to prioritise our efforts, and based on our current resources and functions, CEDA focuses on programmes and activities that offer the greatest opportunities for economic growth. These are identified through research, monitored and reviewed using the latest data, and viewed through a regional, national and international lens.



What We Do



Grow and Retain Education and Talent

Key to cultivating a competitive and innovative economy are our people; developing and growing our talent pool with the right skills, knowledge and expertise, and increasing the number of international students and their employability.

Talent and Skills

Building on our regional talent and skills action plan, we will partner with priority sectors, Talent Central and central government to deliver specific programmes to address regional skills shortages. We will continue to connect and inspire young people on the career opportunities that lie within our priority sectors through key events such as the Sort It Careers Expo, and through sector specific public relations campaigns. Through our regional partnership agreement with MBIE, we will deliver campaigns in key domestic and international markets to attract sector specific talent and skills.

International Education Market Development

Through implementation of the Regional International Education Strategy 2016-2020, CEDA supports the region's schools and tertiary providers to increase the number of international students studying here. In partnership with Education New Zealand CEDA will drive collaborative activities in the priority target market of China and identify other potential markets for development. CEDA provides marketing and communications support to help institutions tell the regional story.

Student Experience

To further enhance the desirability of Palmerston North and Manawatu as a study destination, CEDA works alongside education institutions, PNCC and other key stakeholders to identify opportunities to help integrate international students into the local community.

Student Employability and Pathways to Employment

In partnership with Talent Central, the Manawatu Chamber of Commerce and MBIE, we will identify regional skills gaps, help international tertiary students become more employable and identify opportunities for increased pathways into local employment.

Alumni Programme

Internationally there are many influential and highly successful leaders that were grown right here in Manawatu. From business and academia through to sports and arts, these are highly influential ambassadors for our region. CEDA will lead the development of a global network of these leaders, establishing a strong base of Manawatu ambassadors that we, as a region, can partner with to reignite their connection with Manawatu, identifying community initiatives and developing regional investment opportunities for them to engage in.

Build the Reputation and Experience

Building the reputation and experience of our region goes far beyond increasing visitor nights and their direct economic impact. A vibrant region that is welcoming to visitors also attracts new residents, businesses and investment, students and major events.

Regional Identity Strategy

A cohesive regional identity can act as a springboard for destination marketing while building national and international awareness of who we are as a region, what we offer and what our unique value proposition is. Through extensive research and collaboration with our shareholders, CEDA will deliver a cohesive regional identity that will enable us to showcase the region to visitors, and to potential new residents through our talent attraction work.

Destination Marketing

In our role as the Regional Tourism Organisation for Manawatu, CEDA works with key national organisations including Tourism New Zealand, NZ Motor Caravan Association, Air New Zealand and more to ensure we're maximising our relationships and opportunities as a region while establishing Manawatu as a desirable destination, and ensuring we're well equipped as a region to offer a welcoming and memorable visitor experience.

With a fast-growing visitor sector in Manawatu, CEDA works with regional tourism operators to provide support, marketing tools and market insights through the CEDA Resource Hub.

CEDA's i-SITE, and close alignment with the Feilding and Districts Information Centre means that we can offer both visitors and residents expert local knowledge, information and national travel booking services.

Destination Development

CEDA's role is to entice and attract visitors to our region by promoting Palmerston North and Manawatu as a destination for domestic and international travellers, event organisers and international students. We will take leadership of this through the development of a destination management plan to fully leverage all that our region currently has to offer, to identify and address barriers and product gaps, and to initiate long term, high impact projects that will capture a day in a tourist's journey.

The Country Road experience is managed and developed by CEDA and enables us to connect with operators and communities to offer expertise, support and connections; ensuring our region's visitor experience is exceptional, and that our operators and communities are benefiting from increased, sustainable visitation.

Leveraging Media and Digital Opportunities

Our work with local, national and international media ensures a strong, consistent regional presence across various channels and mediums, including digital, social, ceda.nz and the regional website ManawatuNZ.co.nz. From our visitor and events sectors, through to international education and business support services, telling our region's story and building increased awareness of the breadth of what Palmerston North and Manawatu has to offer is a crucial role that we manage. Targeted collaboration with third party websites and publications enables CEDA to showcase the region and highlight the breadth of work that CEDA does.

Regional Events

Events make a positive contribution to our region by building vibrancy, enhancing the visitor experience and growing economic value. By working in partnership with key regional stakeholders and national organisations such as NZEA, CINZ, Westpac and ASB we will attract and retain a portfolio of business, sports, and major events which align to the strategic priorities of our shareholders and CEDA. These include three CEDA managed events, Sort It Careers Expo, New Zealand Agrifood Week, and the Westpac Manawatu Business Awards. CEDA works in partnership with conference and event organisers, providing marketing support and guidance, and access to best practice toolkits. We work to leverage the opportunities that major events provide, showcasing Palmerston North and Manawatu to visitors to encourage longer stays and repeat visitation.



Support the Growth of Business

Growing, retaining and attracting business to the region is at the core of economic development. Having strong, innovative and thriving businesses here drives job growth and increases regional confidence.

Regional Business Partner Programme

CEDA's team of Business Growth Advisors support businesses on their journey through the business lifecycle, enabling growth and development through the Regional Business Partner programme. CEDA works in conjunction with seven councils and holds strong working relationships with businesses throughout the Manawatu-Whanganui region. CEDA champions growth orientated businesses to help them achieve export readiness, be bold enough to explore research and development opportunities, and build their management capability. By partnering with New Zealand Trade and Enterprise, Business Mentors New Zealand and Callaghan Innovation, CEDA delivers an extensive programme of activities and support networks.

Business Growth and Development

CEDA actively identifies growth opportunities, and implements tailored support programmes, action plans and initiatives that can enable our businesses to develop and scale up. We will work to support business growth, focusing on driving a vibrant, connected business community with programmes such as the Westpac Manawatu Business Awards and supporting Accelerate25 projects.

Business Attraction and Retention

A strategic approach to business attraction and inward investment, aligned to our priority growth sectors - distribution and logistics, agriculture including food-tech, government including defence, health and education, and digital/technology - is central to achieving the region's growth aspirations. By partnering with our Councils, Central Government Agencies, Iwi, BCC and the private sector, we will work to ensure that Palmerston North and Manawatu are seen as investment ready and deliver compelling reasons for establishment in our region. We will achieve this by understanding the barriers businesses and investors face, having an in-depth knowledge of our competitor landscape, developing clear value and investment propositions, and continuing to develop our partner relationships. Post investment or relocation support services to companies or individuals ensures ease of settlement, retention, and the identification of future expansion opportunities.

Sector Development

CEDA will lead the development and growth of our priority sectors; distribution and logistics, agriculture including food-tech, government including defence, health and education, and digital/technology, as identified through our foundation research.

In partnership with the BCC, FoodHQ, Massey University, our Councils, Iwi and industry, we will deliver an Ag Cluster strategy for Manawatu which aims to achieve a virtuous dynamic cycle of attracting top academics, researchers, students, venture capitalists, and businesses that in turn encourage collaboration and partnerships with other relevant leading national and international peer organisations.

Our strategic development and delivery of New Zealand Agrifood Week aims to enhance the growth of Manawatu and New Zealand's market position in the food sector, and stimulate a united conversation led by our region on the future of food.

Building on our work to date in the distribution and logistics sector, we will remain focussed on strengthening the talent pipeline, while further developing the business attraction and retention proposition for this sector. Partnering with Accelerate25 to ensure their infrastructure projects support the ongoing development of Manawatu as the central logistics hub for the North Island. Over the medium term we're researching the feasibility of a Manawatu trade zone – moving products direct from producers to global export markets, and leveraging the opportunities of global digital trading platforms.

Our relationships with Massey University, UCOL, IPU, as well as the New Zealand Defence Force through our Chairing of the Regional Committee will be a continued focus; delivering initiatives which foster connectivity and collaboration with the business and resident communities.

Advancing Innovation

Working with Massey University, Crown Research Institutes and businesses, our focus is on building the skills and capabilities of regional businesses to engage and grow in the global digital environment. This ensures we can collectively support and capitalise on innovation opportunities at a national and global level. This is further enhanced by CEDA's collaborative partnership with Callaghan Innovation, FoodHQ and BCC, providing access to global expertise, accelerator programmes such as Innovate, as well as research and development funding avenues and support of technology businesses in the region, particularly where they align with core sectors e.g. Agritech.





How We Work

Insights and Analysis

CEDA strives to be the go-to experts for insights and data on the local economy and national trends across priority sectors including the visitor economy. We keep our finger on the pulse through research and partnerships that enable us to better understand the strengths our region can build on, the weaknesses we can improve on and barriers we can bring down.

We have a crucial role in enabling the coordination, connection and delivery of outcomes by striving for the transparency and alignment of the many economic development projects and initiatives that are occurring, or are planned across our region. In the 2017/18 year, over 130 projects that are drivers or enablers of economic growth were identified. With this knowledge CEDA can ensure smart investment of resources, funds and expertise, and is able to achieve high impact results for our region.

Our Partners

Connect, Enable and Create – CEDA brings our diverse stakeholders into one conversation, steering others in the same direction, and co-ordinating our region's collective capability towards achieving great things together.

We're here to ask the hard questions about economic growth and challenge stakeholders to deliver on a broader sense of economic, social, cultural and environmental wealth. While responsible for the prosperity of Palmerston North and Manawatu, CEDA is already working further afield and partnering with other regions, as to achieve success in a national and global market, partnerships are something we're going to need more of.

As part of our drive towards greater collaboration across entities involved in economic development throughout the wider region, we've led the development of a commercial business hub and co-working space. This venture will become a reality in 2018; a social place where community, businesses, and individuals can meet, connect and grow together.

See Appendix for a list of Partners we currently work with.

Our Funding

CEDA receives funding from Palmerston North City Council and Manawatu District Council, its shareholders, in the form of contributions to operations as well as funds for specific contractual services or projects.

CEDA also receives funding from institutions and government partners for initiatives that bring benefit to the wider region and nationally. This additional funding enables CEDA to have additional resource, the ability to invest in local businesses, and engage in specific sector work important to the region and beyond.

Specific funding is received from commercial organisations for sponsorship of programmes and joint projects as identified.

How We Operate

In keeping with best management practice, CEDA aims to operate efficiently and effectively. As a future-focused organisation we are committed to supporting initiatives that enhance and protect our natural and built environment.

CEDA is working to optimise existing funding and generate savings from within the current funding arrangements in its early stages of operation in order to deliver value for money to the shareholders and the rate payer.

CEDA will regularly review its internal processes, improving practices, removing duplication, and finding efficiencies. Continual review of processes will ensure CEDA has enough working capital to fulfil any project or service commitments and contribute to delivery on regional growth opportunities identified.

As a Council Controlled Organisation (CCO) CEDA is also aware that much of its funding is derived from public monies and therefore all expenditure should be subject to a standard of probity and financial prudence that is to be expected of a CCO and be able to withstand public scrutiny. CEDA recognises the principles of the Treaty of Waitangi and acknowledges the importance of partnering with local Iwi and recognition of Tangata Whenua in the region.

Health and Safety

CEDA regards the promotion and maintenance of health and safety as a mutual objective for everyone who works, visits, or has business with CEDA. CEDA is committed to the health and safety of all workers, visitors and the public across all business premises and work sites by undertaking all measures reasonably practicable to provide a safe working environment. CEDA believes that creating and maintaining a healthy work environment is a shared, co-operative venture, where both employees and employers have roles and responsibilities, including the maintenance of a balance between work and non-work activities.

As such, CEDA will ensure it meets its obligations with respect to New Zealand laws and regulations and will undertake annual reviews based on established best practice guidelines.

As the region's Regional Tourism Organisation, CEDA will ensure that its consumer communications and channels convey the appropriate health and safety messaging.

Our People

We are a team of thought leaders and enablers working together with a united purpose – prosperity for all our communities.

The team at CEDA are a passionate group of people driven to grow and develop the wider region. With expertise in marketing, communications, events, national travel, business advice and development, collectively they are an effective support team, all connecting with the community to foster regional and economic development. CEDA's focus is on building an organisation that has a culture, capacity and capability to deliver on expectations.

CEDA's success is underpinned by its people, connections and networks both locally and globally. Investment in this resource is critical to creating value and outcomes.

Our values when demonstrated every day, help to change individual and collective mindsets so that we can all deliver great outcomes and create a workplace in which people feel valued for delivering results.

Our Values:



Work Together

Actively work together to deliver exceptional outcomes for all our stakeholders



Be Bold

Back ourselves so that we make individual and collective decisions that take the region to a new level



Own It

Take ownership of our work and make great things happen

**He aha te mea nui o
te ao? He tangata, he
tangata, he tangata.**

**What is the most
important thing in the
world? It is people, it
is people, it is people.**

Performance Outlook

2018-19

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.

Key Strategic Outcomes	Service Level Statement	Performance Measure	2018/19
Grow and Retain Education and Talent	Deliver information, advice, programmes and initiatives to attract more international students to the region by implementation of the Regional International Education Strategy 2016-2020	Increase the value of international students in the region	Increase on 2016 baseline**
	Grow a skilled workforce and talent pipeline that meets the needs of priority sectors	Programmes and initiatives developed and delivered to meet needs identified through regional skills gap analysis	2 programmes delivered
Build the Reputation and Experience of the region	Enhance and grow awareness of the region to inspire visitors to travel here, new residents to live here, businesses to choose here and students to learn here.	Year on Year growth of unique visitors to the regional website www.ManawatuNZ.co.nz	10% growth
		Consumer social media and e-Newsletter growth	10% growth
		Successful media results for the visitor sector.	5 direct media publications
		Destination Management Plan and Strategy developed	Plan and Strategy Developed
	Conference / Business Events	Grow Manawatu's share of national delegate days through targeted bids	10% growth
		Business events bids win/loss ratio (based on results received in the financial year)	33% win/loss ratio
	Provide visitors and locals expert information on accommodation, activities, events and travel throughout Manawatu and New Zealand.	Percentage of customers satisfied with visitor information services in the region	80% satisfaction
	Coordination and promotion of key events, with Partners, to add value to the visitor experience		

Performance Outlook 2018-19

Key Strategic Outcomes	Service Level Statement	Performance Measure	2018/19
Support the Growth of Business	Through the Regional Business Partner Programme, deliver information, advice, and support to business	Number of businesses actively engaged in the Regional Business Partner Programme	400
	Business Growth and Development Initiatives	Number of unique businesses that have accessed CEDA's additional support services	100
	Work with local Iwi to identify opportunities to unlock potential of local Iwi businesses and investment	Engage with business that identify as Maori through the Regional Business Partner Programme	12
		Development of a Local Iwi Engagement Strategy	Strategy developed
		Ongoing engagement with Maori business support agencies / Iwi representatives	8 engagements
	Develop priority sectors of Distribution and Logistics, Agriculture including Food-Tech, Government including Defence, Health and Education, and Digital/Technology	Development of Ag Cluster strategy	Strategy developed
		Distribution and Logistics business attraction plan developed and initiated	Plan initiated
		Partnership agreements and workplans in place with tertiary sector, and defence committee	Partnership and workplans agreed and actioned
		Define opportunity in the Health sector	Opportunities scoped
		Development of a Digital/Technology sector plan	Plan developed
Build an Environment conducive to Economic Growth	Attract and retain business and investment in priority sectors	Number of businesses assisted by CEDA to relocate to the region	3
		Development of Inward Investment strategy and Implementation plan	Strategy and plan developed
	Facilitate collaboration and innovation in agtech in partnership with BCC	% satisfaction with BCC support / services provided	80% or higher satisfaction
	Stakeholder engagement	% of stakeholder satisfaction with the performance of CEDA	Set baseline
	Iwi Economy	Iwi and wider Maori satisfaction with quality of engagement by CEDA	Set baseline
	Work plan aligned to delivery of Statement of Service Performance	Development of Business Plan	Business Plan developed

*Calculated as wins divided by wins plus losses. Does not account for bids pending, not proceeded with, cancelled or not submitted.

**Last year officially measured

Monitoring Indicators

In addition to our performance measures, the Shareholders have identified a further set of monitoring indicators. These indicators reflect outcomes at the regional level which are impacted by a range of factors outside of our control, for example; exchange rates, natural disasters, government policy. As the region's economic development agency, we have a role in monitoring and influencing these indicators where we can, however we do not measure the performance of our organisation against them.

The Councils have the responsibility to report on these indicators.

Indicator	2019	2020	2021	Regional target
Change in total number of jobs	1.9% increase	1.9% increase	1.9% increase	1.9% average annual increase over three years.
Change in average salaries and wages*	2.6% increase	2.6% increase	2.6% increase	2.6% pa increase.
Change in total earnings (salaries, wages and self-employment income)	3.7% increase	3.7% increase	3.7% increase	3.7% pa increase, average annual increase of \$104 million.
Change in total GDP and per capita GDP	1.8% GDP 0.6% per capita	1.8% GDP 0.6% per capita	1.8% GDP 0.6% per capita	1.8% average annual increase in total GDP. 0.6% average annual increase in per capita GDP.
Estimated population change - 65 years and over population (for demographic monitoring)	1,350 increase 530 increase	1,350 increase 530 increase	1,350 increase 530 increase	1,350 population increase pa, 1.2% average increase pa. Estimated 530 population increase pa, 3.3% pa.
Net overseas migration	660 gain	660 gain	660 gain	660 average annual net migration gain.
Spend by visitors in Manawatu region (domestic and international)	5.7% increase	5.7% increase	5.7% increase	5.7% pa increase, average annual increase of \$22 million.
Number of visitor nights in Manawatu region	1.6% increase	1.6% increase	1.6% increase	1.6% pa increase.
Change in MSD benefit numbers	1.6% decline	1.6% decline	1.6% decline	1.6% pa decline, average annual decline of 130 people.
Reputation of Manawatu / Palmerston North as a great place to live and do business**	1% increase	1% increase	1% increase	3% increase over 3 years

*excludes any annual inflation increase

**as measured by UMR Research compiled 3 yearly, first measured 2016

Financial Performance

Central Economic Development Agency Limited Statement of Comprehensive Revenue & Expense

For the 12 Months to June

	Notes	2018-19 Budget	2019-20 Forecast	2020-21 Forecast
Income				
Council Funding	1	2,408,045	2,432,125	2,456,447
Other Services Income		740,652	740,652	740,652
Project Income		557,142	434,582	557,142
Total Income		3,705,839	3,607,359	3,754,241
Cost of Sales				
Other Services Expenses	2	1,002,826	905,414	865,013
Project Expenses		519,542	416,982	509,542
Total Cost of Sales		1,522,368	1,322,396	1,374,555
Gross Surplus (Deficit)		2,183,471	2,284,963	2,379,685
Other Income				
Sundry Income		18,880	16,000	14,000
Total Other Income		18,880	16,000	14,000
Expenses				
Directors' Fees	3	180,000	181,800	183,618
Employee Expense		1,931,715	1,951,033	1,970,543
Other Operating Expenses		312,172	306,004	311,984
Depreciation		21,000	19,000	18,000
Financing Expenses		500	500	500
Total Expenses		2,445,387	2,458,336	2,484,556
Net Surplus (Deficit) Before Tax		(243,036)	(157,373)	(90,870)
Taxation				
Income Tax Expense		-	-	-
Total Taxation		-	-	-
Net Surplus (Deficit) after tax		(243,036)	(157,373)	(90,870)

1. Excludes project funding for NZ AgriFood Week and Sort It Careers Expo included in Project Income.

2. Economic Development and Brand & Identity activity is included in Other Services Expenses.

3. Includes CPI increase of 1% from 2019/20 year.

Financial Performance

Central Economic Development Agency Limited Statement of Financial Position

As at 30 June

	30 June 2019 Budget	30 June 2020 Forecast	30 June 2021 Forecast
Assets			
Current Assets			
Cash and Cash Equivalents	1,023,792	875,975	795,224
Receivables and Accruals	345,707	336,270	350,346
Prepayments	5,517	5,517	5,517
Inventories	12,265	12,265	12,265
Total Current Assets	1,387,281	1,230,027	1,163,352
Non-Current Assets			
Property, Plant and Equipment	44,768	25,768	7,767
Total Non-Current Assets	44,768	25,768	7,767
Total Assets	1,432,049	1,255,795	1,171,119
Liabilities			
Current Liabilities			
Payables and Deferred Revenue	512,214	493,360	499,554
Employee Entitlements	51,819	51,819	51,819
Other Current Liabilities	29,609	29,609	29,609
Total Current Liabilities	593,669	574,788	580,982
Total Liabilities	593,669	574,788	580,982
Net Assets	838,380	681,007	590,137
Equity			
Contributed Capital	1,000	1,000	1,000
Retained Earnings	837,380	680,007	589,137
Total Equity	838,380	681,007	590,137

Financial Performance

Central Economic Development Agency Limited Statement of Cash Flows

For the 12 Months to June

	2018-19 Budget	2019-20 Forecast	2020-21 Forecast
Cash Flows from Operating Activities			
Receipts of Council funding	2,573,454	2,597,534	2,621,855
Interest received	20,700	18,400	16,100
Receipts from other operating activities	1,356,640	1,560,366	1,681,446
GST	(238,245)	(270,860)	(284,110)
Payments to suppliers and employees	(4,302,233)	(4,052,757)	(4,115,542)
Finance costs	(500)	(500)	(500)
Total Cash Flows from Operating Activities	(590,184)	(147,817)	(80,751)
Net Cash Flows	(590,184)	(147,817)	(80,751)
Cash Balances			
Cash and cash equivalents at beginning of period	1,613,976	1,023,792	875,975
Cash and cash equivalents at end of period	1,023,792	875,975	795,224
Net change in cash for period	(590,184)	(147,817)	(80,751)

See Appendix for Accounting Policies



Shareholder requirements

Joint Strategic Planning Committee

The Joint Strategic Planning Committee of Manawatu District Council and Palmerston North City Council is made up of ten local body elected members, five from each Council including both Mayors.

The role of the Joint Strategic Planning Committee 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 Joint Strategic Planning Committee and 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 and Joint Strategic Planning Committee.

Letter of Expectations

By 1 December in each year the Shareholders will deliver to CEDA a Letter of Expectations. The Letter 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 Letter of Expectations for 2017/18 has been delivered to CEDA. CEDA is continuing to collaborate with external agencies, including contracting to Building Clever Companies (BCC) and Spearhead. Both are reported as activities in the Performance Outlook. CEDA is aware of the ability to utilise Council support services.

Statement of Intent

By 1 March in each year CEDA will deliver to the Joint Strategic Planning Committee of 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 Joint Strategic Planning Committee received by 30 April, the Board will deliver the completed SOI to the Joint Strategic Planning Committee of the Shareholders on or before 15 June each year.

Half Yearly Report

By the end of February each year, CEDA will provide to the Joint Strategic Planning Committee 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 with regard to 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 to the Joint Strategic Planning Committee and 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 the CEDA's performance with regard to 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.

Appendices

Accounting Policies

1. Reporting Entity

Central Economic Development Agency Ltd (CEDA) was established and commenced operations in New Zealand on 15 October 2015 under the Companies Act 1993 (NZBN 9429042001096). As the shareholders of CEDA are Palmerston North City Council (50%) and Manawatu District Council (50%) CEDA is a council-controlled organisation as defined in section 6 of the Local Government Act 2002.

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

2. Statement of Accounting Policies

Basis of Preparation

The financial statements are prepared on the going concern basis, and the accounting policies have been applied consistently throughout the period, unless otherwise stated.

Statement of Compliance

The financial statements of CEDA have been prepared in accordance with the requirements of the Local Government Act 2002, the Companies Act 1993, and the Financial Reporting Act 2013. This includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

These financial statements comply with Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS) Reduced Disclosure Regime (RDR). CEDA is eligible and has elected to report in accordance with Tier 2 PBE standards RDR on the basis the entity has no public accountability and has expenses > \$2m and < \$30m.

Presentation Currency

The financial statements are presented in New Zealand dollars (NZ\$) and all values are rounded to the nearest NZ\$, except when otherwise indicated.

Historical Cost

These financial statements have been prepared on a historical cost basis.

Changes in Accounting Policies

There have been no changes in accounting policies. Policies have been applied on a consistent basis with those of the previous reporting period.

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:

Accounting Policies

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.

Lease revenue is recognised on a straight line basis over the life of the lease.

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
Plant & Equipment	Diminishing Value	10% - 20%
Leasehold Improvements	Diminishing Value	10% - 40%
Vehicles	Diminishing Value	30%
Office Furniture & Equipment	Diminishing Value	0% - 67%

Accounting Policies

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.

Accounting Policies

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.

After initial recognition, they are measured at amortised cost, using the effective interest method, less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Payables

Short-term creditors and other payables are recorded at their face value.

Equity

Equity is the shareholders' interest in CEDA and is measured as the difference between total assets and total liabilities.

Good and Services Tax

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are presented on a GST inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of related asset or expense.

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as operating cash flow in the statement of cashflows.

Commitments and contingencies are disclosed exclusive of GST.

Employee Entitlements

Employer contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are expensed in the surplus or deficit as incurred.

Short-term employee entitlements - Employee benefits that are due to be settled within 12 months after the end of the year in which the employee provides the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, and annual leave earned but not yet taken at balance date, and sick leave. These are classified as a current liability.

A liability and an expense are recognised for bonuses where there is a contractual obligation or where there is past practice that has created a constructive obligation and a reliable estimate of the obligation can be made.

CEDA does not provide for long service or retirement leave entitlements.

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.

Letter of Expectation



29 November 2017

Mr Malcolm Bailey
Chair
Central Economic Development Agency Limited
Level 1, The Square Centre Building
478 Main Street East
Palmerston North 4410

Dear Malcolm

Letter of Expectation for CEDA (July 2018 – June 2019)

This Letter of Expectation is intended to provide direction on issues that are important to both Councils, and to assist in the development of CEDA's 2018-2019 Statement of Intent (SOI).

Palmerston North City Council and Manawātū District Council (the Shareholders) value the important contribution Central Economic Development Agency Limited (CEDA) is making to driving and facilitating the creation and growth of economic wealth for Manawātū and beyond.

The Shareholders have identified the following issues of importance for inclusion within CEDA's 2018-2019 SOI.

Issues of Importance

Roles and responsibilities

The Shareholders expectations are that CEDA will:

- Fulfil the service contract as agreed between parties.
- Give effect to Shareholder direction;
- Align its strategy, business plan and activities to reflect the strategic objectives of the Shareholders;
- Be a proactive leader demonstrating a culture of being open for business and coordinating action in attracting investment into the Region;
- Lead, facilitate and champion regional economic development initiatives; and
- Avoid duplication and ensure efficient allocation of resources.

Working together and relationship management

The Shareholders expectations are that CEDA will:

- Lead a partnership approach to doing business;
- Coordinate and lead optimal uptake of opportunities presented through Accelerate 25 where it serves/aligns to CEDA's constitutional objectives;

Letter of Expectation

- Provide feedback to Councils from the business community so that they can improve their customer service within the constraints of the Local Government Legislative framework; and
- Maintain effective ongoing relations with Councils and the nominated Contract Managers (currently Sheryl Bryant and Brent Limmer).

Media profile

The Shareholders expectations are that CEDA will:

- Act as a champion, highlighting and celebrating our collective successes;
- Front the media regarding decisions that CEDA has made, or issues relating to your area of responsibility; and
- Present a unified front on issues that affect Shareholders.

Advocacy

The Shareholders expectations are that CEDA will:

- Keep Shareholders (via the contract managers) fully informed when advocating to third parties including full disclosure of any written submissions; and
- Ensure that all advocacy and communications to third parties are consistent with the Shareholders policy positions.

Delivering value for money to the ratepayer

The Shareholders expectations are that CEDA will:

- Employ prudent financial management as a basis for decision-making.

Your operational funding is provided by the Shareholders ratepayers. Both the Shareholders and CEDA are accountable for how this money is spent and we appreciate your ongoing commitment to work in accordance with the funding principles for CCOs.

Measuring performance

The Shareholders expectation is that CEDA will consider the appropriateness of the performance measures to support Shareholder decision-making alongside the quality of data available to support these measures in your Statement of Intent.

Investigate and implement performance indicators that measure sustained business (e.g. longevity and growth).

A new performance indicator of 1.9% employment growth pa is requested to align to the Councils ambitions for job growth.

Planning across time-frames

The Shareholders expectation is that CEDA will differentiate between short term, medium term and longer term objectives, targets and monitoring programmes.

Direction for the Development of the 2018-2019 Statement of Intent

Key strategic priorities

In the 2018-19 year, focus should be placed on:

Letter of Expectation

Leadership

- Providing leadership, expertise and collateral to support productive engagement of Regional stakeholders in economic development; and
- Developing a business plan for 2018/19 demonstrating strong links to both Councils Economic Development Strategies and that this is provided to the funders.

The Manawatū brand

Work collaboratively with the Councils on:

- Building the domestic and international reputation of the Manawatū Region;
- Effectively marketing the social capital and lifestyle advantages of the region to attract new residents and businesses; and
- Developing an alumni of influential global leaders.

Inward investment

- Delivering an Inward Investment Strategy for the Region including increasing access to global value chains and emerging export markets; and,
- Ensuring the inward investment programme is delivered successfully against the Strategy.

Skills and talent

- Supporting the attraction of world-class professional, business and scientific expertise to grow our science, agribusiness and innovation sectors; and
- Implementation of the Labour Market Strategy to address identified barriers to workforce participation.

Innovation and opportunity

- Establishing Manawatū as a World Leading Agri-Food / Agritech cluster; and
- Building skills and capabilities of Regional businesses to engage in the global digital business environment; and
- Maintaining effective relationships with Building Clever Companies (BCC) and FoodHQ to support and capitalise on innovation opportunities.

Tourism

- Growing visitor markets and events in accordance with the agreed Events Framework (to be reviewed after the first year of operation), including emerging opportunities such as agri-tourism, ecotourism and adventure tourism;
- Facilitating major events to the region and utilising the Mayors for bids where appropriate; and
- Adding value to our tourism industry by connecting with tourist routes to add an extra day to the average tourist stay in New Zealand.

Over the longer term

Focus should be placed on:

- Harnessing green technology and innovation to support growth of a low carbon economy;

Letter of Expectation

- Progressing toward a Digital Logistics Zone establishing the Region as the distribution hub for moving product from online markets; and
- Advocating for the establishment of a Manawatū trade zone, moving products direct from Manawatū producers to global export markets i.e. Singapore, China and Australasia.

Other considerations


In consolidating the role of CEDA consider:

- Building an organisation that has a culture, capacity and capability to deliver on expectations.
- Building effective collaboration with entities that can further the delivery of the purpose of CEDA. These entities can be international, national, regional and local, and would include, the Chamber of Commerce, Talent Central, Accelerate25, FoodHQ, Feilding & District Promotion, and Councils.
- The establishment of a "business hub" with other allied agencies.
- We expect an iterative process to develop the 2018/19 Statement of Intent.
- The use of Council support services to minimise overheads.
- By December 2018, the Shareholders will issue another Letter of Expectation for the period July 2019 to June 2020.

Yours sincerely



Grant Smith, Mayor
Palmerston North City Council



Helen Worboys, Mayor
Manawatū District Council

Partner Organisations

Current partner organisations that CEDA works with:

Local

BCC
Feilding and District Promotions
FoodHQ
IPU
Lamberts
Manfeild
Manawatu Chamber of Commerce
Manawatu District Council
Massey University
Palmerston North City Council
PN Airport
Spearhead
Sport Manawatu
Talent Central
Te Au Pakihi
Te Manawa
UCOL
Media Works
Manawatu Standard
Venues and Events Palmerston North

Regional

Accelerate 25
Business Central
Horizons Regional Council
Horowhenua District Council
Ruapehu District Council
Rangitikei District Council
Taranaki District Council
Whanganui and Partners
Whanganui Chamber of Commerce
Whanganui District Council

National

Business Mentors NZ
Callaghan Innovation
Conventions and Incentives NZ
Economic Development NZ
Education NZ
Immigration NZ
i-SITE NZ
Ministry of Business, Innovation & Employment
NZEA Events Association
New Zealand Trade and Enterprise
Regional Tourism Organisations NZ
Tourism New Zealand
NZ Motor Caravan Association
Air New Zealand
ASB
Fairfax
Westpac
NZME New Zealand Media and Entertainment

