NEW ZEALAND

CORE CITIES REPORT

PALMERSTON NORTH

Competitive Advantage and Distinctiveness Technical Report

Published October 2014

CONTENTS

FOREWORD

LAWRENCE YULE

PRESIDENT OF LOCAL GOVERNMENT NEW ZEALAND

Local Government currently is investing around $8 billion in infrastructure and services annually that enable business to operate. We are a significant and major player in New Zealand's economic development.

Critical to our success in this role is our partnership with both central government and business. Since the global financial crisis in 2008 these partnerships have been severely tested as New Zealand has reeled from a number of economic shocks most notably;

- The impacts of the GFC in 2008 including a recessionary period that has followed; and
- The Christchurch earthquake which is by global standards one of the most costly earthquakes in history.

LGNZ's Metro Mayors and Chief Executives forum pro-actively responded to these challenges in early 2011 by exploring collaborative economic networks. Using the U.K core cities model as a guide the sector formed a six city-region network and called it NZ Core Cities.

This network, led by LGNZ in partnership with MBIE, Auckland Council, Tauranga City Council, Hamilton City Council, Wellington City Council, Christchurch City Council and Dunedin City Council, invested in research to;

- Better understand the role and economic contribution our six largest cities make to the New Zealand economy; and secondly to
- Identify the "competitive advantage and distinctiveness" of each city-region[1] to help identify specific areas where collaboration can add value to the New Zealand Inc. export effort.

This report prepared by Palmerston North City Council is now the seventh report that has used the same framework. It now offers the opportunity for Palmerston North City to engage in collaborative project work such as:

- Use the research to better inform the economic development strategy for the city and region;
- Collaborate with the other cities on areas such as China engagement; and
- Sharing of best practice such as Business Friendly policies.

We would like to congratulate the Palmerston North City Council on this initiative.

Malcolm Alexander
Chief Executive
Local Government New Zealand

Lawrence Yule
President
Local Government New Zealand

[1] NZ Core Cities technical reports and Research summary 2012

FOREWORD

JIM JEFFERIES

DEPUTY MAYOR OF PALMERSTON NORTH CITY COUNCIL

Strong economic growth, a prime central location and a bright, young population have created a winning combination for Palmerston North city.

This is the first time Palmerston North has been included in the Core Cities analysis, which compares competitive advantage and distinctiveness for New Zealand's largest cities. The Palmerston North report helps us tell our city's story and confirms that our city's economic future is bright.

Significantly, a critical economic success factor is the close match between Palmerston North and New Zealand's fastest growing economic areas. Health care and social assistance, public administration and safety, and education and training contribute to our City's and New Zealand's growing economic success.

These three sectors and the City's logistics and retail sectors accounted for over 60 percent of economic activity (earnings) in our city, and nearly 70 percent of earnings growth between 2002 and 2012. The diversity of these sectors means we are well-placed to withstand any downturn in one sector.

Palmerston North's central location overcomes one of New Zealand's disadvantages that our Core Cities are physically far apart. This report finds that our central North Island location is contributing to above average growth in the retail and the logistics sectors.

Our people are another major advantage. The report points out that we have an above-average share of people with a Bachelor's degree or higher, and a lower-than-average share of people with no qualification, in comparison with the rest of the country.

Palmerston North City provides a strong economic link between the economic powerhouse cities of the north and south. Our combination of a well-educated, young population, excellent sporting and community amenities and affordable housing promises a bright future.

Paddy Clifford
Chief Executive
Palmerston North City Council

Jim Jefferies
Deputy Mayor
Palmerston North City Council

1. INTRODUCTION

1.1 The initial New Zealand Core Cities Research Summary report was produced in July 2012 by the Ministry of Business, Innovation and Employment and Local Government New Zealand as part of the Core Cities Project. The research was undertaken in partnership with Auckland, Hamilton, Tauranga, Wellington, Dunedin and Christchurch City Councils. It is the first product of a staged project. Palmerston North was invited to join the project in late 2012. Completing this Palmerston North Competitive Advantage and Distinctiveness Technical Report is an initial key step in participation in Core Cities.

1.2 New Zealand's Core Cities Research Summary, published in July 2012, provides a summary of the research on the growing importance of cities within New Zealand and within the global economy.

1.3 The Core Cities Project is the result of investment by Local Government New Zealand, Ministry of Business, Innovation and Employment, and the six cities. Its primary goal is to build a shared understanding, applying an agreed research framework, to reveal the economic contribution and core strengths of New Zealand's largest cities. The project also provides a common baseline for councils and the Government to use to remove barriers and strengthen the platform for businesses to grow, export and create high-value jobs.

1.4 Project achievements to date include the development of:

- a public-public partnership between Local Government New Zealand, the Ministry of Business, Innovation and Employment and the six largest cities;
- a project group comprising mayors, chief executives, and strategy and policy analysts of the key city councils;
- a report for each city-region outlining its competitive advantages and distinctive features;
- a list of opportunities for collaboration between the six Core Cities.

1.5 The Core Cities Project was initiated in August 2011.

Principles for working together

1.6 As part of the Core Cities Project, the six cities developed four shared principles to help them develop better connections:

- Cities offer opportunities for economic growth, now and in the future.
- There is a shared understanding that the competition is the rest of the world.
- City-region specialisations are based on different comparative advantages.
- Councils will work together to improve the economic environment in all New Zealand cities.

Focus areas for collaboration

1.7 New Zealand's six largest cities are home to the majority of the country's businesses and represent over half of the national economy. Their councils are exploring opportunities to grow their role in the national economy. Immediate and obvious focus areas are:

- sharing best practice – for example, policies and processes that build business-friendly councils;
- continuing to jointly invest in the development of data about the city-regions and using it to support economic strategy and planning;
- using the research on city-regions as a tool for helping to focus and guide councils' investments to support economic growth;
- collaborating on future mayoral-led delegations in China and other export markets.

1.8 In addition to these focus areas, NZIER have suggested a range of policy options and research questions. These include:

- developing a coordinated development strategy;
- quantifying the role of transport in city-region performance;
- identifying barriers to regional business performance;
- researching economic linkages among and between industries;
- agreeing to undertake joint research.

2. BACKGROUND

2.1 Large, externally oriented cities play an important role in driving the economic development of a nation. They are usually the key entry and departure point for people and products, forming important connection points between the domestic economy and the rest of the world. The attractiveness of cities is an important aspect in a nations success in drawing in skilled migrants who are able to contribute to improving productivity and stronger economic growth. Migrants are generally younger and more engaged in education and the workforce, so play an important role in increasing vitality in a City.

2.2 New Zealand is a highly urbanised country, with 86% of its population living in urban areas. These urban areas account for an even higher concentration of economic activity in New Zealand, due to higher productivity in cities and the movement of labour (commuting) into cities for employment. In 2012 the fifteen largest local authorities, in terms of earnings (salaries and wages and self-employment income), accounted for:

a) 70% of New Zealand's population

b) 75% of New Zealand's workforce (job count measure)

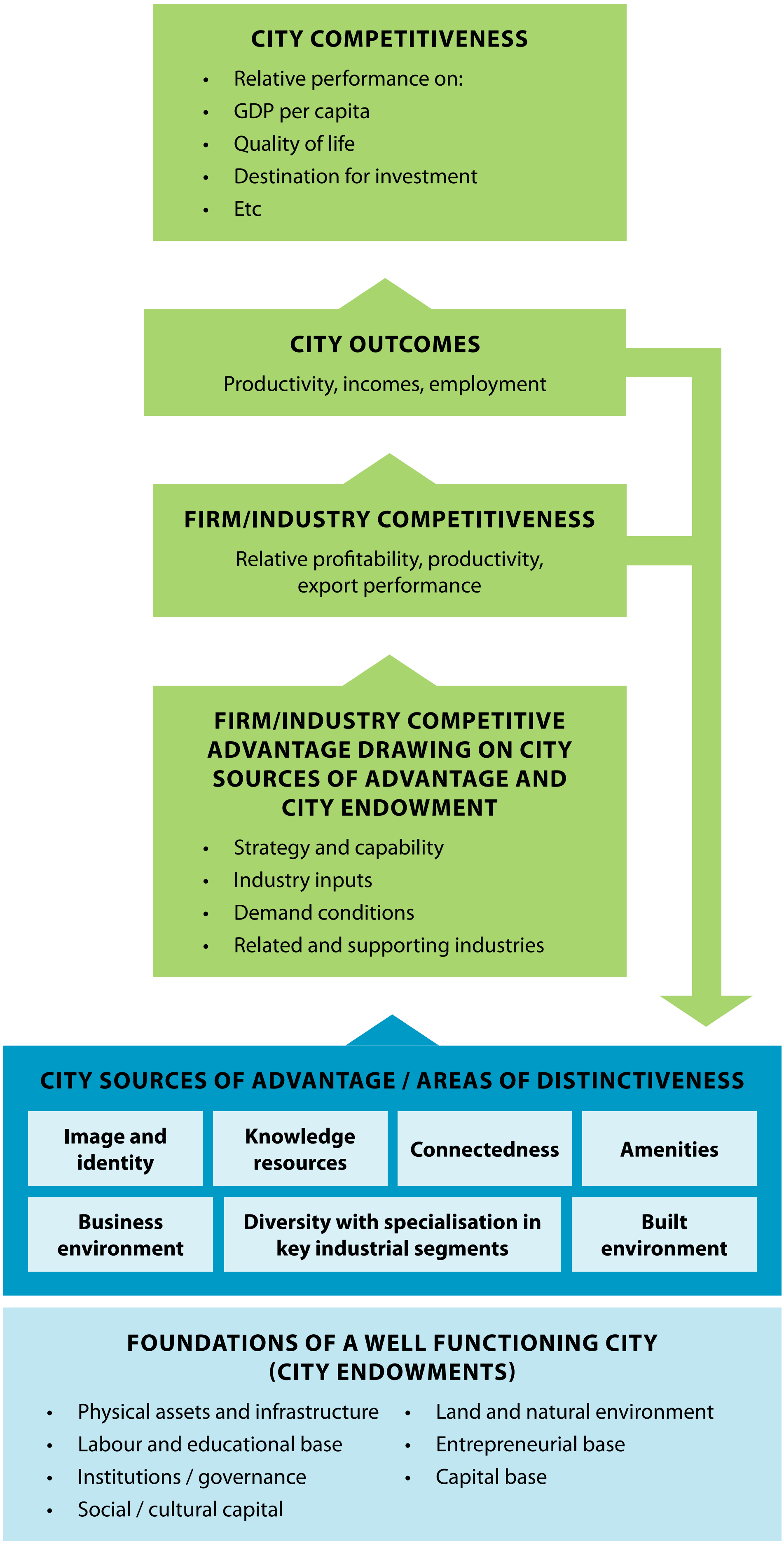
c) 79% of New Zealand's salaries and wages

d) 77% of New Zealand's earnings (salaries, wages and self-employment income)

2.3 The advantages created by concentrating economic activity in large urban areas are complex, including increasing scale of production, greater diversity of suppliers and improved information about markets and technology. Clusters of similar businesses grow in an urban area because they facilitate interaction and learning from each other. Cities facilitate learning and the diffusion of technology, driving productivity growth, an important contributor to regional and national economic growth. Consumption benefits for residents in urban areas occur due to greater market sophistication and increased consumer choice.

2.4 The Ministry of Economic Development (now the Ministry of Business, Innovation and Employment (MBIE)) created a research framework to measure Auckland city's international competitiveness against comparator cities internationally. A framework was developed as a part of a research project into Auckland's areas of comparative advantage and distinctiveness, with the final indicator report published in April 2011. The Auckland framework for international competiveness is shown on the next page.

Figure 1:
Auckland's framework for international competitiveness



2.5 The indicators showed that Auckland was a desirable city to live in and it attracted a relatively young international population that contributes to a youthful and entrepreneurial city. International quality of life indicators rank Auckland consistently high, as the fourth best city in the world to live.

2.6 The Auckland framework became the basis of the research for an expanded Core Cities Project, which was initiated in August 2011, focusing on New Zealand's six largest cities: Auckland, Christchurch, Wellington, Hamilton, Dunedin and Tauranga. Collectively, these six cities represent 55% of national gross domestic product (GDP), and 55% of the national population. The initial 12-month project was a joint public-public partnership between the Ministry of Economic Development and Local Government New Zealand, with the six City Councils, and where appropriate the economic development agency, representing each city.

2.7 Stage one of the project was the development of a set of city-region indicator reports, using the methodology from the Auckland competitive advantage and areas of distinctiveness report. The framework indicators were organised into seven areas of distinctiveness:

a) Image and identity
b) Innovation and knowledge resources
c) Connectedness
d) Industry Structure
e) Amenities
f) Built environment; and
g) Business environment

2.8 The city reports also included analysis of city-region performance (GDP per capita, incomes and employment) and the foundations of a well-functioning city. The key sections used for the foundations analysis were:

a) Physical assets and infrastructure
b) Labour – supply, mobility and quality
c) Institutions and governance
d) Social and cultural capital
e) Land, water, energy, waste and the natural environment
f) Entrepreneurial base

2.9 By international standards these cities, even Auckland, are small. The Core Cities project, therefore, sought to establish the foundation for a national city-region network where these cities can work together to support business and enhance New Zealand's ability to compete internationally.

2.10 Agreement was given in late 2012 for Palmerston North to participate in the Core Cities project and work on the Palmerston North Competitive Advantage and Distinctiveness report was started. Palmerston North is the smallest of the Core Cities but the difference in size between it and the other smaller cities in the project (Tauranga and Dunedin) is much smaller based on economic measures compared with the usual comparative indicator of population.

3. OVERVIEW OF CORE CITIES

City-region performance: GDP Per Capita

3.1 The measure of gross domestic product (GDP) per capita suggests Palmerston North performs relatively poorly when compared to the average for the six initial Core Cities and is slightly lower than the average for all of New Zealand. This can be largely explained by the high proportion of students residing in Palmerston North and the industry structure of Palmerston North's economy. The gap between Palmerston North and all of the Core Cities is closing, with Palmerston North achieving the highest annual average per capita GDP growth rate between 2001 and 2013.

City-region economic outcomes

Income

3.2 Income measures for Palmerston North show that it compares well with the average income growth rate for New Zealand, particularly for growth in annual average salaries and wages. Palmerston North has experienced the fifth fastest growth rate for earnings (salaries, wages and self-employment income) of the seven cities.

Employment

3.3 Labour force participation rates in Palmerston North declined between 2006 and 2013, reflecting the impact of the global financial crisis on employment levels. Also contributing to the decline in the participation rate was an increase in the City's population aged 65 years and over, and increased retention of students at secondary schools in years 12 and 13.

3.4 The youth unemployment rate in the City in 2013 was 28% in the 15 – 19 years age group, and 13% in the 20 – 24 years age group, compared with 17.4% and 9.3% respectively in 2006. The number of young people in employment declined between 2006 and 2013 while an additional 528 people aged 65 years and over were in employment in 2013 compared with 2006. The strongest increase in employment was in the 60 – 69 years age group.

City-region distinctiveness

Image and identity

3.5 Regular Council surveys suggest residents' perceptions of Palmerston North as an attractive place to live have improved, but the City is still perceived less positively as a place people would want to visit.

3.6 The City is experiencing rapid change in the ethnicity of its population, with its Māori, Pacific Peoples and Asian populations increasing at a faster rate of growth than the average for New Zealand.

Innovation and knowledge resources

3.7 Palmerston North has a well educated population, with an above average share of Bachelor's degrees or higher qualifications, and a lower than average share of people who do not have a qualification, compared with the average for New Zealand.

3.8 The proportion of Palmerston North school leavers achieving University Entrance standard increased between 2009 and 2012 but the rate of increase for the City has been lower than the rate of improvement for all school leavers in New Zealand. In 2013 43% of Palmerston North school leavers achieved University Entrance standard compared with 47% of all school leavers in New Zealand.

3.9 Palmerston North recorded the highest rate of school stand-downs in 2012 compared with the other Core Cities but the rates of suspensions, exclusions and expulsions were similar to the average for New Zealand.

3.10 The Manawatū region has a significant concentration of agri-tech businesses, reflecting relationships with Massey University, the Crown Research Institutes and sector-based research associations based in Palmerston North. Food HQ, based at Massey, aims to strengthen these relationships with agri-tech and food processing businesses.

3.11 Massey University is consistently ranked in the top 3 per cent of universities worldwide. Last year it was ranked as New Zealand's fifth most attractive employer brand in the annual Randstad Awards, an international survey conducted across 14 countries.

3.12 The Universal College of Learning, or UCOL, is an institute of technology and polytechnic with three campuses in the lower half of the North Island (Palmerston North, Wanganui and Wairarapa). UCOL specialises in health and science, trades and technology, and arts and design courses, as well as offering business related studies.

Connectedness

3.13 Most Palmerston North people travel to work by car but the compact layout of the City and relatively flat terrain contribute to a high percentage of the population who walk or cycle to work compared with the average for New Zealand. Public transport use is low but rising fuel prices and improvements in the level of public transport services have contributed to strong growth in bus patronage.

3.14 Data from the 2013 Census shows little difference in the proportion of households with access to the internet in the major cities. The average download speed in Palmerston North is below the average for New Zealand, but improved significantly between 2013 and 2014.

Industry structure

3.15 High location quotients for key industry sectors in the City mostly reflect the central position of Palmerston North in the lower North Island and its key transport connections. The diversity of sectors supporting economic growth in the City reduces the vulnerability of the City to a reduction in economic activity in one of its key sectors.

3.16 The outlook for economic growth in the City is strong, reflecting the City's key strength in health care services, the fastest growing sector in New Zealand, and the benefits of the City's central location for the logistics, retail and defence sectors. Declining housing affordability and higher business operating costs in the three largest cities will continue to influence business relocation decisions in favour of Palmerston North.

Amenities

3.17 Palmerston North's central position in New Zealand means that most climate indicators are close to the average for New Zealand, with the exception being the below average number of annual sunshine hours.

3.18 Palmerston North has many arts and cultural facilities, and residents have high levels of involvement with the arts.

3.19 The number of General Practitioners (GPs) on a full-time equivalent basis is fairly consistent across the Core Cities, with generally higher GP ratios than the average for New Zealand.

3.20 Palmerston North offers a full range of sporting facilities for its residents and visitors. The City's central location, compact layout, close proximity of sporting facilities to accommodation providers and a strong retail centre gives Palmerston North a particular strength in hosting large tournaments.

Built environment

3.21 Palmerston North housing is the most affordable of the Core Cities, with the average house price slightly below 5.8 times the average annual salary. The affordability ratio for New Zealand was 7.9 times the average annual wage. However, housing affordability in the City has deteriorated since 2000, when the housing affordability ratio was 4.6 times the average annual salary.

3.22 Population density for the main urban area of the City was 1,057 people per km^2 in 2013, reflecting the compact layout of the City.

Business environment

3.23 The level of customer service is surveyed regularly by the Council but the surveys do not distinguish between residents and businesses. A regular business survey based on survey proposals developed for the Core Cities project is planned. This is likely to be conducted around the same time as the Council survey of residents.

Foundations of a well-functioning city

Physical assets and infrastructure

3.24 Palmerston North has a very efficient water supply system that provides an excellent level of service to all of its residents and business community. The primary system comprises two large storage dams in the foothills of the Tararua Ranges and a series of deep bores throughout the City.

3.25 The City is served by an effective wastewater and stormwater system. The Council has made large investments in upgrading the level of treatment to improve the quality of the discharge to the Manawatū River. A further upgrade to reduce phosphorus levels in the discharge is being planned for the next few years. The Council has embarked on a programme of consolidation of all of its wastewater discharges to one location in the

Manawatū River, where all of the wastewater receives a high level of treatment.

3.26 The City's roads are generally in an average condition, but there are noticeable signs that defects are increasing on some routes. Urban arterial roads are likely to experience continued traffic growth, as the population increases and new development occurs. Significant future heavy traffic growth is anticipated in expanding industrial areas. Plans are in place to address this through intersection upgrades, traffic signal installation and road widening.

Labour - supply, mobility and quality

3.27 The quality of higher education institutions based in Palmerston North is an important factor in attracting young people and international migrants to Palmerston North. Relatively affordable housing in the City and wider region means that labour can readily move to the City or region for employment. The proportion of the City labour force that is not resident in the City reflects the ease by which residents of surrounding communities of the Manawatū, Horowhenua, Tararua and Rangitikei can commute to the City for work. As a result the ratio between the number of people employed in Palmerston North and the number of residents in the City is high compared with the average for New Zealand and the majority of the Core Cities.

Social and Cultural Capital

3.28 Social capital includes levels of engagement in civic life and levels of trust and involvement in local communities. Community spirit is "a sense of belonging and togetherness, a pride in the area, and a good atmosphere among people." Council surveys show that while there is some volatility in annual survey results, the percentage of people saying that community spirit is good or very good in Palmerston North has improved.

3.29 Voter turnout at the 2013 election declined in Palmerston North between 2010 and 2013. The percentage of eligible voters in the City who voted in 2013 was close to the average for the seven Core Cities.

3.30 The Council's commitment to improving community safety has been confirmed through successful accreditation with the World Health Organisation (WHO) International Safe Communities model. This provides a useful framework for the Council to continue to address community safety in the City in partnership with other agencies through the Palmerston North Safety Advisory Board.

Land, water, energy, waste and the natural environment

3.31 Comparative information on the price of commercial land or the rental costs of office, retail and industrial property is difficult to find for the Core Cities but housing affordability data suggests land costs in Palmerston North are lower than the average for the Core Cities.

3.32 Improving the quality of public transport in Palmerston North is seen as a priority for reducing greenhouse gas emissions produced in the City. Data indicating reduced car ownership levels in the City is positive along with data showing a decline in sales volumes for petrol. Census 2013 data confirms that more people are travelling to work using public transport, the percentage travelling by cycle has increased slightly but the share of those walking has declined.

3.33 KiwiRail is experiencing growth in volumes of freight transported to and from Palmerston North, contributing to weaker growth in the volume of diesel sold in the Manawatū-Horowhenua region.

3.34 Nearly 60% of the Palmerston North waste stream is diverted from landfill. Progress has been made since 2009, largely as a result of recycling initiatives. The Council's Waste Management and Minimisation Plan has a target of 75% diversion of waste to beneficial use by 2015.

3.35 The average domestic daily water use in New Zealand is 300 litres per person each day, so in using 220 litres per person each day, Palmerston North uses less water than most. However, water use is generally lower in cities than in rural areas and small towns, as outdoor water use is generally less. The Council has already taken steps to reduce water use, including an ongoing water pipe renewal programme, reduction of water pressure in some parts of the system and the installation of meters for the largest water users.

3.36 Palmerston North has many parks and tree-lined suburbs, but the trees are largely exotic and for amenity purposes, which offer limited benefits for biodiversity. The City's rural area is predominantly farmland and relatively devoid of native bush, apart from some key reserves and small pockets of regenerating native vegetation on private land. The Council's 2013 Biodiversity Strategy focuses on increasing the health and extent of terrestrial and aquatic biodiversity in the City.

Entrepreneurial Base

3.37 Traditional indicators of entrepreneurship such as business births and deaths are limited in their usefulness due the domination of the statistics by the property sector. High and increasing levels of investment property ownership meant that in February 2013 there were 1,281 residential and non-residential property operators in Palmerston North, accounting for 17% of business units in the City. Similarly, data for working proprietors is heavily influenced by the property and primary sectors. The high share of government sector employment in Palmerston North and concentration of employment in organisations with 100 or more employees means most indicators of entrepreneurship are relatively weak in Palmerston North.

4. CITY-REGION PERFORMANCE: GDP PER CAPITA

INTRODUCTION

4.1 Gross domestic product (GDP) represents a measure of the income earned from production in New Zealand. It includes income from production carried out by New Zealanders and by foreign firms operating within the City. This is measured using estimates for the total flow of goods and services produced in the City economy over a particular time period. Quarterly GDP estimates prepared for the City by Infometrics are considered less reliable than the annual GDP measure, so the annual estimate is the preferred measure for reporting on total GDP and changes in economic activity.

4.2 This section describes the GDP characteristics of Palmerston North and compares this with the other cities previously reported on in the Core Cities Project.

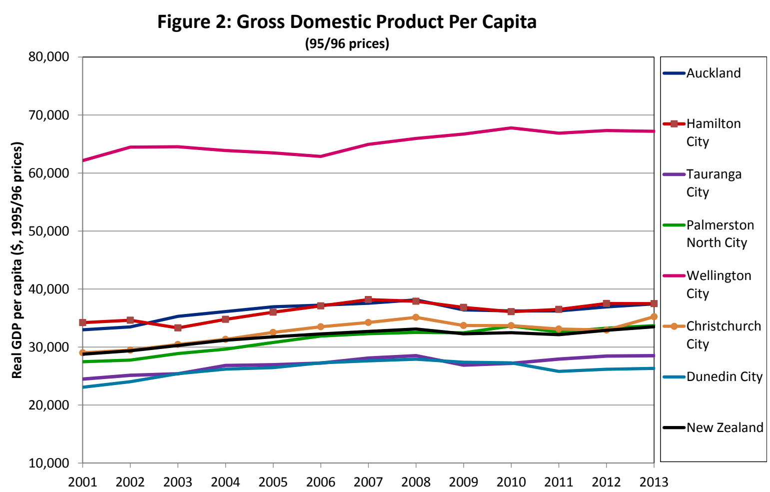
Real GPD per capita

4.3 There are a number of factors which impact on a comparison of GDP per capita in Palmerston North and the average for New Zealand. Per capita GDP estimates prepared by Infometrics show a lower level of per capita GDP for the City than is suggested by other indicators of the economic performance of the City. Further investigation of this has suggested that the high shares for the government administration, education and health sectors in the Palmerston North economy are the major factor contributing to the discrepancy between GDP measures and other indicators of economic activity in the City.

4.4 GDP per capita comparisons at a city level are also affected by the extent to which the labour force in each city consists primarily of residents of the city or whether there is a significant element of the workforce who commutes to the city from outside the city boundary. Data from the 2013 Census suggests that 20% of the Palmerston North workforce were residents of other local authority areas. While the Census also showed that around 9% of Palmerston North residents work in other local authority areas there was a significant net gain for the City from commuting by out-of-town residents. Census commuting data is approximate because of the high percentage of responses for which a workplace address was missing. In 2013 7% of Palmerston North residents did not provide a workplace address on their Census form while in the local authority areas surrounding Palmerston North, between 9 – 11% of residents did not provide a workplace address. In some cases the workplace address provided was 'Manawatū-Wanganui' region. Wellington City has high per capita GDP compared with other cities in the Core Cities comparison and the high commuter workforce from surrounding local authority areas is a significant factor in this.

4.5 A further factor affecting the city comparisons of per capita GDP is the composition of the labour force in each city. Palmerston North has a large number of students relative to its population. This lowers the labour force participation rate and increases the rate of part-time employment. Data from the 2013 Census also shows that 23.9% of those employed in Palmerston North stated that they worked part-time (1 – 29 hours per week) compared to the average for New Zealand of 23.0%. The part-time share for the other Core Cities ranged from 20.7% in Wellington to 27.5% in Dunedin.

4.6 Real (inflation adjusted) GDP per capita in Palmerston North increased from $27,481 in the year to June 2001 to $33,680 in the year to June 2013, an increase of 23% between 2001 and 2013. This was a faster rate of growth than for the six cities participating in the initial Core Cities Project. The average annual growth rate of 1.7% for per capita GDP (inflation adjusted) in Palmerston North was also higher than the New Zealand average of 1.3%. Christchurch was the only other Core City to experience growth above the New Zealand average. Average annual growth rates across the six original Core Cities ranged from 0.7% in Wellington to 1.6% in Christchurch.

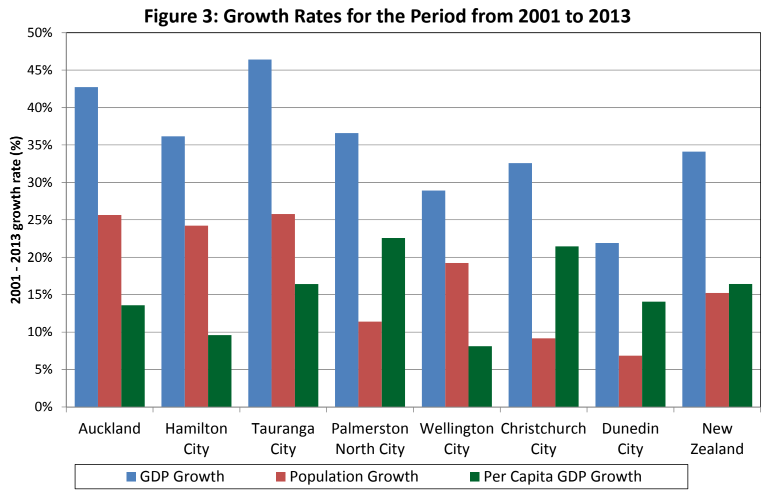


SOURCE: INFOMETRICS AND STATISTICS NEW ZEALAND POPULATION ESTIMATES

Real GDP

4.7 Total annual GDP in Palmerston North increased from $2,119 million in the year to June 2001 to $2,894 million in the year to June 2013, an increase of 37%. This was stronger than the 34% increase in New Zealand GDP. The smaller gap between total GDP growth in the City and the GDP growth rate for New Zealand reflects weaker population growth in Palmerston North over the 2001 to 2013 period. Over this period Palmerston North's population increased by 11% while the total New Zealand population increased by 15%. GDP growth rates were strongest in the three upper North Island Core Cities (Auckland, Hamilton and Tauranga), reflecting stronger population growth rates during this period.

4.8 The strength of per capita GDP growth in Palmerston North since 2001 has contributed to stronger population growth in the City in the second half of the 2001 to 2013 period, with City population growth estimated to have increased by 5.9% between 2007 and 2013, slightly ahead of total New Zealand population growth of 5.7%. Population growth can therefore be seen as a lagging indicator of economic growth. Improving GDP growth and incomes acts to encourage more people to stay in the city rather than moving elsewhere to find employment, and also attracts more migrants into the City.



SOURCE: INFOMETRICS AND STATISTICS NEW ZEALAND POPULATION ESTIMATES

Summary: GDP

4.9 The measure of GDP per capita suggests Palmerston North performs relatively poorly when compared to the average for the six initial Core Cities and is slightly lower than the average for all of New Zealand. This can be largely explained by the high proportion of students residing in Palmerston North and the industry structure of Palmerston North's economy. The gap between Palmerston North and all of the Core Cities is closing, with Palmerston North achieving the highest annual average per capita GDP growth rate between 2001 and 2013.

5. CITY-REGION ECONOMIC OUTCOMES

INTRODUCTION

5.1 Many forces shape the economy of a city-region. Using statistical measures to compare trends over time and between cities helps identify the differences and similarities between them and the forces driving them. Understanding what makes a city tick and what makes each city different can help inform decisions on where to focus energy and resources. This section looks at three large economic outcomes, and assesses appropriate indicators for their measurement. Incomes at a household and national level can improve through;

- Productivity, which measures efficiency on a macro level; (this data is available at national level only at present);
- Increased incomes, which show economic outcomes on a personal/ household level, and are used as a measure of standard of living. Improving terms of trade with the rest of the world allow for incomes to grow when the value of what we produce increases faster than the value of the goods and services we purchase from other countries;
- Employment, which provides more opportunities for people to participate actively in the economy. Increasing average wages are used as a measure of the quality of work available.

CONTENTS

Incomes

Introduction

5.2 Income is a useful measure of economic performance but is only a partial indicator for comparing the standard of living in a city-region. This is because the cost of living is usually higher in the cities which have high average incomes. Calculation of income is difficult, as capturing all sources of income (earned through wages and salaries, self-employment, government transfers and investment) is not straightforward. The Census offers the most comprehensive measure of income, since it covers all individuals 15 years and older, while the Household Income Survey is less comprehensive, only covering households with people aged between 18 to 64 years. Non-response rates are high for all income surveys, with around 10% of responses to the 2013 Census not stating a level of income.

Sources of Statistics New Zealand income data include:

1) Census
2) Income Survey
3) Linked Employer-Employee Data

Census

5.3 The median personal income in Palmerston North in 2013 was $27,000, which was below the median of $28,500 for New Zealand (94.7% of the New Zealand median). The low median income is likely to reflect both lower than average salaries and wages, and the high student population in the city. The increase in the median personal income in Palmerston North between 2006 and 2013 was 16.9%, only marginally higher than the increase for New Zealand of 16.8%. The Consumers Price Index (CPI) increased by 17.5% between the March 2006 and March 2013 quarters, resulting in reductions in inflation adjusted median personal incomes in most Core Cities. The 0.4% decline for Palmerston North in inflation adjusted median personal income was only marginally smaller than the 0.5% decline recorded for New Zealand.

TABLE 1: CENSUS MEDIAN PERSONAL AND HOUSEHOLD INCOME

	Census 2006		Census 2013		2006 - 2013 change	
	Median Personal Income	Median Household Income	Median Personal Income*	Median Household Income*	Change in Personal Income*	Change in Household Income*
Auckland	$26,800	$63,400	$25,213	$65,162	-5.9%	2.8%
Hamilton City	$24,000	$52,800	$23,595	$54,514	-1.7%	3.2%
Tauranga City	$23,200	$45,500	$23,083	$47,530	-0.5%	4.5%
Palmerston North City	$23,100	$48,200	$22,998	$49,830	-0.4%	3.4%
Wellington City	$32,500	$74,200	$32,283	$77,598	-0.7%	4.6%
Christchurch City	$23,400	$48,200	$25,383	$55,622	8.5%	15.4%
Dunedin City	$19,400	$43,400	$19,847	$46,337	2.3%	6.8%
New Zealand	$24,400	$51,400	$24,276	$54,344	-0.5%	5.7%

SOURCE: STATISTICS NEW ZEALAND CENSUS AND CONSUMERS PRICE INDEX (CPI)

(adjusted for Consumer Price Index change between March 2006 and March 2013 quarters)
* (CPI adjusted)

5.4 The increase in the GST rate on 1 October 2010 from 12.5% to 15.0% is an important contributor to the decline in inflation-adjusted personal incomes between 2006 and 2013. The income question in the Census is based on 'income before tax' so the data does not show change in inflation-adjusted disposable income.

5.5 Median household income for Palmerston North in 2013 was $58,500, also below the median New Zealand income of $63,800. The difference between City and New Zealand median household earnings was larger than for personal earnings, reflecting the slightly smaller average household size in the City (2.6 people) compared with the average for New Zealand (2.7 people). Median household incomes in the City increased more slowly between 2006 and 2013 than the increase for New Zealand (increases of 3.4% and 5.7% respectively, when adjusted for inflation).

New Zealand Income Survey

5.6 The New Zealand Income Survey is run annually as a supplement to the Household Labour Force Survey during the June quarter and covers 5,000 people on a national basis. Data is usually published at a regional council level, but is also available for the larger cities. Statistics NZ is unable to produce and release the information specifically for Palmerston North due to confidentiality, as the City is below the threshold of 100,000 people used for the survey.

5.7 There is also a high sampling error for much of the regional data published, due to the small sample size. Sampling error is a measurement of the variability that occurs by chance because a sample of households is used to estimate income, rather than asking every household in New Zealand for its income details. In the 2012 June quarter the estimate for the average weekly household income from all sources in the Manawatū-Wanganui region was $1,269, and the relative sampling error was 7.3%. This means there is a 95% probability the actual median income for the Manawatū-Wanganui region was between $1,176 and $1,362 in the June 2012 quarter.

5.8 In 2006, the median household income for the Manawatū-Wanganui region was $50,600. The median household income for Palmerston North was $56,700 - 12% higher than the average for the region.

Linked Employer-Employee Data (LEED)

5.9 LEED data is a relatively new measure developed by Statistics New Zealand, with data available only from the June 1999 quarter. Official quarterly statistics produced from LEED measure labour market dynamics, providing an insight into the operation of New Zealand's labour market by local authority, by industry sector and by age group. Data is also available for job tenure and primary source of income – salaries and wages or from self-employment. Statistics New Zealand releases other official labour market statistics which show changes in employment at an aggregate level. The new statistics from LEED, such as job and worker flows, help explain what causes these aggregate movements, and are therefore useful for explaining changes in the labour market.

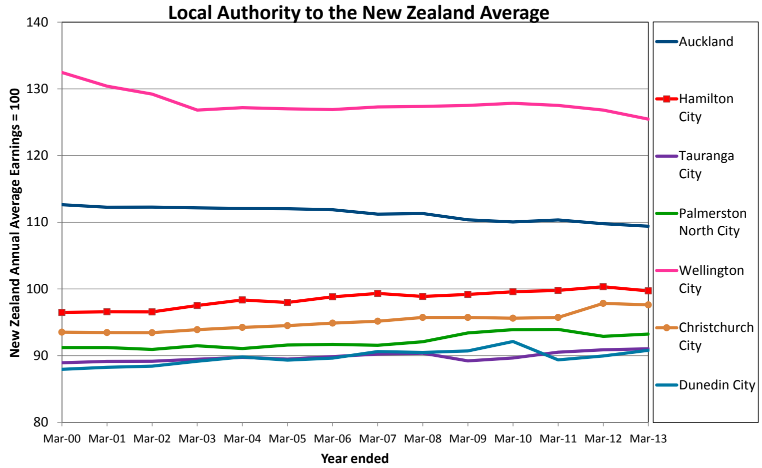
5.10 LEED uses existing administrative data drawn from the taxation system, together with business data from Statistics NZ's Business Frame. The LEED dataset is created by linking a longitudinal employer series from the Business Frame to a longitudinal series of Employer Monthly Schedule payroll data from Inland Revenue. Income measures published by Statistics New Zealand are:

Average Earnings

5.11 Average (mean) earnings for salary and wage earners (full quarter jobs) in Palmerston North were $47,900 in the year to March 2012, an increase of 59% from the year to March 2000. This was lower than the mean earnings for New Zealand of $51,550 in the year ended March 2012. However, the ratio of Palmerston North mean earnings to New Zealand mean earnings has improved, from 91.3 in the year to March 2000, to 92.9 in the year ended March 2012. This was higher than the earnings ratios for Tauranga (90.8) and Dunedin (90.0) but lower than the other Core Cities.

5.12 Auckland and Wellington have higher average earnings than the average for New Zealand, while other Core Cities have below average earnings. However, the gap in average earnings is closing, with Wellington experiencing average earnings growth of 49% and Auckland growth of 52% between 2000 and 2012, both below the average for New Zealand of 56%. Christchurch recorded the strongest growth in average earnings, with an increase of 63% between 2000 and 2012, while Palmerston North recorded the third highest growth rate behind Christchurch and Hamilton.

Figure 4: Ratio of Annual Average Earnings (Salaries and Wages) by Local Authority to the New Zealand Average



SOURCE: STATISTICS NEW ZEALAND LEED

Total Annual Earnings (Salaries and Wages)

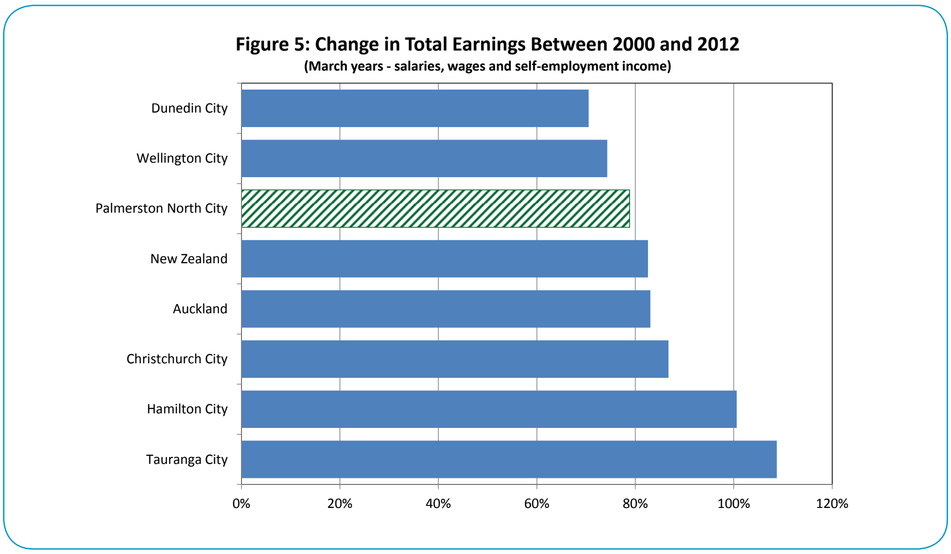
5.13 Statistics New Zealand data for growth in annual salaries and wages paid reflects both growth in the number of jobs in each city and changes in average earnings. Palmerston North salaries and wages increased by 94% between 2000 and 2012 (March years), slightly ahead of the national increase of 93%. The strongest growth for the Core Cities was in Tauranga, where total salaries and wages increased by 132%. The weakest increases over this time period were in Wellington and Dunedin, where growth of 78% was recorded. The other cities experiencing above average increases were Hamilton and Christchurch, while Auckland increased below the average for New Zealand.

Total Annual Earnings (Salaries and Wages and Self-employment Income)

5.14 Statistics New Zealand also publishes a more comprehensive income data series which includes income from self-employment and from salaries and wages. The data is available by industry sector, and so provides very useful data for industry analysis. Job count data, the main form of quarterly and annual employment data used, does not distinguish between part-time and full-time employment so the earnings data therefore provides more valuable information on the contribution of each sector to local incomes and their contribution to economic growth in the City.

5.15 Total earnings in Palmerston North (salaries and wages and self-employment income) were $2,272 million in the year ended March 2012, an increase of 78.9% between 2000 and 2012. Total New Zealand earnings increased by 82.6% over this period.

5.16 Total salaries and wages paid in the City were $2,017 million in the year ended March 2012 while total income from self-employment was $255 million. The large government sector in the City contributed to a very high share of income from salaries and wages, while self-employment income contributed just 11% of annual earnings in the City, significantly lower than the 18% share of self-employment income in New Zealand earnings. Self-employment income in Palmerston North rose by just 10.2% between 2000 and 2012 while income from salaries and wages rose by 94.2%.



SOURCE: STATISTICS NEW ZEALAND LEED

5.17 The City's growth rate was faster than Christchurch's over the ten years between 2000 and 2010, but an administrative change by Statistics New Zealand in 2011 reduced the level of income growth in Palmerston North in 2011. Statistics New Zealand changed its treatment of employment data for Higgins, a major civil engineering construction business based in Palmerston North. The change reflected the company's transition from a business primarily based in the Manawatū to a national business with significant activity in other regions. In the construction sector, employees who do not work at a fixed location are counted at the geographic unit that represents the head office of their employer. Until 2010 all Higgins employees were classified as being based in Palmerston North but since 2011 Higgins employees have been recorded in the regional location where they are based.

Income Inequality

5.18 Gini coefficient data, a measure for income inequality, was not available for all the Core Cities, so the measure used is the Deprivation Index. The Deprivation Index is a combination of a key range of socioeconomic variables and provides an overall score of deprivation in a particular area. The scores are on a scale of one (least deprived) to ten (most deprived). The table below shows the percentage of City residents living in each decile (income ranges covering 10% of the New Zealand population). The table shows that in 2006 18% of Palmerston North's residents lived in the 'most deprived' areas (deciles 9 and 10) compared with the average of 20% for New Zealand. In 2006 54% of Palmerston North households were in deciles 6 – 10.

TABLE 2: SOCIO-ECONOMIC DEPRIVATION INDEX BY DECILE
(1 = Least Deprived 10 = Most Deprived)

	1	2	3	4	5	6	7	8	9	10
Auckland	7%	8%	9%	6%	9%	12%	14%	17%	13%	4%
Hamilton	10%	8%	6%	8%	7%	11%	12%	11%	16%	10%
Tauranga	7%	8%	10%	9%	12%	13%	11%	13%	11%	5%
Palmerston North	11%	9%	7%	6%	13%	14%	11%	10%	11%	7%
Wellington	22%	12%	12%	12%	10%	9%	8%	6%	4%	5%
Christchurch	12%	10%	11%	11%	11%	11%	9%	10%	10%	6%
Dunedin	12%	9%	11%	9%	11%	10%	9%	10%	13%	6%

SOURCE: UNIVERSITY OF OTAGO AND WELLINGTON SCHOOL OF MEDICINE AND HEALTH SCIENCES

TABLE 3: SOCIO-ECONOMIC DEPRIVATION INDEX SUMMARY
(1 = Least Deprived 10 = Most Deprived)

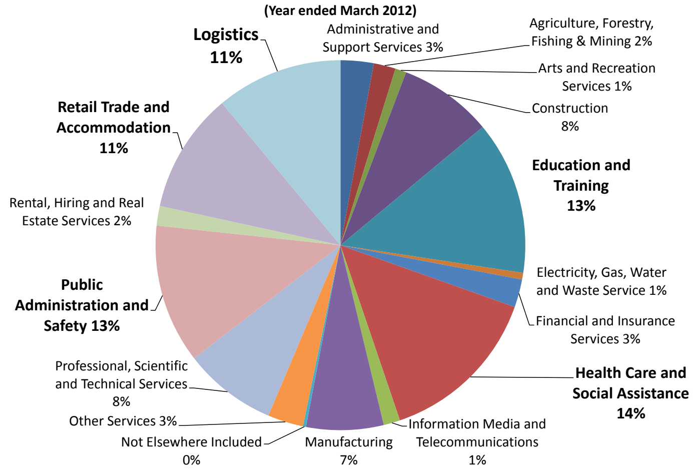
	Least Deprived (1 + 2)	Most Deprived (9 + 10)	Deciles 6 - 10
Auckland	15%	17%	60%
Hamilton	18%	26%	60%
Tauranga	15%	16%	54%
Palmerston North	20%	18%	54%
Wellington	34%	9%	32%
Christchurch	22%	16%	46%
Dunedin	21%	19%	49%

SOURCE: UNIVERSITY OF OTAGO AND WELLINGTON SCHOOL OF MEDICINE AND HEALTH SCIENCES

Distribution of Earnings by Sector

5.19 Palmerston North has a diversified economy, despite a significantly higher than average share of employment in the government sector. Statistics New Zealand data on employment by institutional sector is only available at a national level and shows that in February 2012, 16.8% of jobs were in the general government sector. Estimates produced by the Council for its Government Sector Profile in 2011 suggested that the government sector accounted for 26.3% of jobs in Palmerston North. Statistics are not available on earnings by institutional sector but data on average weekly earnings shows higher than average earnings for the government sector, mostly due to the higher share of full-time employment in the sector. Significant government sector employment is distributed across the Health Care and Social Assistance, Education and Training, and the Public Administration and Safety sectors.

Figure 6: Distribution of Earnings in Palmerston North
(Year ended March 2012)



SOURCE: STATISTICS NEW ZEALAND LEED

5.20 Total City earnings (salaries, wages and self-employment income), when adjusted for inflation (CPI), increased by 29% between 2000 and 2012. The change in earnings over this period reflects both changes in the number of jobs and changes in average earnings in the City.

TABLE 4: ANNUAL EARNINGS FOR PALMERSTON NORTH
(salaries, wages and self-employment income)

Palmerston North Sectors	2000 - 2012 change in earnings (adjusted for inflation (CPI))	
	$ million	%
Health Care and Social Assistance	103,560,198	78.1%
Construction	52,049,766	63.0%
Public Administration and Safety Services	76,841,585	62.3%
Administrative and Support Services	16,926,161	55.1%
Logistics and Supply Chain Sector	61,871,852	51.5%
Retail Sector	43,077,920	33.1%
Other Services	11,083,823	27.6%
Professional, Scientific and Technical Services	24,622,755	22.5%
Arts and Recreation Services	2,007,405	14.4%
Financial and Insurance Services	2,585,818	6.9%
Education and Training	12,536,656	6.0%
Information Media and Telecommunications	-1,151,221	-4.6%
Rental, Hiring and Real Estate Services	-2,045,978	-6.8%
Manufacturing	-11,270,168	-9.2%
Agriculture, Forestry and Fishing; and Mining	-11,104,819	-26.1%
Electricity, Gas, Water and Waste Services	-3,382,815	-26.1%
Not elsewhere classified	-3,582,153	-44.9%
TOTAL	**374,626,784**	**29.5%**

SOURCE: STATISTICS NEW ZEALAND LEED AND CPI

Summary: Income

5.21 Income measures for Palmerston North show that it compares well with the average income growth rate for New Zealand, particularly for growth in annual average salaries and wages. Palmerston North has experienced the fifth fastest growth rate for earnings (salaries, wages and self-employment income) of the seven cities.

Employment

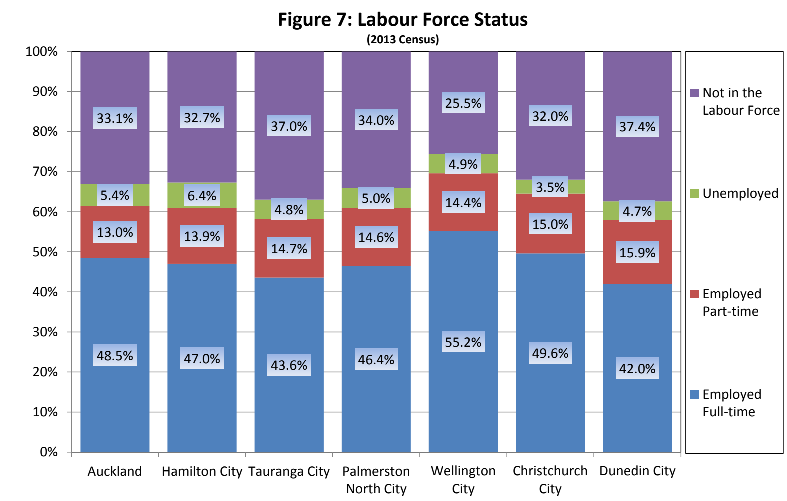
Introduction

5.22 Employment levels are important to both social and economic wellbeing and are a key element in reducing income inequality. Under-employment (part-time workers wanting to work longer hours) and unemployment can limit the overall performance of a city, and undermine the quality of life of its residents. This section explores three aspects of employment in the Core Cities.

- Labour force participation rate
- Unemployment rate
- Unemployment by ethnic group

Labour Force Participation Rate

5.23 The labour force participation rate is the total labour force expressed as a percentage of the working-age population. Labour force participation is closely linked to how the working-age population is defined. The Statistics New Zealand Household Labour Force Survey labour force participation rate estimate is based on a working-age population definition of 'the usually resident, non-institutionalised, civilian population of New Zealand aged 15 years and over.'



SOURCE: STATISTICS NEW ZEALAND CENSUS

5.24 The 'not in the labour force' category includes any person in the working-age population who is neither employed nor unemployed. For example, this residual category includes people who:

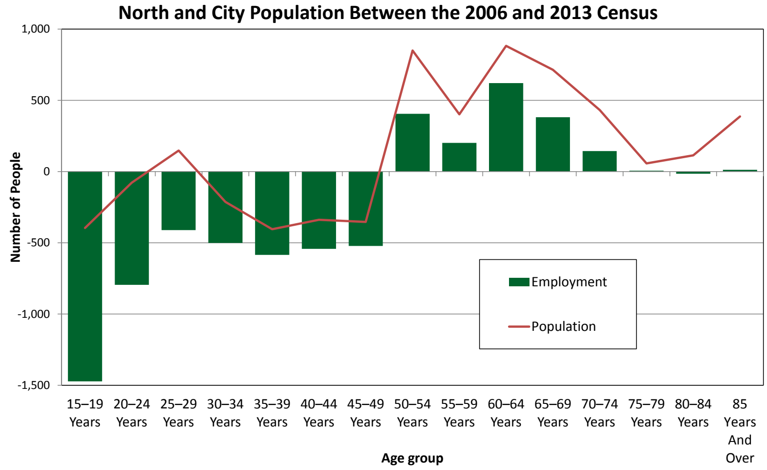
- are retired
- have personal or family responsibilities such as unpaid housework and childcare
- attend educational institutions
- are permanently unable to work due to physical or mental disabilities
- were temporarily unavailable for work in the survey reference week
- are not actively seeking work.

5.25 Census 2013 statistics show that Palmerston North had a labour force participation rate of 66.0%, below the average for New Zealand of 67.1%.

The participation rate declined from 68.7% in 2006 to 66.0% in 2013, a larger decline than for New Zealand, where the participation rate declined from 68.5% in 2006 to 67.1% in 2013. Factors contributing to the decline in the participation rate include:

- A decline in the number of people in the City in the 15 – 49 years age group, which traditionally has a high participation rate, and stronger growth in the 50 years and over age group population, which has a low participation rate in employment. The 15 – 49 years age group population in Palmerston North declined by 4% between 2006 and 2013, while the 50 years and over population in the City increased by 19%. The 65 years and over population increased by 1,704 people between 2006 and 2013, accounting for nearly three-quarters of the population increase in the City.
- Strong growth in the 'not in the labour force' category, particularly in the 15 – 24 years age group. This reflects increased retention levels in years 12 and 13 at secondary school.

Figure 8: Change in the Number of People Employed in Palmerston North and City Population Between the 2006 and 2013 Census



SOURCE: STATISTICS NEW ZEALAND CENSUS

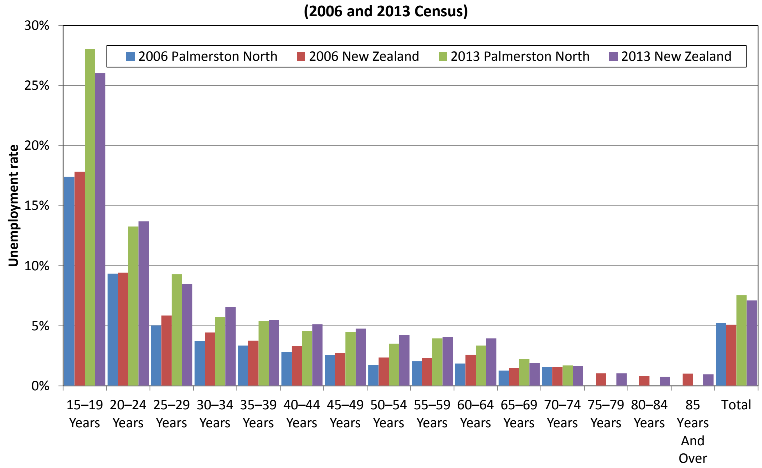
5.26 A challenge with comparing data from the 2006 and 2013 Census is an increase in the number of people not completing the work status question on the Census form. In 2006, 1,260 Palmerston North residents did not complete the work status question, while in 2013 2,871 residents did not complete the question.

Unemployment Rate

5.27 The calculation for the unemployment rate is based on the total labour force (the number of people working full-time or part-time and the number of people unemployed), rather than on the total working age population. The unemployment rate for Palmerston North at the time of the March 2013 Census was 7.5%, which was higher than the New Zealand average of 7.1%. The unemployment rate averaged 7.5% across the seven Core Cities, ranging from 5.1% in Christchurch to 9.5% in Hamilton.

5.28 The unemployment rate in Palmerston North was significantly higher in younger age groups, with just three age groups (15 – 19 years, 20 – 24 years and 25 – 29 years) having higher unemployment rates than the average for the City. There was a 7% increase in the number of 15 – 19 year olds in the City who were unemployed in 2013 compared with the number in 2006. The unemployment rate for 15 – 19 year olds increased from 17.4% in 2006 to 28% in 2013. This was due to a significant decline in the number of 15 – 19 year olds in employment (42% decline from 2006) and a 32% increase in the number of young people not in the work force. The participation rate for this age group (the total of the number of 15 – 19 year olds in employment or unemployed) declined from 61% in 2006 to 44.1% in 2013.

Figure 9: Unemployment Rates by Age Group
(2006 and 2013 Census)



SOURCE: STATISTICS NEW ZEALAND CENSUS

5.29 Statistics New Zealand publishes quarterly data on unemployment by regional council but, apart from Auckland, the data is not available by city. The regional data has a high sample error, with sample errors for the Manawatū-Wanganui region unemployment rate ranging from 1.4 to 2.2 over the four quarters from June 2012 to March 2013, averaging 1.85 over the four quarters. This results in significant volatility in the published unemployment rate and means it is not a reliable indicator of labour market trends in the City and not suitable for a city-region comparison.

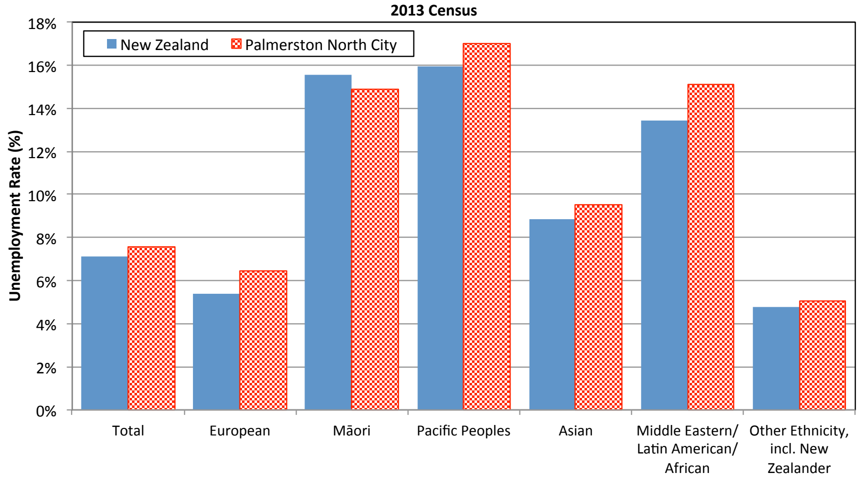
5.30 Data on the number of people registered for the unemployment benefit offers a more limited picture of unemployment in the City because a significant number of people who are unemployed are not eligible to register for a benefit. However, change to Ministry of Social Development benefit types in July 2013 means that data published from September 2013 is not comparable with previous periods.

Unemployment by Ethnic Group

5.31 Palmerston North is less ethnically diverse than New Zealand overall. However, the New Zealand average is heavily influenced by Auckland's sizeable Asian and Pacific Island populations, both around double the average for New Zealand. Palmerston North had the fourth smallest European share of the seven Core Cities in 2013, the third highest Māori share and the fourth highest Asian share.

5.32 Unemployment data for Palmerston North in 2006 showed slightly less difference between ethnic groups, with the unemployment rate for Europeans higher than the New Zealand average. The unemployment rates for the Māori and Middle Eastern/Latin American/African ethnic groups were below the average for New Zealand while the unemployment rates for Pacific Island and Asian ethnic groups were only slightly higher than the New Zealand average. Census 2013 data for unemployment by ethnicity has not yet been published.

Figure 10: Unemployment Rates for Ethnic Groups
2013 Census



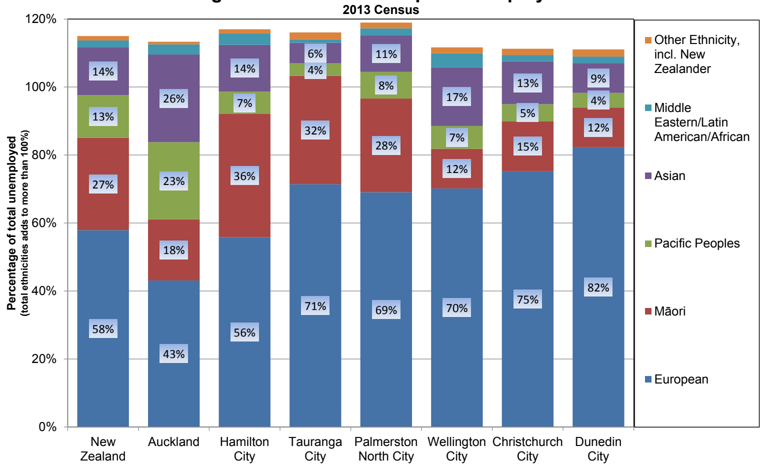
SOURCE: STATISTICS NEW ZEALAND CENSUS

TABLE 5: PALMERSTON NORTH CITY EMPLOYMENT STATUS BY ETHNIC GROUP FOR THE POPULATION AGED 15 YEARS AND OVER, 2013 CENSUS

Ethnic Group	Employed	Unemployed	Total Labour Force	Not in Labour Force	Total Work and Labour Force Status	Unemployment Rate	Participation Rate
European	30,210	2,091	32,298	15,996	48,294	6.5%	66.9%
Māori	4,770	834	5,604	2,604	8,208	14.9%	68.3%
Pacific Peoples	1,158	237	1,395	708	2,103	17.0%	66.3%
Asian	3,084	324	3,405	2,406	5,811	9.5%	58.6%
Middle Eastern/Latin American/African	354	63	417	291	705	15.1%	59.1%
Other Ethnicity	954	51	1,005	291	1,296	5.1%	77.5%
Total, Ethnicity Stated	**37,149**	**3,027**	**40,179**	**20,592**	**60,771**	**7.5%**	**66.1%**

SOURCE: STATISTICS NEW ZEALAND CENSUS

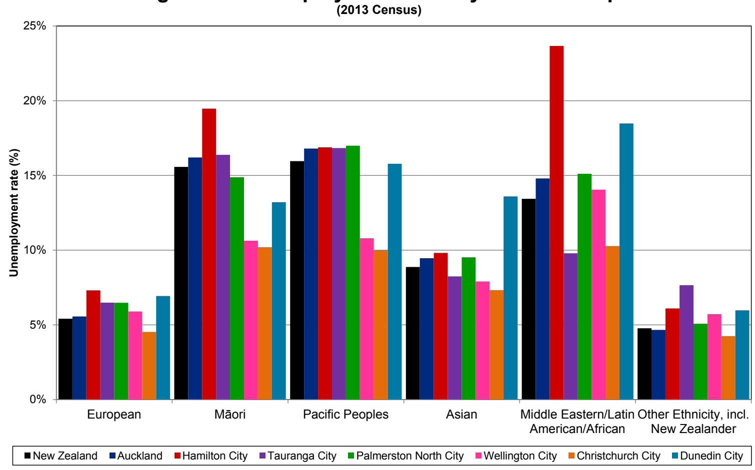
Figure 11: Ethnic Make up of Unemployed
2013 Census



SOURCE: STATISTICS NEW ZEALAND CENSUS

5.33 Differences in the ethnic composition in each City reflect both the ethnic composition of the overall City population as well as specific factors which contribute to higher unemployment levels among specific ethnic groups.

Figure 12: Unemployment rates by Ethnic Group
(2013 Census)



SOURCE: STATISTICS NEW ZEALAND CENSUS

5.34 Ongoing settlement of former refugees in Auckland, Hamilton, Palmerston North and Wellington will have contributed to higher unemployment rates among the Asian, Middle Eastern, Latin American and African ethnic groups in these cities because there is usually a transition of several years before their language skills are sufficient to find employment. Other migrants arriving in New Zealand are generally required to meet minimum English language levels. The small number of people in the Middle Eastern, Latin American and African ethnic groups will be the primary to the variability in unemployment rates across cities.

Summary: Employment

5.35 Labour force participation rates in Palmerston North declined between 2006 and 2013, reflecting the impact of the global financial crisis on employment levels. Also contributing to the decline in the participation rate was an increase in the City's population aged 65 years and over, and increased retention of students at secondary schools in years 12 and 13.

5.36 The youth unemployment rate in the City in 2013 was 28% in the 15 – 19 years age group, and 13% in the 20 – 24 years age group, compared with 17.4% and 9.3% respectively in 2006. The number of young people in employment declined between 2006 and 2013 while an additional 528 people aged 65 years and over were in employment in 2013 compared with 2006. The strongest increase in employment was in the 60 – 69 years age group.

6. CITY-REGION DISTINCTIVENESS

INTRODUCTION

6.1 City-region distinctiveness is a subjective concept which is difficult to articulate, but it exists, and it shapes the economy through the institutions and connections to economic activity. This section peels back some of the layers of distinctiveness, in an attempt to reveal the inter-connection between the unique features embodied in city-regions and their effect on economic outcomes.

CONTENTS

Image and Identity

6.2 In 2013 Palmerston North City Council brought Charles Landry, an international authority on the use of imagination and creativity in cities, to Palmerston North so he could use his global perspective to look at the strengths and weaknesses of the City.

6.3 He said that Palmerston North is a comfortable place, easy to live in, with strengths from its role as a regional transport and distribution hub, the presence of Massey University, UCOL and other educational institutes, and the defence force. Yet he also said the City could achieve more with its assets and resources - especially the constant inflow of young people who come here for their education - and with a more entrepreneurial spirit.

6.4 In 2013 the Council also surveyed residents of Palmerston North and other similar North Island cities to see how they perceive Palmerston North. Residents see Palmerston North most positively in the following areas (the percentages show the percentage of people ranking the area as "very good" or "good"):

- Being a great city for student education and student life (95%)
- Being a city with good parks, sports and recreational facilities (95%)
- Being a great place for families (93%)
- Being an easy place to live, with a great lifestyle (90%)
- Being a likeable friendly city (86%)

6.5 Visitors see Palmerston North most positively in these areas:

- Being a great city for student education and student life (86%)
- Being a likeable friendly city (74%)
- Being a city with good parks, sports and recreational facilities (73%)
- Being an attractive city to walk around (70%)
- Being a great city for cycling (68%)

6.6 Residents see Palmerston North least positively in the following areas:

- Being an innovative city (65% see it as an innovative city)
- Being a leading city in the quest to be environmentally sustainable (62%)
- Being a good city for businesses (58%)
- Being a city with good, interesting jobs (52%)
- Being a place that New Zealanders would want to come and visit (51%)

6.7 Visitors see Palmerston North least positively in the following areas:

- Being an innovative city (45% see it as an innovative city)
- Being a good city for businesses (44%)
- Being a place that New Zealanders would want to come and visit (42%)
- Being a caring city that looks after people (37%)
- Being a city with good, interesting jobs (29%)

6.8 The results show that people see Palmerston North as an education city, as a city with good recreation facilities, and as a friendly city. It is seen as a good place for shopping, and as a pleasant city that is easy to get around. Local residents also see it as an easy place to live, especially for families. However, its image is not so positive in economic and business areas, or as a place people want to visit.

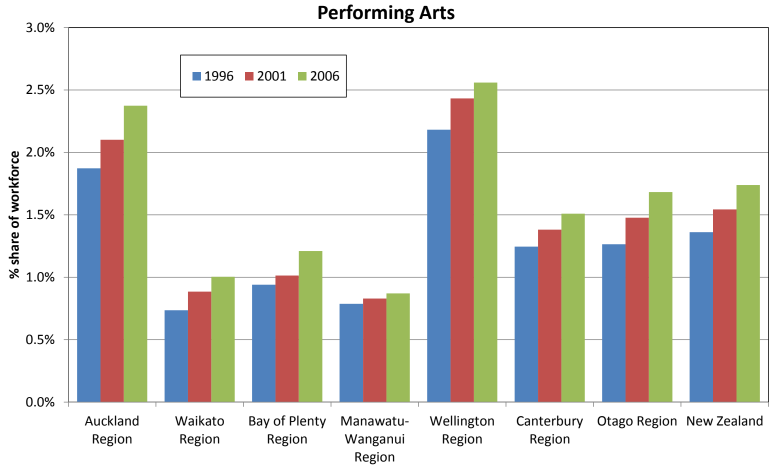
6.9 At the same time the Council carried out an email survey. It asked people: "If Palmerston North was a person, what sort of person would it be?" Not surprisingly, the results were mixed – one common theme was that it is boring, conservative and lacking in confidence. However, another common theme was that it is artistic, vibrant, multicultural and caring. Others saw it as prosperous and sensible.

6.10 Common, but contradictory themes emerge through all these perceptions. This is not surprising as all cities have these sorts of contradictions, as people value different things and have different perceptions.

Proportion of People who are in the Creative Industries, Arts and Performing Arts

6.11 The proportion of Manawatū-Wanganui residents who are employed in the creative industries, arts and performing arts is the lowest among the Core City regions and well below the average for New Zealand. An important contributing factor in this is likely to be the region's proximity to Wellington and the strength of the arts and performing arts sector in Wellington. This would also help to explain the high share in the Wellington region.

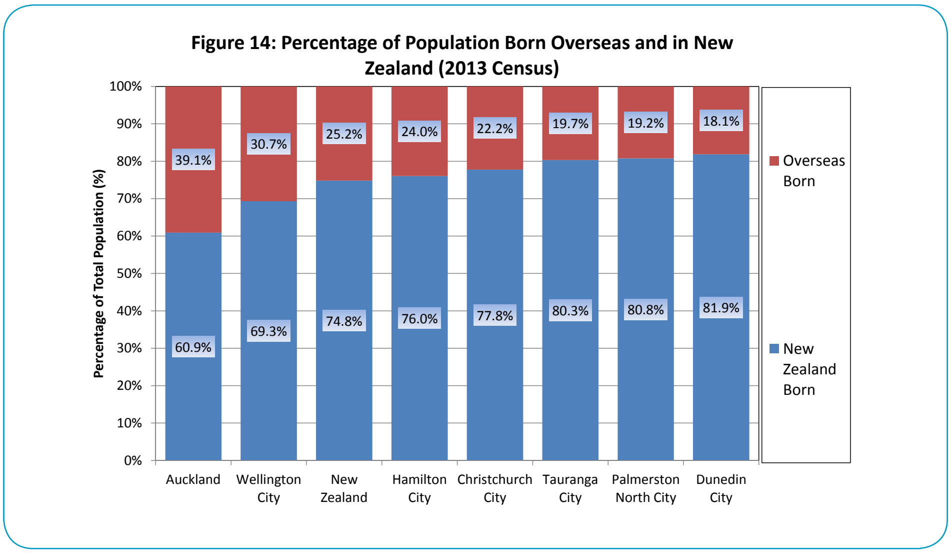
Figure 13: Proportion of Workforce in Creative Industries, Arts and Performing Arts



SOURCE: STATISTICS NEW ZEALAND, 2013 CENSUS

Number of Residents who are Born Overseas

6.12 University cities generally have a higher overseas-born population than other cities and district councils, in part because of the key roles played by universities in the attraction of international students. Many join the New Zealand work force once they complete their studies, so their tertiary study is a key element in their journey to residency in New Zealand.



SOURCE: STATISTICS NEW ZEALAND, 2013 CENSUS

6.13 However, another key element determining the proportion of the overseas-born population in a city is the pattern of migration from the Pacific Islands to New Zealand, with high proportions of Pacific Island migrants living in Auckland and Wellington contributing to the high overseas-born percentage share in both cities. This also helps to explain the lower overseas born percentage share for Palmerston North and Dunedin, despite their large student populations. Both cities experienced strong growth in the number of people with a Pacific Island ethnicity but this growth was primarily from people born in New Zealand while the increase in the number of people with a Pacific Island ethnicity who were born overseas was much weaker.

6.14 Between 2001 and 2013 there was almost no change in Palmerston North in the number of people born in New Zealand, while the overseas born population increased from 10,683 to 14,544, an increase of 36% over the 12 year period. This was weaker than the 48% increase across the seven Core Cities. A decline in student numbers in the City may be a factor in the weak growth in the overseas born population in Palmerston North and also a contributor to the weak growth in the overall City population. Palmerston North had the weakest increase in the overseas born population of the North Island Core Cities, but the increase was stronger than for Christchurch and Dunedin.

TABLE 6: BIRTHPLACE (BROAD GEOGRAPHIC AREAS)

	2001	2006	2013	01 -13 change
New Zealand				
Total Population	3,737,277	4,027,947	4,242,048	13.5%
Australia	56,259	62,742	62,712	11.5%
Pacific Islands	117,987	135,852	151,530	28.4%
United Kingdom and Ireland	225,120	251,688	265,206	17.8%
Europe (excl. United Kingdom and Ireland)	59,550	68,070	71,433	20.0%
North America	21,279	26,940	31,263	46.9%
Asia	165,777	251,133	316,467	90.9%
Middle East and Africa	48,387	75,651	90,282	86.6%
Other	4,269	7,473	12,891	202.0%
Total Overseas	698,628	879,543	1,001,787	43.4%
New Zealand	2,890,869	2,960,214	2,980,827	3.1%
Not Elsewhere Included	147,783	188,187	259,437	75.6%
Total Birthplace stated	3,589,497	3,839,760	3,982,614	11.0%
Overseas born share	19.5%	22.9%	25.2%	
Palmerston North				
Total Population	73,965	77,727	80,079	8.3%
Australia	969	1,104	1,017	5.0%
Pacific Islands	1,020	1,149	1,350	32.4%
United Kingdom and Ireland	3,432	3,768	3,723	8.5%
Europe (excl. United Kingdom and Ireland)	828	861	867	4.7%
North America	435	510	576	32.4%
Asia	3,123	4,047	5,361	71.7%
Middle East and Africa	717	1,251	1,419	97.9%
Other	156	198	228	46.2%
Total Overseas	10,683	12,885	14,544	36.1%
New Zealand	60,867	62,340	61,119	0.4%
Not Elsewhere Included	2,412	2,499	4,416	83.1%
Total Birthplace stated	71,553	75,228	75,666	5.7%
Overseas born share	14.9%	17.1%	19.2%	

SOURCE: STATISTICS NEW ZEALAND, CENSUS

Ethnicity

6.15 Palmerston North experienced significant change in the ethnic diversity of its population between 2006 and 2013. Further significant change is projected by Statistics New Zealand over the period to 2021. Census data shows that between 2006 and 2013 the City recorded strong growth in its Asian (36% increase) and Pacific (21% increase), Middle Eastern/ Latin American/African (19%) and Māori (8% increase) populations. The remaining population for the European and other ethnic groups declined by 3% over the seven year period. Some of this decline may be due to the removal of 'New Zealander' from the options listed on the Census form in 2013. In 2006, 9,585 Palmerston North residents chose the 'New Zealander' option but in 2013 only 1,557 chose to record this on their Census form. The number of people identifying as European increased from 54,138 to 60,045 in 2013, an increase of 11% from 2006.

6.16 National Māori population growth was 6% between 2006 and 2013 so the 8% increase in the City was stronger than the national growth rate. This was despite the total population growth in the City being weaker than the increase for New Zealand. In 1991 the proportion of Māori people living in the City (old City boundary prior to the 1 July 2012 boundary change) was 10.4% of the total City population, lower than the national average of 12.9%. By 2006 it had increased to 15.0%, slightly above the national average of 14.6%. New Census data based in the new City boundary shows the proportion of Māori increased from 14.6% in 2006 to 16.5% in 2013, now well above the national average of 14.9%.

6.17 Two factors appear to have contributed to the strong growth in the Māori population in Palmerston North over this period. Firstly, there are high numbers of Māori employed at Linton Military Camp. There was a major expansion of the number of staff employed at the camp in the early 1990's and a further expansion in recent years. As a result, the expansion at Linton appears to have been important for bringing increased numbers of Māori into the City. In 2006 42% of the population living at the Military Camp identified as Māori, compared with 15% for the City population. The Linton data includes service personnel and their families living on the base. In 1991 Linton Military Camp accounted for 2.3% of the total city population, but 9.1% of the Māori population in the City was living at Linton. Since 2006 there has been change in Defence Force policy, which has resulted in families moving from the base into accommodation in the City. This contributed to a 25% decline in the Linton Military Camp population despite an increase in the overall number of personnel employed at Linton.

6.18 Secondly, a significant increase in Māori participation in tertiary education is also a factor in the increased Māori population growth in Palmerston North. There are high Māori populations in the catchment regions for the tertiary institutions based in Palmerston North, so increased participation in tertiary education by Māori increases the level of migration of young Māori people to the City. In 2013 the Manawatū-Wanganui region had a 21% Māori population share, Taranaki a 17% share and Hawkes Bay a 24% share. Currently the major ethnic groups are as follows in Table 7.

TABLE 7: ETHNIC POPULATION OF PALMERSTON NORTH

Ethnic Group (Census population count)	2006	2006 % share	2013	2013 % share	2006 – 2013 change	
					Number	%
European, 'New Zealander' and other	63,759	84.2%	61,638	81.0%	-2,121	-3%
Māori	11,598	15.3%	12,543	16.5%	945	8%
Asian	5,466	7.2%	7,410	9.7%	1,944	36%
Pacific	2,817	3.7%	3,396	4.5%	579	21%
Middle Eastern/Latin American/African	801	1.1%	954	1.3%	153	19%
TOTAL ETHNIC GROUP IDENTIFIED	**75,687**	**100.0%**	**76,062**	**100.0%**	**375**	**0%**
Not identified[1]	2,037		4,020		1,983	97%
TOTAL POPULATION	**77,724**		**80,079**		**2,355**	**3%**

SOURCE: STATISTICS NEW ZEALAND CENSUS

[1] Consists of don't know, refused to answer, response unidentifiable, response outside scope and not stated.

6.19 It is important to note that the ethnic concept used by Statistics New Zealand is the ethnic group or groups that people identify with or feel they belong to. Ethnicity is self-perceived and people can belong to more than one ethnic group. For example, people can choose to identify with the Māori ethnicity even though they may not be descended from a Māori ancestor. Conversely, people may choose not to identify as Māori even though they are descended from a Māori ancestor. Ethnicity does not equate to a birthplace description. The Census allows more than one ethnicity to be identified.

6.20 Significant change in ethnicity is occurring in the other Core Cities, with the strongest rate of growth in ethnic population change occurring outside the three largest cities. The rates of growth for the Māori, Pacific Peoples and Asian populations in Auckland, Wellington and Christchurch were generally lower than the average growth rate for New Zealand, with the only exceptions being stronger growth in the Māori populations in Wellington and Christchurch.

TABLE 8: PERCENTAGE CHANGE IN ETHNIC POPULATIONS BETWEEN 2006 AND 2013

	Māori	Pacific Peoples	Asian	Total Population
Auckland	4%	10%	31%	8%
Hamilton City	16%	32%	41%	9%
Tauranga City	13%	41%	77%	11%
Palmerston North City	8%	21%	36%	3%
Wellington City	8%	0%	25%	6%
Christchurch City	8%	7%	15%	-2%
Dunedin City	20%	11%	16%	1%
New Zealand	6%	11%	33%	5%

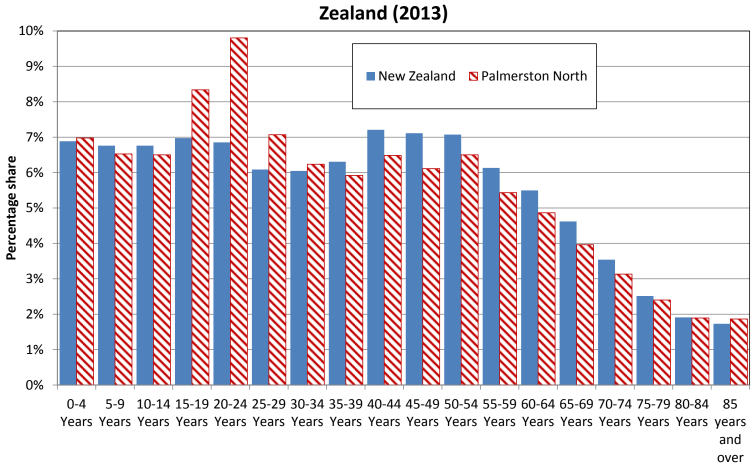
SOURCE: STATISTICS NEW ZEALAND CENSUS

Age Structure of the Population

6.21 The population age profile for Palmerston North is distorted by the significant student population in the City, resulting in a much higher population share in the 15 – 34 years age groups than the average for New Zealand. Consequently the City has lower shares than the average for New Zealand across the remaining age bands. The bands have flattened in the 15 – 34 years age groups, reflecting an increased focus at the Massey University Palmerston North Campus on post-graduate students. In 2006 the 20 – 24 years age group accounted for 10.4% of the City population while the 15 – 19 years age group accounted for 9.1%. By 2013 these had declined to 9.8% and 8.3% respectively.

6.22 An exception to the higher concentration in the 15 – 34 age group is a higher population share in the 85 years and over age groups, which is reflected in strong growth in the retirement village and other assisted care sectors. The median age for Palmerston North at the time of the 2006 Census was 32.4 years compared with the national median of 35.9 years. Hamilton City was the only Core City with a lower median age at the time of the 2006 Census. Median age data has not yet been published for the 2013 Census.

Figure 15: Population by Age Group in Palmerston North and New Zealand (2013)

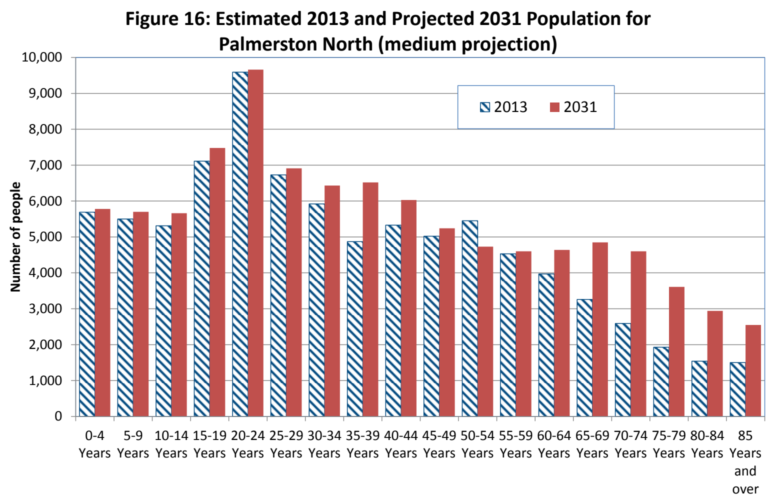


SOURCE: STATISTICS NEW ZEALAND, 2013 CENSUS

6.23 Statistics New Zealand population projections for Palmerston North suggest the median age for the City will increase from 32.2 years in 2006 to 36.0 years by 2031. The projected median age for the City in 2031 will not be significantly higher than the New Zealand median age of 35.8 years in 2006. Over the period from 2006 to 2031 the New Zealand population median age is projected to increase by 4.1 years to 39.9 years. The Palmerston North median age is projected to increase by 3.8 years over this period.

6.24 Prior to the Canterbury earthquakes, Statistics New Zealand planned to update the projections to a 2011 base, using data from the planned 2011 Census. However, the postponement of the Census by two years following the February 2011 earthquake means greater revisions are likely once the results of the March 2013 Census are completed. Estimated population growth in Palmerston North has been higher than projected during the last four years but initial Census data suggests population growth has been weaker than estimated in the City. Population growth has been stronger than estimated in Manawatū District and Horowhenua District, suggesting levels of commuting into Palmerston North have increased more strongly since 2006. Ethnic change in the City has accelerated since the Canterbury earthquakes, due to a significant increase in the number of former refugees settled in Palmerston North.

6.25 Statistics New Zealand population projections suggest there will be growth in the population in most age groups in the City, but the strongest growth will be in the 30 – 44 years and 60 years and over age groups. This will result in a decline in the proportion of the total population in the 0 – 14 years age group, even though the actual population in this age group is projected to increase.



SOURCE: STATISTICS NEW ZEALAND CENSUS AND POPULATION PROJECTIONS

6.26 The latest update to the Statistics New Zealand medium population projections (October 2012) shows that the two Core Cities (Palmerston North and Dunedin) which experienced the weakest rates of growth between 1996 and 2006 are expected to experience stronger rates of growth between 2006 and 2031. Growth rates for all of the other Core Cities are projected to slow compared with the growth they recorded during 1996 - 2006. The latest projections reflect Statistics New Zealand estimates for the longer-term population growth impacts from the Canterbury earthquakes.

6.27 Factors contributing to the weak population growth in Palmerston North between 1996 and 2006 were a substantial decline in manufacturing employment and a decline in student numbers at Massey University and Universal College of Learning (UCOL) (Manawatū Polytechnic). Statistics New Zealand population estimates suggest that the Palmerston North annual population growth rate has been higher than the New Zealand growth rate since 2009, but there will be revisions to the estimates later this year, based on the results from the 2013 Census.

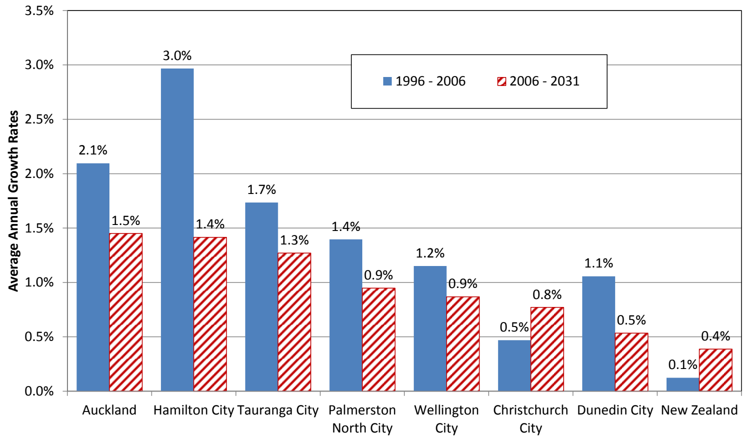
6.28 Census 2013 data shows annual average population growth of just 0.4% in Palmerston North between 2006 and 2013, well below the annual average population growth rate of 0.9% suggested in the 2013 population estimates. There are two primary contributors to the lower growth rate in the City:

1) High external migration to Australia and lower inwards migration following the start of the Global Financial Crisis in 2008/09. New Zealand's population growth was also lower over this time than was estimated by Statistics New Zealand. Census 2013 data shows annual average population growth of just 0.7% in New Zealand between 2006 and 2013, below the annual average population

growth rate of 0.9% suggested in the 2013 population estimates.

2) Stronger than expected population growth in Manawatū District and Horowhenua District, two of the local authorities adjacent to Palmerston North. For example, Census 2013 data shows annual average population growth of 0.7% in Manawatū District between 2006 and 2013, above the annual average population growth rate of 0.6% suggested in the 2013 population estimates.

Figure 17: Historic and Projected Average Annual Population Growth Rates (medium projections)



SOURCE: STATISTICS NEW ZEALAND CENSUS AND POPULATION PROJECTIONS

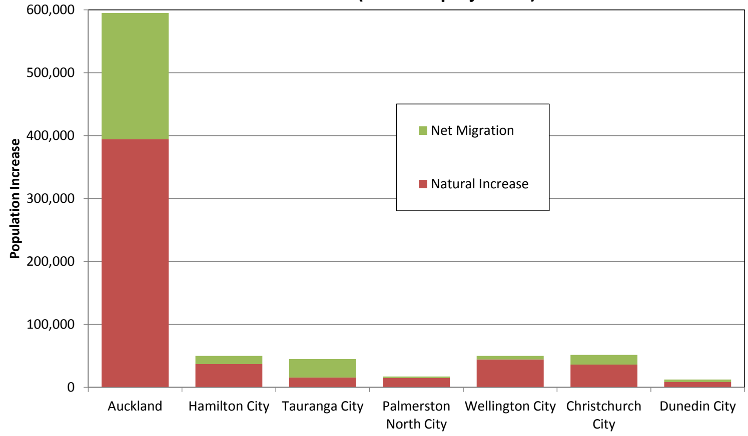
6.29 The projections suggest natural population growth will account for 85% of the total population growth in Palmerston North, while migration will account for 15%. The only Council with a higher natural population growth share is Wellington (89%) while the lowest natural population growth share is in Tauranga. The high natural population growth share reflects the low median age in Palmerston North, with births in the City continuing to significantly exceed deaths for all of the period covered by the projections.

TABLE 9: PROJECTED POPULATION CHANGE

City	2006 Population	2031 Population projection	Projected 2006 -2031 change
Auckland	1,373,000	1,968,100	43.3%
Hamilton City	134,800	184,800	37.1%
Tauranga City	106,900	151,900	42.1%
Palmerston North City	80,800	97,900	21.2%
Wellington City	187,700	237,600	26.6%
Christchurch City	361,800	413,300	14.2%
Dunedin City	122,300	134,700	10.1%
New Zealand	4,184,600	5,194,600	24.1%

SOURCE: STATISTICS NEW ZEALAND, 2012 UPDATE TO POPULATION PROJECTIONS

Figure 18: Components of Projected Population Growth between 2006 and 2031 (medium projection)



SOURCE: STATISTICS NEW ZEALAND MEDIUM POPULATION PROJECTIONS

Summary: Image and Identity

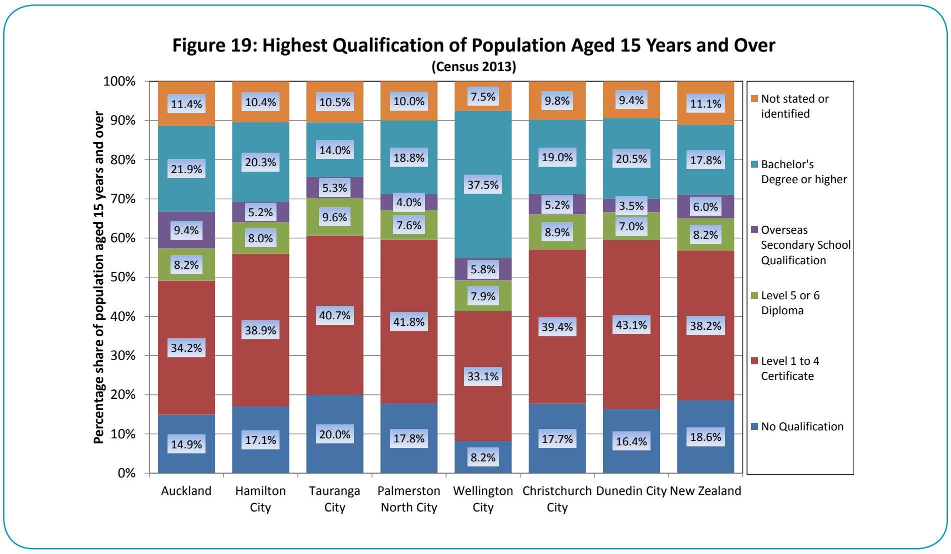
6.30 Regular Council surveys suggest residents' perceptions of Palmerston North as an attractive place to live have improved, but the City is still perceived less positively as a place people would want to visit.

6.31 The City is experiencing rapid change in the ethnicity of its population, with its Māori, Pacific Peoples and Asian populations increasing at a faster rate of growth than the average for New Zealand.

Innovation and Knowledge Resources

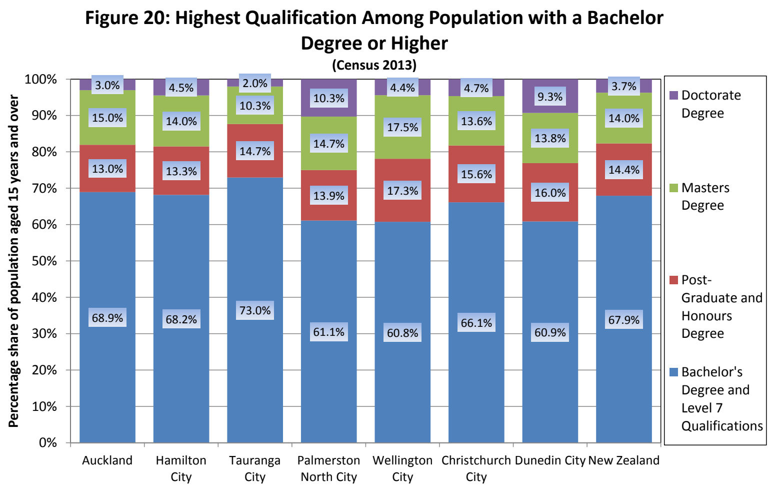
Highest Qualification

6.32 Qualification levels are highest among the university cities, with Tauranga the only Core City with a higher share of its population with no qualification than the average for New Zealand. Wellington City has a substantially higher population share with a bachelor's degree or higher than any of the other Core Cities, while the remaining Core Cities with universities have similar proportions. Auckland had the highest population share where a qualification was not stated or identified on the Census form, while Wellington had the lowest share amongst the Core Cities. Census 2006 birthplace data shows that people born in the Pacific Islands were less likely to state or identify a qualification; which is probably the main contributor to the higher non-response rate in Auckland, due to the higher Pacific Islands population in the City.



SOURCE: STATISTICS NEW ZEALAND, 2013 CENSUS

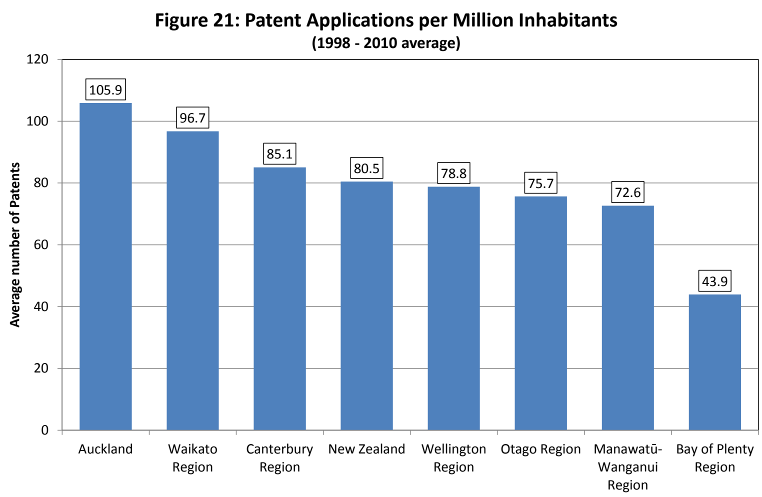
6.33 Census data shows a higher percentage share of the Palmerston North population had a Doctorate degree in 2013, (2.1%) than in New Zealand overall (0.7%) Dunedin City had the next highest share (2.1%) while Tauranga again had the lowest share of the Core Cities (0.3%). The high Doctorate degree share for Palmerston North is likely to reflect the presence of Massey University and the large research campus adjacent to the university. Major organisations based in the research campus include Fonterra, AgResearch, Plant and Food, Landcare, and Leather Research Association. Based on the Massey campus are the Riddet Institute and Hopkirk Research Institute.



SOURCE: STATISTICS NEW ZEALAND, 2013 CENSUS

Number of Patents

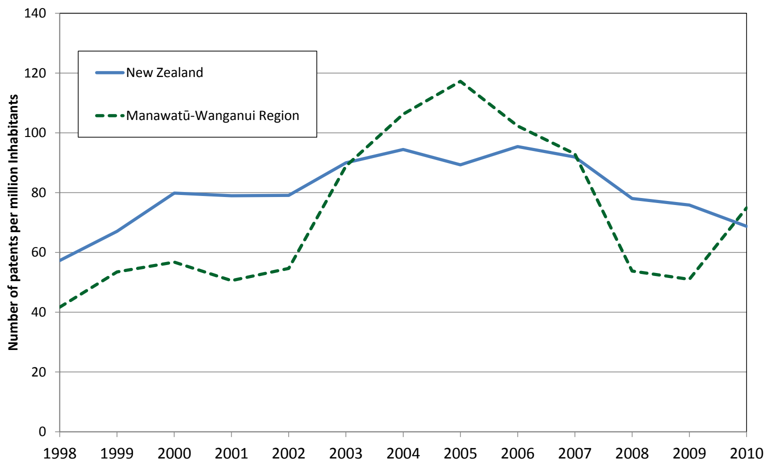
6.34 Data on the number of patent applications is considered a useful indicator of innovation, creativity and the potential for generating economic activity. OECD regional data for the number of patents issued in New Zealand is only available by regional council area so is limited in its usefulness as an indicator for technology development in Palmerston North.



SOURCE: OECD INNOVATION INDICATORS TL3

6.35 More recent OECD data for the Manawatū-Wanganui region shows volatility in annual data but suggests an increase in the long-term average for the region's share of total patents issued in New Zealand.

Figure 22: Patent Applications per Million Inhabitants



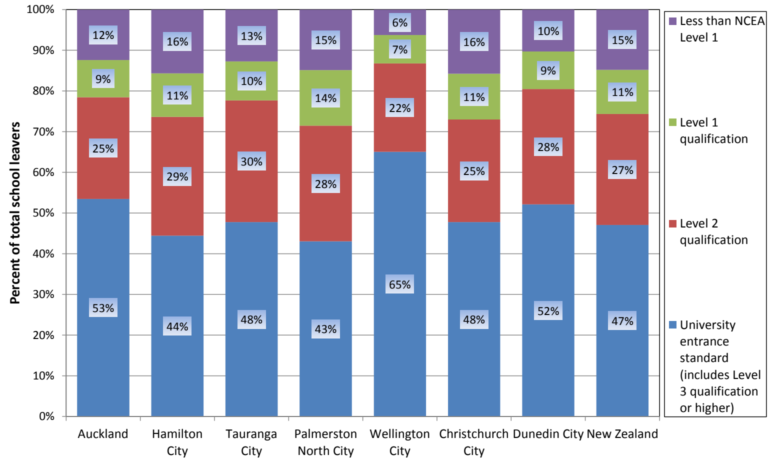
SOURCE: OECD INNOVATION INDICATORS TL3

School Leaver Educational Attainment Levels

6.36 Palmerston North school leaver data for education attainment is similar to the average for New Zealand, with a similar share (14.9%) of Palmerston North school leavers in 2012 not achieving NCEA Level 1, compared with the New Zealand average of 14.8%. This was more favourable than Hamilton (15.7% did not achieve NCEA Level 1) and Christchurch (15.8%) but lower than the other Core Cities.

6.37 A higher share (28%) of Palmerston North school leavers had achieved NCEA level 2 compared with the New Zealand average of 27%. Palmerston North had the lowest percentage of school leavers achieving University Entrance standard in 2012 (43%), with only Hamilton with a lower percentage share. Wellington had the best performance for school leaver educational attainment, with 65% of school leavers achieving University Entrance standard and just 6% of school leavers not achieving NCEA Level 1. This is likely to reflect high average incomes in Wellington, since there is a high correlation between income decile and the proportion of school leavers achieving University Entrance standard.

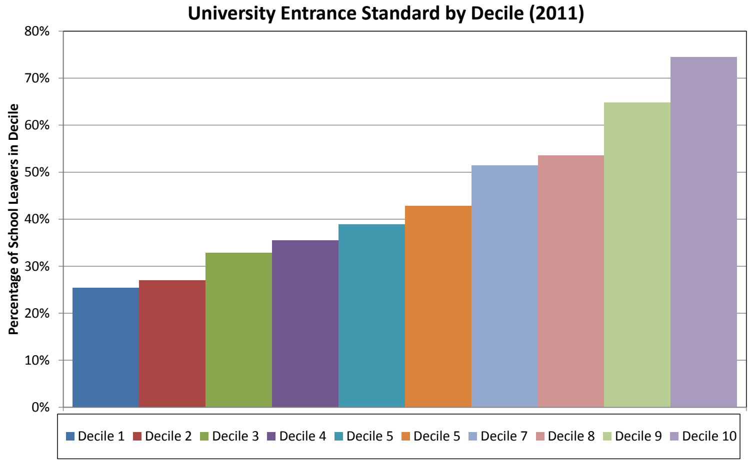
Figure 23: School Leavers by Highest Educational Attainment (2012)



SOURCE: EDUCATION COUNTS

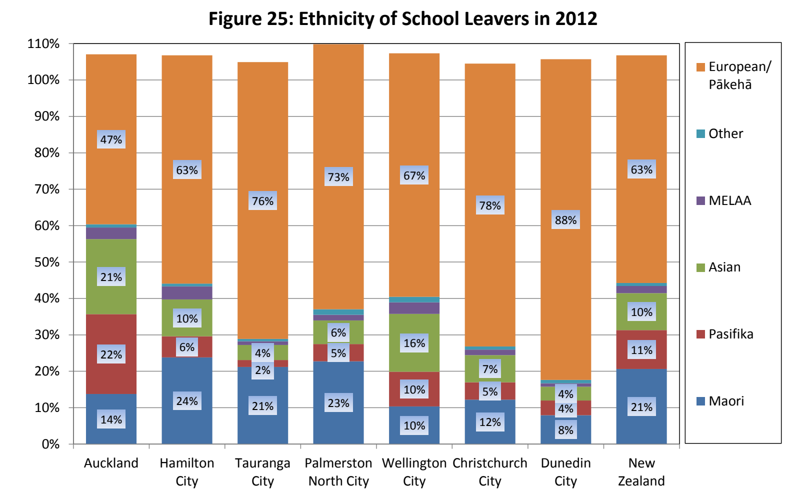
6.38 A further factor affecting the NCEA student achievement levels is differences in the ethnicity of the school leaver populations in each city. School leavers in Hamilton and Palmerston North were more likely to have a Maori ethnicity compared with the other Core Cities, with Māori school leavers accounting for 23% and 24% of total school leavers respectively. In 2012 just 27% of Māori school leavers in New Zealand achieved University Entrance standard while 30% did not achieve at least NCEA Level 1.

Figure 24: Percentage of New Zealand School Leavers Achieving University Entrance Standard by Decile (2011)



SOURCE: EDUCATION COUNTS

6.39 This compares with an average of 49% of all school leavers in New Zealand who achieved University Entrance standard and 15% who did not achieve at least NCEA Level 1. Achievement levels for Pasifika students were also below the average for New Zealand, with 33% of school leavers achieving University Entrance standard, while 21% did not achieve at least NCEA Level 1. School leavers from the Asian ethnic group had the highest achievement levels, with 70% achieving University Entrance standard compared with the average of 49% for all school leavers in New Zealand.



SOURCE: EDUCATION COUNTS

Stand-downs, Suspensions, Exclusions and Expulsions from School

6.40 Student attendance and engagement are fundamental foundations for student achievement. The number of stand-downs, suspensions, exclusions and expulsions provides indications of where engagement in productive learning may be absent and behavioural issues may be present.

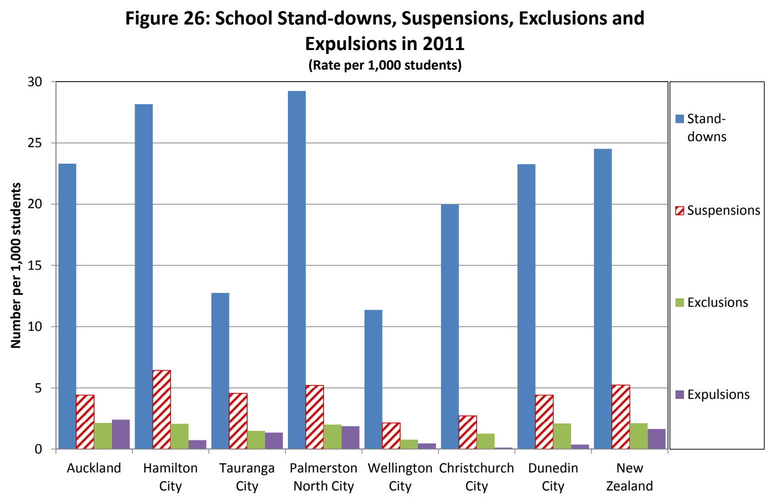
6.41 Schools continue to stand-down, suspend, and exclude more Māori learners than any other ethnic group. Male students are more than twice as likely to receive a stand-down, suspension, exclusion or expulsion as their female counterparts.

6.42 A state or state-integrated school principal may consider the formal removal of a student through a stand-down from school for a period of up to 5 school days. A stand-down, for any student, can total no more than 5 school days in a term, or 10 days in a school year. Students return automatically to school following a stand-down.

6.43 A suspension is a formal removal of a student from a school until a school Board of Trustees decides the outcome at a suspension meeting. Following a suspension, the Board of Trustees decides how to address the student's misbehaviour. The Board can either lift the suspension (with or without conditions), extend the suspension (with conditions), or terminate the student's enrolment at the school.

6.44 If the student is aged under 16, the Board may decide to exclude him or her from the school, with the requirement that the student enrols elsewhere. If the student is aged 16 or over, the board may decide to expel him or her from the school, and the student may or may not enrol at another school.

6.45 Hamilton and Palmerston North recorded the highest rates of stand-downs among the Core Cities, which may reflect the high Māori ethnic shares in their school populations. The rates of suspension, exclusion and expulsion for the City were close to the average for New Zealand schools.



SOURCE: EDUCATION COUNTS

Tertiary Education

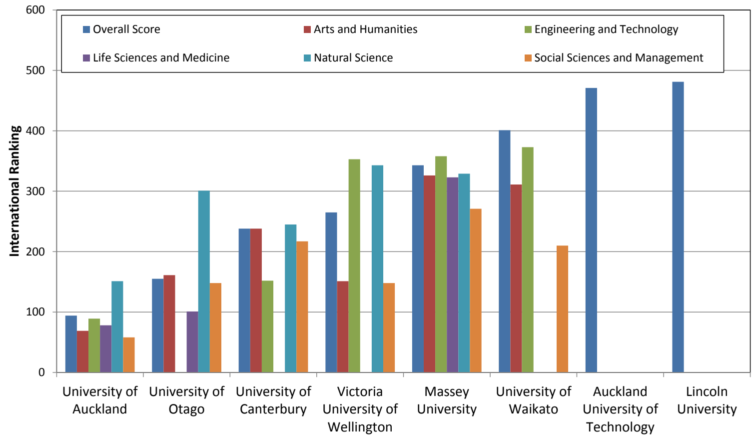
6.46 The tertiary education sector encompasses higher education, private tertiary education organisations, industry training organisations, adult and community education (such as night school classes), and dance and drama schools. The major institutions in the higher education sector are Massey University, UCOL, Te Wānanga o Aotearoa and International Pacific College (IPC). These institutions accounted for 10,336 full-time equivalent (FTE) student enrolments in Palmerston North in 2013. This included 2,239 FTE international students. Total student enrolments declined by 5% between 2012 and 2013.

6.47 The strength of Massey University research is a key factor in the location of three Crown Research Institutes (AgResearch Grasslands, Plant and Food Research and Landcare Research), the Fonterra Research Centre, the Riddet Institute, Allan Wilson Centre for Molecular Ecology and Evolution, Hopkirk Research Institute, New Zealand Leather and Shoe Research Association, and Ecological Economics Research New Zealand. These research centres bring additional significant employment to the region. Other major employers in the City have also cited the presence of the University in the City as one factor considered in deciding to base their organisation in the City.

6.48 The aggregate statistics provide only a partial picture of changes in the higher education sector. There has been a decline in the number of non-degree students at universities, weak growth in degree students but very strong growth in post-graduate students (particularly on an equivalent full-time student (EFTS) basis). Ministry of Education data for Massey University (only published on a national basis) shows strong growth in the proportion of students enrolled in post-graduate study, increasing from 18% of total student enrolments in 2005 (equivalent full-time student basis) to 30% by 2010. There were 1,644 post-graduate students enrolled at the Massey University Palmerston North campus in 2011, accounting for 22% of total student enrolments (the proportion on an EFTS basis will be higher). There has also been growth at a national level in post-graduate student enrolments, with enrolments increasing from 18% of all university enrolments in 2005 to 22% by 2010. As a consequence of the much stronger growth in post-graduate enrolments at Massey University, its share of national university post-graduate enrolments increased from 16% in 2005 to 20% in 2010.

6.49 Comprehensive world university rankings are produced annually by Quacquarelli Symonds (QS), with an overall ranking for each university and individual rankings for five broad faculty areas. Only the University of Auckland and Massey University were ranked in all five faculty areas in 2013/14. The individual faculty rankings for Massey University were fairly consistent, ranging from a highest rank of 271 for social sciences and management to a rank of 358 for engineering and technology.

Figure 27: Quacquarelli Symonds (QS) University Rankings
(2013/14)



SOURCE: QUACQUARELLI SYMONDS (QS) UNIVERSITY RANKINGS 2013/14

Massey University

6.50 Massey University, Te Kunenga Ki Pūrehuroa, was established as a university in 1964, having opened as an agricultural college at Palmerston North in 1927. It has grown to become New Zealand's national university, with campuses in Auckland and Wellington. Massey also has Australasia's preeminent distance education programme, attracting more than 32,000 students from more than 100 countries each year.

6.51 The Manawatū campus is home to more than 7,700 students each year, including 2,000 international students. There are 2,100 staff, making it one of the City and region's largest employers, as well as housing the head office of an organisation with assets of more than $1.1 billion and turnover of $450 million.

6.52 The university is consistently ranked in the top 3 per cent of universities worldwide. Last year it was ranked New Zealand's fifth most attractive employer brand in the annual Randstad Awards, an international survey conducted across 14 countries.

6.53 Massey University is valued for the unique contribution it makes across key areas of research, especially where the genesis, integration and application of Massey's intellectual capital enriches the knowledge base and underpins innovation in the business community and industry. Through Massey's unique capability in agri-food science, food technology and agri-business (from 'pasture to plate') the University is highly connected with industries, companies and regions, in New Zealand and internationally. This contribution is critical for New Zealand's future economic success and the government's economic growth agenda.

6.54 The University offers New Zealand's leading food technology degree programme, and hosts the Riddet Institute, a national centre of research excellence. Massey is also leading collaborative, innovation partnerships in food science through the Manawatū Agrifood Innovation Hub, the Food Innovation Network of New Zealand, and the Agri One initiative with Lincoln University. The new Food HQ innovation hub, which will form part of the Manawatū campus, will create the largest food innovation hub in the Southern Hemisphere. Massey University is one of the six research collaboration partners; the others are AgResearch, Fonterra, Plant and Food, The Riddet Institute, and the Bio Commerce Centre. Palmerston North City Council and the Manawatū District Council are also participants in the hub. The new hub is poised to deliver on the Government's Business Growth Agenda, which calls for a trebling of the real value of food exports in the next 12 years. It is expected that there will be an investment into the Manawatū campus of $250 million over 20 years.

6.55 Massey is New Zealand's only tertiary level provider of internationally recognised education in veterinary science, animal science, and conservation biology. Massey's agriculture programme is ranked 21st in the world in Quacquarelli Symonds' (QS) world university subject rankings. It is the third-highest ranked agriculture programme in the southern hemisphere. The University is also uniquely placed to provide teaching and research leadership at the interface between human and animal health, and in infectious diseases relevant to public health.

6.56 The launch of Massey's new College of Health will see the University providing new levels of leadership across the health and well-being agenda that is vital to New Zealand's future prosperity. It will be a signature part of this country's contribution to the global agenda for sustainable communities. Equally significant is Massey's internationally recognised leadership through both research and teaching in engineering and industrial design. Massey is well placed to support the Government plans for developing capacity in Engineering, for the new Advanced Technology Institute, and for Massey's growing international alliances.

6.57 The Manawatū campus hosts two Government-funded centres of research excellence:

- The Allan Wilson Centre for Molecular Ecology and Evolution advances knowledge of the evolution and ecology of New Zealand and Pacific plant and animal life, and human history in the Pacific.
- The Riddet Institute specialises in advanced foods and human nutrition sciences, with world-class competency in the areas of biomaterials science and digestive physiology relating to nutrient absorption and metabolism.

Universal College of Learning (UCOL)

6.58 The Universal College of Learning or UCOL is an institute of technology and polytechnic with three campuses in the lower half of the North Island: Palmerston North, Wanganui and Wairarapa. It was founded in Palmerston North in 1902 as a technical institute, and over the years it has continued to meet the growing needs of its communities and industry by providing tertiary level training. UCOL is well known for its family oriented approach, small class sizes, and support services for its diverse range of students.

6.59 The Palmerston North campus is in the heart of Palmerston North, and one of the city's stand-out landmarks, blending historic buildings with state-of-the-art facilities. It is regularly utilised for public events such as the BioCommerce Centre's Startup Weekend, and the 2014 Central Districts Powerlifting Championships. Over 4,500 students are educated on the Palmerston North campus each year, including hundreds of international students. Around 380 staff members are employed at the campus.

6.60 In 2012 UCOL opened the region's largest trades training centre, covering 5,315 square metres, housing the latest industry-fit equipment and leading edge teaching technology. The centre's trades programmes cover a wide variety, including UCOL's Diploma in Furniture Design and Making – the only programme of its kind in the country.

6.61 The campus is also equipped with a training gym, nursing simulation lab, specialised teaching kitchen and a production kitchen, attached to a restaurant open to the public for dining. The nursing simulation lab is fitted out with a new hi-tech audio-visual system called SimView, and UCOL was the first educational institute in New Zealand to have this technology installed.

6.62 UCOL specialises in health and science, trades and technology, and arts and design, and offers business related studies. UCOL students and staff work with industry regularly, have a focus on employment outcomes, and frequently win industry awards, especially in the area of Arts and Design. UCOL is regarded in the industry as New Zealand's leader in photography training.

6.63 U-Kinetics Te Huinga Waiora is a specialised exercise and wellness centre that is run by UCOL in partnership with the health sector. In the clinic, staff and postgraduate Clinical Exercise Physiology students run specialised exercise programmes for cardiac, respiratory and diabetic clients referred from MidCentral DHB, and clients with musculo-skeletal injuries in conjunction with TBI Health. A new Graduate Diploma in Nursing was recently implemented for internationally qualified nurses who want to work as New Zealand Registered Nurses. The Degree in Medical Imaging Technology offered at UCOL's Palmerston North campus is one of only three offerings of its kind in New Zealand.

6.64 The U-Skills Central School Academy is a partnership with schools throughout the Region for Year 12 and 13 students. The students gain additional credits towards NCEA as well as a tertiary qualification, while attending both school and UCOL.

6.65 UCOL's degree lecturers undertake a wide range of research, which in turn improves their teaching and students' learning, with a practical focus. Research is shared with students in the context of their qualification and continues to grow and is reported each year in UCOL's Annual Report.

Summary: Innovation and knowledge resources

6.66 Palmerston North has a well educated population, with an above average share of Bachelor's degrees or higher qualifications, and a lower than average share of people who do not have a qualification compared with the average for New Zealand.

6.67 The proportion of Palmerston North school leavers achieving University Entrance standard increased between 2009 and 2012 but the rate of increase for the City has been lower than the rate of improvement for all school leavers in New Zealand. In 2013 43% of Palmerston North school leavers achieved University Entrance standard compared with 47% of all school leavers in New Zealand.

6.68 Palmerston North recorded the highest rate of school stand-downs in 2012 compared with the other Core Cities but the rates of suspensions, exclusions and expulsions were similar to the average for New Zealand.

6.69 The Manawatū region has a significant concentration of agri-tech businesses, reflecting relationships with Massey University, the Crown Research Institutes and sector-based research associations based in Palmerston North. Food HQ, based at Massey, aims to strengthen these relationships with agri-tech and food processing businesses.

6.70 Massey University is consistently ranked in the top 3 per cent of universities worldwide. Last year it was ranked as New Zealand's fifth most attractive employer brand in the annual Randstad Awards, an international survey conducted across 14 countries.

6.71 The Universal College of Learning, or UCOL, is an institute of technology and polytechnic with three campuses in the lower half of the North Island (Palmerston North, Wanganui and Wairarapa). UCOL specialises in health and science, trades and technology, and arts and design courses, as well as offering business related studies.

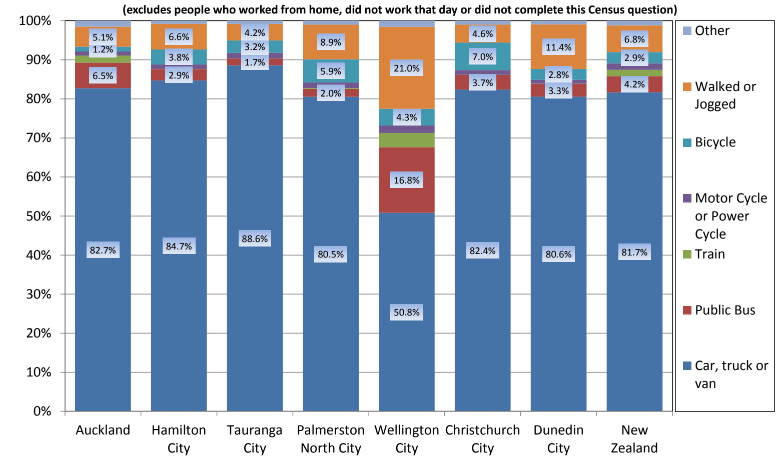
Connectedness

Mode of Travel

6.72 Most people in Palmerston North travelled to work on Census day 2013 by car, truck or van, either driving a private vehicle (63%), a company vehicle (13%) or as a passenger in a private or company vehicle (5%). The 81% of the City population who travelled to work by car on Census day 2006 was the second lowest of the Core Cities, with only Wellington significantly lower (51%). The city with the highest proportion travelling by car, truck or van was Tauranga, with an 89% share. The lower vehicle travel share for Palmerston North was due to a high share (14%) of the population that walked, jogged or cycled to work. Palmerston North had the second highest cycling share (behind Christchurch) and the third highest walking or jogging share (behind Wellington and Dunedin). Public transport use was low in the City, with just 2.0% of the City population travelling by bus or train to work. Wellington City had the highest public transport share (16.8%) while Tauranga had the lowest (1.7%). Palmerston North had the second highest motorcycle or power cycle share, but this accounted for just 1.5% of journeys to work.

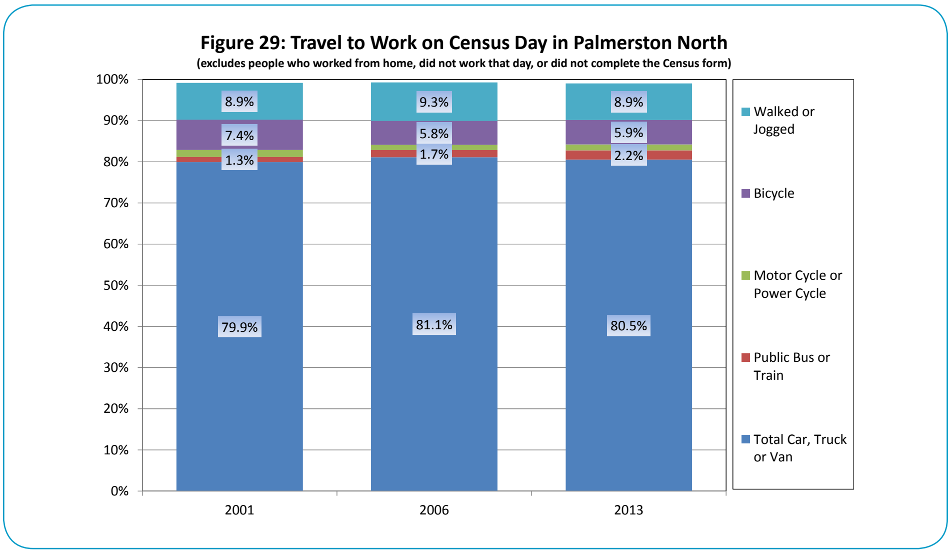
6.73 Palmerston North had the second smallest share of people who worked from home, with 5.1% of the people who identified that they were in employment indicating they worked from home. The share of those working from home was lower in the Core Cites compared with the average for New Zealand, reflecting the proportion of rural residents whose workplace is also where they live.

Figure 28: Travel to Work on Census Day, March 2013
(excludes people who worked from home, did not work that day or did not complete this Census question)



SOURCE: STATISTICS NEW ZEALAND CENSUS

6.74 The proportion of Palmerston North residents travelling to work by car, truck or van increased between 2001 and 2013, rising from 79.9% in 2001 to 80.5% in 2013 while the proportion riding a bicycle declined from 7.4% in 2001 to 5.9% in 2013. The proportion riding a motor cycle or power cycle also declined from 1.7% in 2001 to 1.5% in 2013. An increase was recorded in the proportion of the workforce travelling by public bus (from 1.1% in 2001 to 2.0% in 2013) while the proportion walking or jogging to work was unchanged.



SOURCE: STATISTICS NEW ZEALAND CENSUS

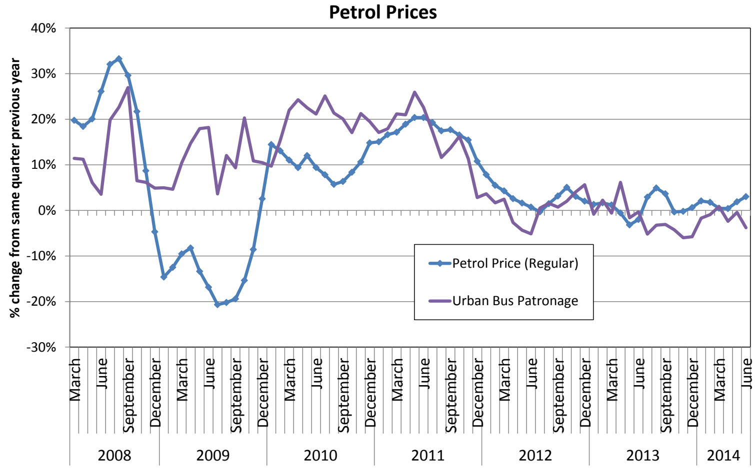
6.75 Patronage on public bus services in Palmerston North increased by 50% between March 2006 and March 2013. Patronage on urban bus services increased by 78% while patronage on Massey University services increased by 26%. The strongest rate of growth was for UCOL staff and students using the service, with patronage increasing by 105%. Horizons Regional Council bus patronage data does not distinguish between students and staff travelling on public buses (for Massey University and UCOL).

6.76 There appears to be a reasonable correlation between petrol prices and changes in patronage on urban bus services, but an improvement in peak time frequency for bus services in 2009 resulted in strong growth in bus patronage despite a fall in petrol prices. Public transport use is significantly lower in the smaller Core Cities, which is likely to reflect smaller central government funding for public transport services. As noted above, the level of public transport use is related to the level of service provided. Following an improvement in peak time frequency for urban bus services in Palmerston North, from once every 35 minutes to once every 20 minutes in February 2010, patronage increased by more than 20%.

6.77 The introduction of a new Fernlea route in June 2007, servicing the urban growth in Kelvin Grove has also contributed to growth in bus patronage over the past six years. This has contributed nearly a quarter of patronage growth on Palmerston North urban services between 2007 and 2013.

6.78 A Council survey of its email panel in late 2010 identified that improvements in frequency, better route coverage and longer hours of operation were key factors in encouraging people to use the bus service more frequently, or to consider using the bus instead of driving to work. Fare levels were not considered a significant barrier to use since removal of fares entirely was not expected to result in a significant increase in patronage. The survey also identified that 85% of people who drove to work by car paid nothing for parking.

Figure 30: Quarterly Change in Palmerston North Bus Patronage and Petrol Prices



SOURCE: HORIZONS REGIONAL COUNCIL AND MINISTRY OF BUSINESS, INNOVATION AND EMPLOYMENT

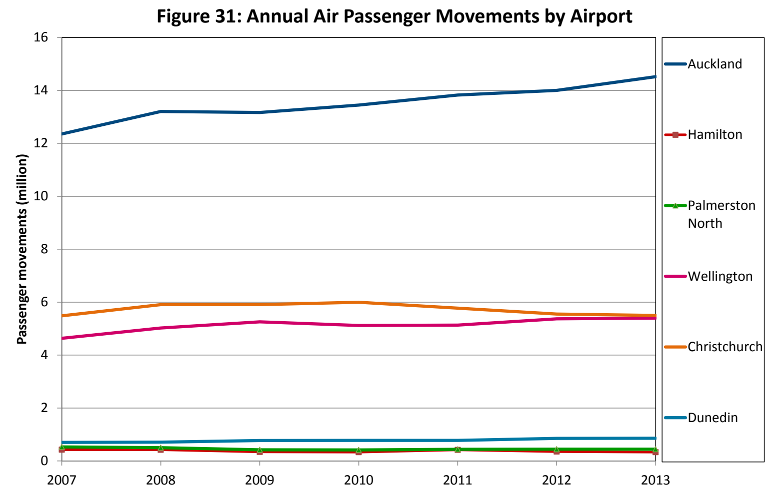
Note: Based on national petrol price data

Air Connections

6.79 The Palmerston North Airport, located in the northern suburbs of the City, has a daily schedule of frequent and direct Air New Zealand flights to Auckland, Wellington, Hamilton, Nelson and Christchurch, with connecting flights to all other airports throughout New Zealand and to Australia. Palmerston North is currently the eighth largest airport in terms of passenger numbers, with close to 500,000 arrivals and departures annually, ahead of Hamilton, which had around 333,000 passengers in the year to June 2013. Consistent annual passenger data was not available for Tauranga Airport but its website lists 245,000 annual passenger movements in the year to June 2011.

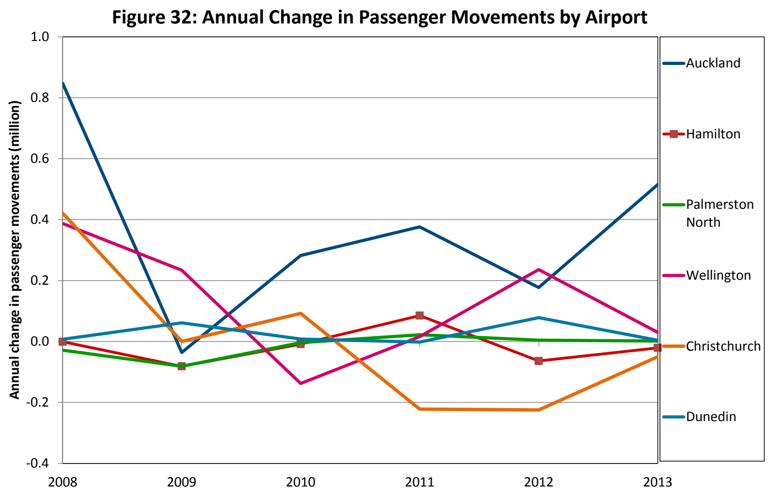
6.80 Auckland airport passenger numbers account for a more than half of New Zealand passenger numbers, reflecting the significant range of international air services to and from the City. Christchurch was in second place, but numbers fell significantly following the major earthquakes in Canterbury. Wellington has a smaller volume of international passenger movements than Christchurch but it is a significant hub for domestic passenger services. The other two Core Cities with higher passenger numbers than Palmerston North are Queenstown and Dunedin.

6.81 International flights to Palmerston North commenced in April 1995 and continued until March 2008. Financial challenges within the international air industry since the 2008 global financial crisis have limited the number of air operators willing to consider re-establishing services to Palmerston North. Other similar sized regional airports have also struggled to maintain international connections. International flights to Hamilton ceased in October 2012 while annual passenger numbers though Dunedin and Rotorua are static, with annual arrival and departure statistics of 64,533 and 19,542 people respectively.



SOURCE: RESPECTIVE AIRPORT CORPORATE ANNUAL REPORTS/REVIEWS

6.82 Annual changes in passenger movements by airport reflect the impact of the global financial crisis, the Canterbury earthquakes and changes in international services to individual airports.



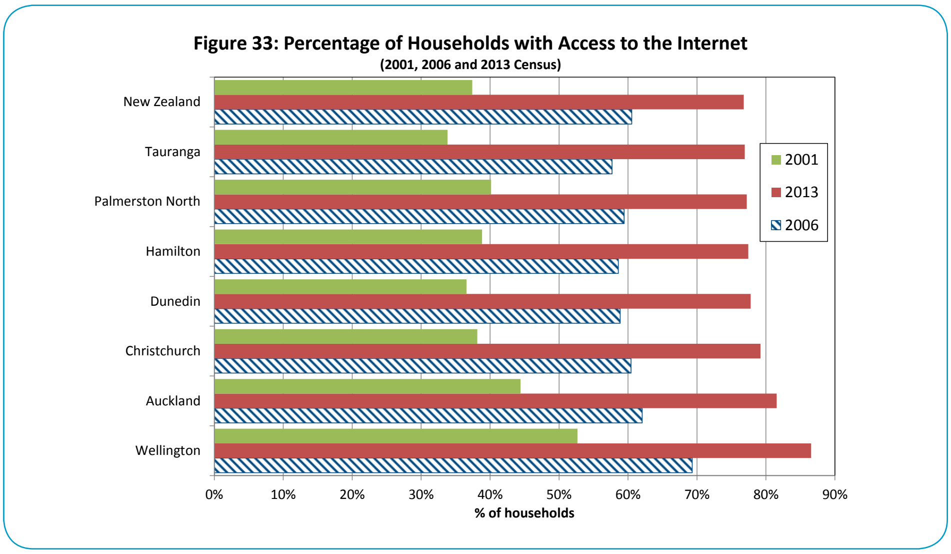
SOURCE: RESPECTIVE AIRPORT CORPORATE ANNUAL REPORTS/REVIEWS

6.83 Palmerston North Airport has been working with key organisations in the wider region to grow and support visitor industry growth, and ultimately to increase passenger numbers through the airport. This has included partnering with the wider visitor industry to create reasons to come and experience Central New Zealand, whether it's for a holiday, event, visiting friends & family, or business. Key local visitor industry stakeholders include Palmerston North City, and Manawatū, Tararua, Rangitikei, Ruapehu, Wanganui, Horowhenua District Councils, along with airline and national organisation partnerships.

6.84 The Airport is also one of the three major air freight hubs in New Zealand, a role that is expected to expand with New Zealand Post's consolidation of its mail processing facility in Palmerston North, which will be completed in 2015, and growth of the city's distribution centre role.

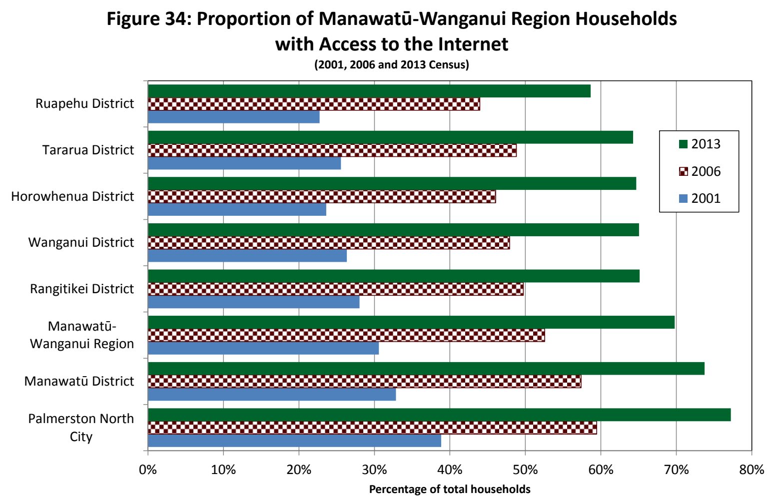
Access to the Internet

6.85 Data from the 2013 Census shows little difference in the proportion of households with access to the internet in the major cities, ranging from a low of 76.9% in Tauranga to a high of 86.6% in Wellington. Palmerston North was in the second lowest of the Core Cities with 77.2% of households connected to the internet but was slightly higher than the average for New Zealand of 76.8%. Dunedin and Hamilton were slightly higher than Palmerston North. All Core Cities experienced a stronger increase in the proportion of households with access to the internet than the average change for New Zealand between 2006 and 2013.



SOURCE: STATISTICS NEW ZEALAND CENSUS

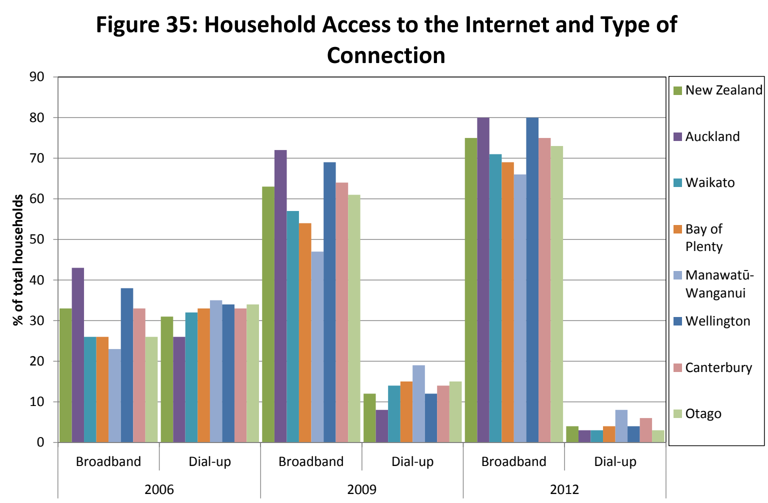
6.86 Data on internet connection type is published every three years in the Statistics New Zealand 'Household Use of Information and Communication Technology' survey but unfortunately data is only published at a regional council level. This is not helpful for the Core Cities analysis where most of the cities are part of much wider regions. Data from the 2013 Census showed that Palmerston North households were more likely to have access to the internet than households in the remainder of the Manawatū-Wanganui region. In 2001 39% of Palmerston North households had access to the internet, while 27% of households in the remainder of the region had access. This gap had closed slightly by 2006, with 59% of Palmerston North households having access to the internet while for the remainder of the region the proportion was 49%. This widened again over the period between 2006 and 2013. Palmerston North households accounted for 34% of total households in the region in 2013 so the Manawatū-Wanganui region data is not helpful for a cities comparison.



SOURCE: STATISTICS NEW ZEALAND CENSUS

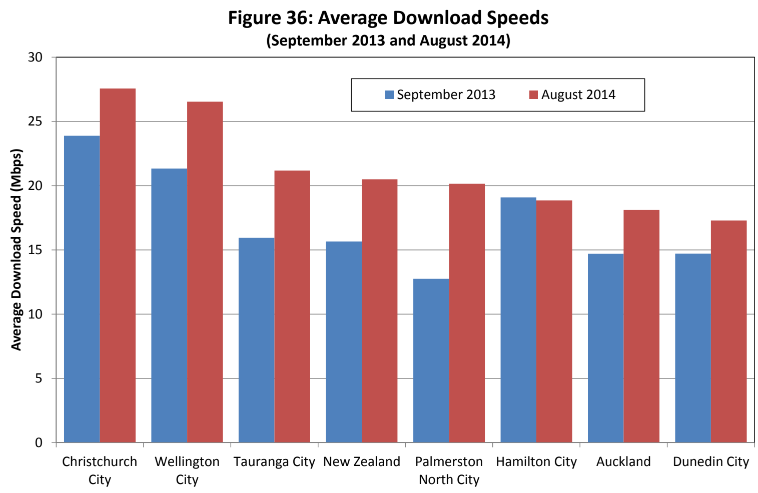
6.87 An interesting aspect from the Statistics New Zealand 'Household Use of Information and Communication Technology' survey is the closing in the gap in access to broadband across the regions used in the Core Cities analysis. Over the six years between 2006 and 2012 there has been a substantial shift in the proportion of households with broadband access to the internet. The proportion of households with access to the internet remains the highest in the regions with the three largest cities (Auckland 83%, Wellington 84%, Canterbury 81%) while there was very little difference between the other four regions (Waikato 74%, Bay of Plenty 73%, Manawatū-Wanganui 74%, Otago 76%).

6.88 The Manawatū-Wanganui region still has the smallest share of households with access to broadband but the region experienced the fastest increase in broadband uptake between 2009 and 2012, with an additional 19% of households moving to broadband access compared with an average of 12% for New Zealand.



SOURCE: STATISTICS NEW ZEALAND HOUSEHOLD USE OF INFORMATION AND COMMUNICATION TECHNOLOGY SURVEY

6.89 Data on the average speed of internet connection is available on a global basis from Netindex.com. The speed of internet connections in Palmerston North was 12.75 Mbps in the period between 23 August and 21 September 2013, the worst of the Core Cities and below the average for New Zealand, which was 15.66 Mbps. By August 2014, the City had moved to fourth position, with an average download speed of 20.15 Mbps, just behind the New Zealand average of 20.5 Mbps.



SOURCE: NETINDEX.COM

6.90 The fastest provider in the City was Inspire (download speed of 41.04 Mbps) while Vodafone New Zealand Broadband (17.83 Mbps) and Telecom (13.27 Mbps) were significantly slower.

Summary: Connectedness

6.91 Most Palmerston North people travel to work by car but the compact layout of the City and relatively flat terrain contribute to a high percentage of the population who walk or cycle to work compared with the average for New Zealand. Public transport use is low but rising fuel prices and improvements in the level of public transport services have contributed to strong growth in bus patronage.

6.92 Data from the 2013 Census shows little difference in the proportion of households with access to the internet in the major cities. The average download speed in Palmerston North is below the average for New Zealand, but improved significantly between 2013 and 2014.

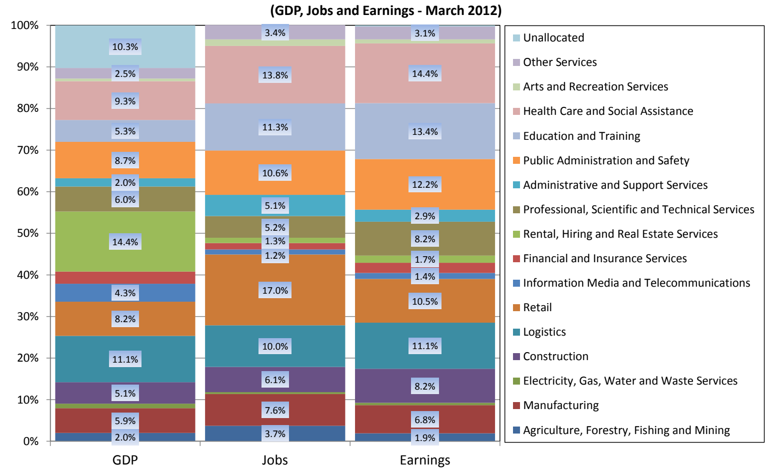
Industry Structure

Key Sectors

6.93 Three main indicators are commonly used to measure the importance of sectors and their contribution to Palmerston North. Job count and GDP measures have been the predominant measures used to measure economic activity but since 2005 new Statistics New Zealand data has been available at a local authority and industry level for total earnings, which covers salaries and wages paid and the income of the self-employed. A major limitation with the job count measure is that it does not distinguish between full-time, part-time and casual employment. In addition, it does not include the self-employed or record how many people have more than one job. Annual Statistics New Zealand Business Demography job count data is used for industry sector analysis because of the fine level industry employment data available.

6.94 Infometrics GDP estimates for Palmerston North reflect significant conceptual aspects which differ from the measures of jobs and incomes. For example, the GDP measure includes an estimate for the value of home ownership in the Rental, Hiring and Real Estate Services sector. Challenges with the difficulty of measuring the output of the Public Administration and Safety, Education and Training, and Health Care and Social Assistance sectors were discussed earlier in the GDP per capita section of this report.

Figure 37: Sector Composition of Palmerston North Economic Activity
(GDP, Jobs and Earnings - March 2012)



SOURCE: STATISTICS NEW ZEALAND BUSINESS DEMOGRAPHY AND LEED AND INFOMETRICS GDP

6.95 The largest sector in Palmerston North in terms of total LEED earnings (salaries, wages and self-employment income) is the Health Care and Social Assistance sector, which accounted for 14.4% of total earnings in the year to March 2012. The sector contributed 13.8% of jobs in the City, but just 9.3% of total GDP. The second largest sector is Education (13.4% of earnings) and the third largest sector is Public Administration and Safety (12.2%). A major contributor to the Public Administration and Safety sector is the Army base at Linton, which employed around 1,900 regular and civilian personnel in May 2013.

6.96 There is a significant difference between the government administration, education and health sectors share of LEED earnings (salaries, wages and self-employment income) and the share of GDP for these sectors. The government administration, education and health sectors contributed over 40% of LEED earnings in Palmerston North in the year ended March 2012, while these sectors accounted for just 23% of City GDP. It appears the difference is due to difficulties in measuring the level of output or production in these three sectors. For example, national employment data shows the health sector accounts for 10.8% of total employment (job count) or 11% of employment on a full-time equivalent basis. Earnings data shows the sector contributed 9.8% of annual earnings from salaries, wages and self-employment in the year to March 2011. However, current measures of GDP suggest the health sector accounts for just 5.3% of New Zealand's GDP, understating the sector's importance to the economy.

6.97 The largest sector in terms of the number of jobs was the Retail sector (Retail Trade and Accommodation and Food Services), which accounted for 17% of jobs in Palmerston North, but only 10.5% of City earnings and 8.2% of City GDP. The smaller share of GDP and earnings reflects the high share of part-time and casual employment in the sector. The largest contributor to City GDP is Rental, Hiring and Real Estate Services, accounting for 14.4% of GDP but just 1.3% of jobs and 1.7% of earnings. This is due to the treatment of owner-occupied housing in the GDP production accounts, where an imputed value is estimated for the value of own-account housing services.

TABLE 10: ANNUAL GDP, JOBS AND EARNINGS BY SECTOR IN PALMERSTON NORTH CITY

Year ended March 2012

Industry (top 10 in terms of earnings)	GDP	Jobs	Earnings
	$m	Number	$m
Health Care and Social Assistance	263	7,440	326
Education and Training	149	6,080	305
Public Administration and Safety	247	5,720	276
Logistics	315	5,370	251
Retail Trade	232	9,160	239
Construction	145	3,260	186
Professional, Scientific and Technical Services	170	2,820	185
Manufacturing	168	4,090	153
Other Services	72	1,850	71
Administrative and Support Services	57	2,740	66
Other Industries	1,007	5,200	214
TOTAL	**2,824**	**53,730**	**2,272**

SOURCE: STATISTICS NEW ZEALAND BUSINESS DEMOGRAPHY AND LEED AND INFOMETRICS GDP (ANZSIC06)

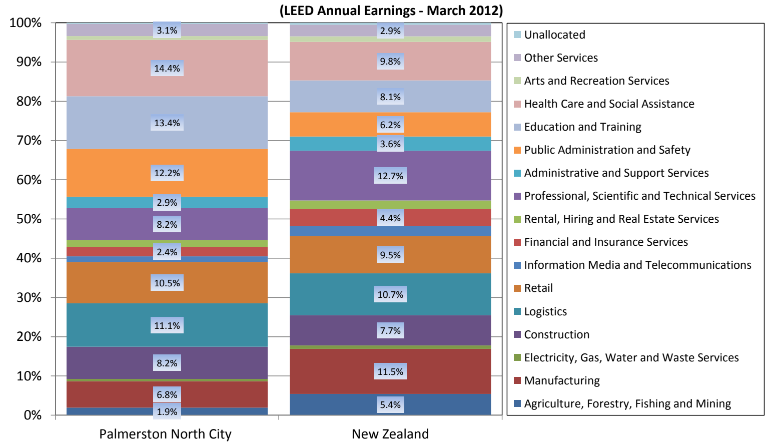
Other Industries includes: Financial and Insurance Services, Rental, Hiring and Real Estate Services, Agriculture, Forestry, Fishing and Mining, Information Media and Telecommunications, Arts and Recreation Services, Electricity, Gas, Water and Waste Services, and unallocated. Logistics combines Wholesale Trade and Transport, Postal and Warehousing, Retail Trade combines Retail Trade and Accommodation and Food Services.

6.98 The Tourism sector is not reflected in the industries in the table above because it encompasses economic activity across a range of sectors. Measuring the size of the tourism sector is challenging because it does not fit the standard industrial classification used to record employment and economic activity in sectors like manufacturing, agriculture and retailing, which are classified according to the goods and services they produce. Instead the Tourism sector is defined by the characteristics of tourists and their consumption of tourism products and services. A 'Tourism Satellite Account' is the economic approach used to estimate from above the use of tourism related goods and services across a broad range of industry sectors. The estimates used in this report are based on Tourism Satellite Accounts prepared by Statistics New Zealand.

6.99 It is estimated that 5% of the workforce in the Palmerston North were employed in tourism related jobs in February 2012, accounting for 2,400 jobs. Estimates based on the tourism satellite account suggest that total earnings in the tourism sector were $70 million (salaries, wages and self-employed incomes) in the year to March 2011, 3.1% of total earnings in the region. The earnings share of the sector is lower than its share of total jobs due to the prevalence of part-time employment in the retail, accommodation and food services sectors.

6.100 Estimates for the contribution of the sector to regional economic activity or gross domestic product (GDP), based on the Tourism Satellite Account, suggest it had a direct economic contribution of $102 million and an indirect economic contribution of $139 million in 2012, giving a total estimated economic contribution of $241 million.

Figure 38: Sector Composition of Palmerston North and New Zealand Economic Activity
(LEED Annual Earnings - March 2012)



SOURCE: STATISTICS NEW ZEALAND LEED

6.101 Major differences between the composition of the Palmerston North economy and the average for New Zealand are:

a) **Agriculture** contributed 1.6% of annual earnings in Palmerston North compared with 5.4% for New Zealand.

b) **Manufacturing** contributed 6% of annual earnings in Palmerston North, compared with 11.5% for New Zealand. The City has experienced a significant decline in manufacturing activity since 1981, when the sector accounted for around 21% of City employment.

c) **Retail** contributed 10.5% of annual earnings in the City compared with 9.5% for New Zealand. The City's strong regional retail centre and Ezibuy contribute to the larger retailing sector in the City.

d) **Financial and Insurance Services**, despite the presence of FMG in the City, earnings account for just 2.5% of annual earnings compared with 4.4% for New Zealand. Employment is strongly concentrated in this sector in Auckland and Wellington.

e) **Professional, Scientific and Technical Services** contributed 8.4% of City earnings, compared with 12.7% for New Zealand. The sector includes the Crown Research Institutes and Fonterra research centre, but national employment in management services is highly concentrated in Auckland and Wellington.

f) **Public Administration and Safety** contributed 12% of City incomes compared with an average of 6.5% for New Zealand. The presence of Linton Military Camp, with around 1,900 personnel, is a major contributor to the larger share in the City. The NZTA, IRD and StudyLink offices are among the larger government offices based in the City.

g) **Education and Training** contributed 13.8% of annual City earnings, compared with 8.1% for New Zealand, reflecting the contribution of the tertiary education sector in the City, particularly Massey University but also UCOL and IPC.

h) **Health Care and Social Assistance** contributed 14.3% of annual earnings in the City, making it the largest sector in the City. The sector contributed 9.8% of earnings in New Zealand. The major regional hospital based in the City and strong growth in services for the elderly and people with disabilities has contributed to strong growth in the City economy.

TABLE 11: PALMERSTON NORTH CITY INDUSTRY SECTOR GROWTH RATE INDICATORS

Ranked by Annual Earnings	Annual Average Growth Rates (2001 - 2012)			2012 Annual earnings
	GDP	Jobs	Earnings	$ million
Health Care and Social Assistance	3.5%	2.6%	8.0%	326
Education and Training	-0.2%	0.5%	4.0%	304
Public Administration and Safety	5.1%	1.8%	7.1%	276
Logistics	4.4%	3.2%	6.5%	251
Retail	3.9%	1.2%	5.4%	239
Construction	3.4%	2.4%	6.8%	186
Professional, Scientific and Technical Services	1.1%	1.6%	4.4%	185
Manufacturing	0.2%	-1.3%	2.6%	153
Other Services	2.9%	1.9%	5.0%	71
Administrative and Support Services	3.7%	3.0%	6.5%	66
Financial and Insurance Services	1.5%	-1.0%	3.9%	56
Agriculture, Forestry and Fishing	1.8%	-0.3%	-3.1%	43
Rental, Hiring and Real Estate Services	2.8%	1.4%	2.8%	39
Information Media and Telecommunications	2.9%	-3.5%	3.5%	33
Arts and Recreation Services	-0.8%	0.0%	3.9%	22
Electricity, Gas, Water and Waste Services	-5.3%	1.3%	0.3%	13
Mining	0.4%	5.2%	*	*
Unallocated	3.6%		-2.5%	6
TOTAL	**2.7%**	**1.4%**	**5.1%**	**2,272**

SOURCE: STATISTICS NEW ZEALAND BUSINESS DEMOGRAPHY AND LEED AND INFOMETRICS GDP

* Included in Agriculture, Forestry and Fishing

Logistics Sector

6.102 The Logistics sector (Wholesale Trade, Transport, Postal and Warehousing) is highly concentrated in Auckland, reflecting the significant volumes of imported sea and airfreight that arrives in Auckland. The sector has been a significant contributor to economic growth in Palmerston North, with annual average earnings growth of 5.9% in the City between 2000 and 2012, compared with growth of 4.3% for the sector in New Zealand. At this stage the sector contributes a similar share of City earnings compared with the average for New Zealand, but the share is likely to increase in the future as further growth of the sector in the City is expected.

6.103 The Wholesale Trade sector is the largest component within the Logistics sector, with 2,990 employees in 2013 and annual earnings of $161 million in the year to March 2013. Annual earnings in the City increased by 96% between 2000 and 2012, well ahead of the 61% increase in annual earnings in the sector in New Zealand. The strongest rate of the growth in the sector has been in the Transport, Postal and Warehousing sector, which had 1,920 employees in 2013 and annual earnings of $90 million in the year to March 2013. Earnings in the City increased by

138% between 2000 and 2013, significantly ahead of the 78% increase in annual earnings in the sector in New Zealand.

6.104 Increased automation of product handling in distribution centres is leading to the development of larger facilities where automated equipment is increasingly used to select products which have been previously brought into the distribution centre and to pack shipments for distribution to the final customer. This is contributing to weaker growth in wholesale trade employment and earnings than the transport, postal and warehousing sector, where gains in productivity improvement have been slower. Changes to transport rules allowing for larger trucks have been hampered by the need to upgrade bridges and other structures on many of the key transport routes. As at 2014, approximately 4,500km of the roading network had been approved for 44 to 62 tonne high productivity motor vehicle use. The latest draft Government Policy Statement for the 2015/16 – 2024/25 period signals ongoing investment in improvements to increase the percentage of the State highway network open to high productivity motor vehicles. Increased Council investment is also required for upgrading of local roads within the City to cater for increased high productivity motor vehicle use.

Education and Training

6.105 The Education and Training sector experienced a significantly lower rate of growth in the City compared with the average for New Zealand. Weak population growth in the City, particularly between 1996 and 2001, has contributed to a 2.7% decline in school rolls in the City between 2000 and 2012, while national school rolls increased by 4.1% over this period. There was also a 15% decline in higher education sector employment in the City over this period while national employment in the sector increased by 13%.

6.106 Many businesses consider the range of educational and training opportunities in the region available through Massey and UCOL as a key factor in locating in the region and also for attracting new staff to the region. Students contribute an important part of the workforce where casual or seasonal labour is required. A residents' survey by the Council in 2009 also showed that the majority of residents are also very positive about the role of the key higher education institutions bringing more vitality and diversity to the City.

TABLE 12: ANNUAL AVERAGE GROWTH RATES FOR EARNINGS BY INDUSTRY SECTOR IN PALMERSTON NORTH AND NEW ZEALAND (2001 - 2012 (March years)

Sector	Palmerston North	New Zealand
Administrative and Support Services	6.5%	4.9%
Agriculture, Forestry and Fishing, and Mining	-3.1%	1.8%
Arts and Recreation Services	3.9%	7.5%
Construction	6.8%	7.0%
Education and Training	4.0%	6.1%
Electricity, Gas, Water and Waste Services	0.3%	7.5%
Financial and Insurance Services	3.9%	6.6%
Health Care and Social Assistance	8.0%	7.7%
Information Media and Telecommunications	3.5%	3.9%
Logistics	6.5%	4.7%
Manufacturing	2.6%	2.7%
Not elsewhere classified	-2.5%	1.4%
Other Services	5.0%	5.5%
Professional, Scientific and Technical Services	4.4%	6.8%
Public Administration and Safety Services	7.1%	7.4%
Rental, Hiring and Real Estate Services	2.8%	4.4%
Retail	5.4%	5.1%
TOTAL	**5.1%**	**5.3%**

SOURCE: STATISTICS NEW ZEALAND LEED

Location Quotients

6.107 Location quotients compare Palmerston North's employment composition to that of New Zealand overall. The employment measure used for the analysis is based on total jobs and the number of enterprises that do not employ staff. A location quotient greater than 1.0 indicates that the City has proportionately more workers than New Zealand employed in a specific industry sector. This generally implies that the City is producing more of a product or service than is consumed by residents of the City.

6.108 A location quotient of at least 1.25 is required to consider classifying a city industry as an exporter. However, a score greater than 1.25 does not necessarily mean that the industry is exporting; there may simply be a high level of local demand for that industry's product or service.

6.109 Identifying industries with a location quotient over 1.25 is useful, as it provides a measure of the degree of industry specialization within the City. A high location quotient in a specific industry may translate into a competitive advantage in that industry for the local economy. Economic development opportunities may exist for additional growth of the industry or related industries because of the presence of an existing skilled labour pool or other resources such as suppliers, facilities or transportation hubs in the City.

6.110 Retail, logistics, health, education and research encompass a significant proportion of the industries in Palmerston North with a location quotient of 1.25 and over, reflecting the importance of the Palmerston North's central geographical location in New Zealand, and the road, rail and air hubs connecting to the City. Other industries with high location quotients are often based on one or a few, often highly successful, businesses and government organisations based in the City.

TABLE 13: EXAMPLES OF MAJOR EMPLOYERS IN PALMERSTON NORTH

Sector	Organisation
Manufacturing	
Chemical Manufacturing	New Zealand Pharmaceuticals
Construction	
Heavy and Civil Engineering Construction	Higgins
Retail	
Non-Store Retailing	Ezibuy
Logistics	
Grocery, Liquor and Tobacco Product Wholesaling	Foodstuffs, Countdown and DKSH
Motor Vehicle and Motor Vehicle Parts Wholesaling	Toyota
Specialised Industrial Machinery and Equipment Wholesaling	CB Norwood
Postal and Courier Pick-up and Delivery Services	New Zealand Post
Rail Freight Transport	KiwiRail
Financial and Insurance Services	
Health and General Insurance	FMG
Professional, Scientific and Technical Services	
Scientific Research Services	Fonterra Research Centre, AgResearch, Plant and Food
Education	
Tertiary Education	Massey, UCOL, Te Wananga O Aotearoa and IPC
Public Administration and Safety	
Defence	Linton Military Camp and Hokowhitu Campus Land Operations Training Centre
Central Government	NZTA, StudyLink, IRD
Public Order and Safety Services	Police, Manawatū Prison
Health Care and Social Assistance	
Hospitals	MidCentral DHB and Crest
Pathology and Diagnostic Imaging Services	Medlab Central & Broadway Radiology
Arts and Recreation Services	
Libraries and Archives	City Library, National Library
Horse and Dog Racing Activities	Awapuni Racing and Function Centre

6.111 The following table is based on ANZSIC06 division 3 industries that employ more than 100 staff.

TABLE 14: PALMERSTON NORTH CITY LOCATION QUOTIENTS (EMPLOYMENT)
(February 2013)

Industry	Location Quotient
Defence	7.74
Chemical Manufacturing	6.67
Non-Store Retailing	6.02
Rail Freight Transport	4.90
Scientific Research Services	4.81
Horse and Dog Racing Activities	3.35
Tertiary Education	3.16
Motor Vehicle and Motor Vehicle Parts Wholesaling	2.37
Grocery, Liquor and Tobacco Product Wholesaling	2.26
Educational Support Services	2.02
Pathology and Diagnostic Imaging Services	1.95
Mineral, Metal and Chemical Wholesaling	1.88
Specialised Industrial Machinery and Equipment Wholesaling	1.87
Specialised Machinery and Equipment Manufacturing	1.83
Allied Health Services	1.80
Heavy and Civil Engineering Construction	1.78
Building Cleaning, Pest Control and Gardening Services	1.67
Dairy Product Manufacturing	1.65
Motor Vehicle Retailing	1.62
Other Personal Services	1.62
Waste Treatment, Disposal and Remediation Services	1.55
Nursery and Floriculture Production	1.53
Hospitals	1.52
Libraries and Archives	1.52
Residential Care Services	1.42
Health and General Insurance	1.40
Road Freight Transport	1.39
Central Government Administration	1.38
Postal and Courier Pick-up and Delivery Services	1.32
Other Health Care Services	1.30

SOURCE: STATISTICS NEW ZEALAND BUSINESS DEMOGRAPHY

6.112 Industries with a location quotient significantly less than 1.0 may indicate an opportunity to develop businesses in the local area to meet area demand or may indicate that other resources are not available that would support more employment in that sector. Palmerston North City, with a physical land area of just 405.1 sq km accounts for just 0.15% of the physical land area of New Zealand (270,500 sq km) so land based sectors in the City have low location quotient scores.

6.113 Computer System Design and Related Services has a location quotient score of 0.54 but has been achieving strong growth in employment over the period between 2000 and 2012, so the current low score suggests there is more potential for the sector to grow. The sector recorded strong growth nationally, with the number of jobs increasing by 120%

between 2000 and 2012, well ahead of the 21% growth in total national employment. In Palmerston North, employment in the sector increased by 190% between 2000 and 2012.

6.114 Sectors with a location quotient of 0.75 and below are shown in the table below.

TABLE 15: PALMERSTON NORTH CITY LOCATION QUOTIENTS (EMPLOYMENT)
(February 2013)

Industry	Location Quotient
Timber and Hardware Goods Wholesaling	0.75
Machinery and Equipment Repair and Maintenance	0.75
Pubs, Taverns and Bars	0.75
Other Wood Product Manufacturing	0.72
Legal and Accounting Services	0.70
Other Construction Services	0.68
Property Operators	0.66
Specialised Food Retailing	0.63
Accommodation	0.63
Furniture, Floor Coverings and Other Goods Wholesaling	0.60
Residential Building Construction	0.59
Building Structure Services	0.59
Other Administrative Services	0.58
Architectural, Engineering and Technical Services	0.56
Other Machinery and Equipment Wholesaling	0.54
Financial Asset Investing	0.52
Telecommunications Services	0.51
Land Development and Site Preparation Services	0.47
Depository Financial Intermediation	0.45
Computer System Design and Related Services	0.44
Management and Related Consulting Services	0.37
Dairy Cattle Farming	0.22
Sheep, Beef Cattle and Grain Farming	0.18

SOURCE: STATISTICS NEW ZEALAND BUSINESS DEMOGRAPHY

Number of Businesses and Average Size

6.115 Palmerston North has a significant concentration of employment in large organisations. In February 2012, 40% of employment in the City was in organisations with 100 and more employees. At a national level these larger organisations account for 31.3% of total employment. Palmerston North has a higher employment count than would be expected for a city of its population size, accounting for 2.3% of national employment compared with a 1.9% share of the national population. However, the City has a "geographic units" share of just 1.4% of national "geographic units" (the number of physical sites where enterprises are based) reflecting the concentration of employment in large organisations.

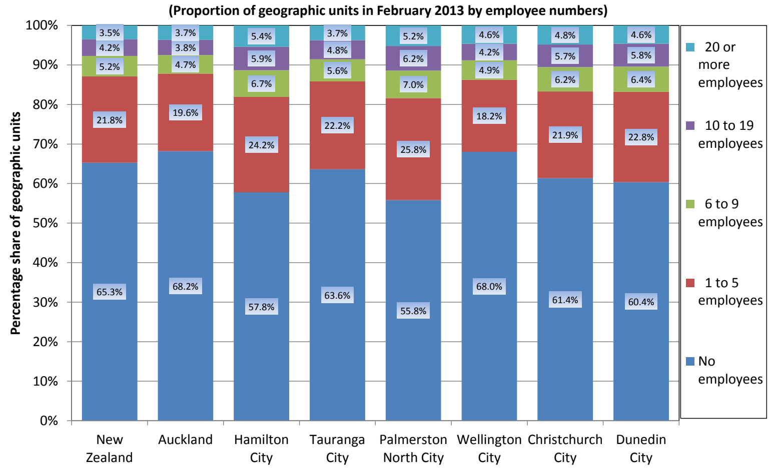
6.116 The small physical area of the City is also likely to be a significant contributor to the small "geographic units" share, since agriculture, forestry and fishing units account for 15% of the national total, while in

Palmerston North the sector accounts for just 6% of units. In Palmerston North, 20% of "geographic units" are in rental, hiring and real estate services, reflecting a high level of self-employment among real estate agents and property managers. It also reflects the challenge with using tax record data for economic analysis, since owners of rental properties are included in the count of enterprise or "geographic units".

6.117 Palmerston North has a smaller share of 'geographic units with no employees' than the average for New Zealand and has the smallest share among the Core Cities. The City has, correspondingly, the highest share of units with 20 or more employees, reflecting the concentration of employment and economic activity among large organisations in the City. A geographic unit is defined by Statistics New Zealand as a separate operating unit engaged in New Zealand in one, or predominantly one, kind of economic activity from a single physical location or base. The geographic units data includes businesses, government, not-for-profit and iwi organisations, property investors and the self-employed.

Figure 39: Size of Business Units

(Proportion of geographic units in February 2013 by employee numbers)



SOURCE: STATISTICS NEW ZEALAND BUSINESS DEMOGRAPHY

Specialisation and Revealed Comparative Advantage

6.118 Areas of broad industry concentration in Palmerston North reflect a range of factors but several key factors are consistent among most of the growth sectors in the City:

a) **Central location in New Zealand** – Palmerston North is a key central servicing point for the Taranaki, Manawatū-Wanganui, Hawkes Bay, Wairarapa and Wellington regions, an area with a combined population of close to 1 million people in 2012. With a further 1 million people in the South Island, the City is a key midpoint in servicing New Zealand's 4.4 million population.

b) **Affordability** – There is a widening difference in housing affordability in Palmerston North compared with Auckland and Wellington, which is a factor in attracting major businesses to the City. Data is not readily available to compare the costs of purchasing or leasing commercial buildings between regions, so the only regional indicator we have is for home affordability. However, since the largest contributor to the difference in home affordability between regions is the difference in land value rather than in building costs, the home affordability indicator is a useful proxy for comparing the costs of operating a business in different cities.

c) **Labour Force** – Major employers have cited the presence of Massey University as a key factor in their decision to locate their distribution centre in the region. Reasons mentioned by employers for this interest in educational facilities in the region are:

- Attracting staff to the region is helped if prospective employees view the educational opportunities offered in the region to be favourable. UCOL and Massey University offer a wide range of post-school education opportunities in the region.
- The presence of a large student population assists with the supply of a flexible workforce in the region. The majority of university students work part-time while studying full-time at university and are often willing to accept options for shift work that are less attractive to older workers.

4) **Access to Research** – the Manawatū region has a significant concentration of agri-tech businesses, reflecting relationships with Massey University, the Crown Research Institutes and sector-based research associations. Food HQ aims to strengthen these relationships for agri-tech and food processing businesses. This has already seen Plant and Food and AgResearch relocate staff to Palmerston North. Palmerston North is also experiencing strong growth in companies based in the computer system design and related services sector, again based on graduates from the University.

6.119 In addition, the success of the Health Care and Social Assistance sector draws on a range of strengths, including a significant regional health services hub at MidCentral DHB and strengths in organisations supporting people with disabilities, both in rehabilitation and on-going residential support services.

6.120 Visitor data shows Palmerston North is a significant domestic visitor destination, reflecting its central position in the lower North Island and its strong retail offering. The latest Marketview data shows that 34% of electronic card (debit and credit card) retail turnover in the City in the year ended June 2013 was made on non-resident cards. The Marketview data also shows a high level of loyalty by City residents, with just 15% of their annual retail spending at merchants located outside Palmerston North. The rate of income growth within the sector is stronger than the overall rate of growth for the City economy.

Growth Outlook

6.121 Statistics New Zealand urban area population data shows Palmerston North has experienced above average rates of growth over much of the time since it was founded. Growth accelerated in the mid 1960s, when Massey University changed from an agricultural college to a full university in 1964. The influx of students and the significant investment in buildings on the Manawatū Campus supported very strong growth in the City until the early 1980s.

6.122 Growth in the City slowed from the early 1980s, with a significant loss of manufacturing employment. Employment in the sector declined from a 21% share of total City employment in 1981 to just 6% in 2012. Massey

University's investment in Wellington in 1993 and Auckland in 1996, along with changes in government funding for tertiary education, have impacted on both Massey and UCOL, resulting in a 15% decline in employment in the City's Higher Education sector between 2000 and 2012.

6.123 The decline in manufacturing and education sector employment over the period from 2000 to 2012 has hidden the strong growth which was occurring in other sectors. Employment in manufacturing and higher education has stabilised, with a small increase recorded in manufacturing employment between 2011 and 2013. Key growth sectors over the next 25 years are likely to be:

- Healthcare and social assistance, including hospitals, specialist medical services, home care services and care for the aged
- Retail, accommodation and food services
- Logistics, including wholesaling, transport, postal and warehousing
- Public administration and safety
- Professional, scientific and technical services (research and computer system design and related services)

6.124 Declining affordability in Auckland and Wellington for housing and commercial premises will continue to be supportive of growth in Palmerston North. There are opportunities for the City from decentralisation of government services but there is a corresponding risk that a future government may decide to centralise employment for government agencies in Wellington or Auckland.

6.125 Improved terms of trade for primary products have been supporting stronger income growth across the wider Manawatū-Wanganui region. This has also supported stronger economic growth in Palmerston North due to its increasing role as the retail and business services centre for the region. The long-term outlook for commodity prices is positive due to increasing demand for New Zealand products in Asia, particularly from China, and increased government budgetary pressure on agricultural support measures in major OECD countries.

Summary: Industry structure

6.126 High location quotients for key industry sectors in the City mostly reflect the central position of Palmerston North in the lower North Island and its key transport connections. The diversity of sectors supporting economic growth in the City reduces the vulnerability of the City to a reduction in economic activity in one of its key sectors.

6.127 The outlook for economic growth in the City is strong, reflecting the City's key strength in health care services, the fastest growing sector in New Zealand, and the benefits of the City's central location for the logistics, retail and defence sectors. Declining housing affordability and higher business operating costs in the three largest cities will continue to influence business relocation decisions in favour of Palmerston North.

Amenities

6.128 Amenities are provided through infrastructure, social institutions and the natural environment. Amenities can be, but are not exclusively, public goods. The provision of high quality amenities in a city-region is important for the well-being of residents, and can add to its competitiveness and attractiveness, making it a desirable place to work, visit and do business. This section distinguishes between natural, social and cultural amenities. As the concept of a quality amenity is rather subjective, a number of indicators are selected in each category.

Climate

6.129 Palmerston North receives the least amount of rain of any of the North Island Core Cities, with average rainfall over 20% lower than for the other four North Island cities. Both South Island cities receive significantly less rain than Palmerston North due to their eastern locations in the South Island. However, Palmerston North receives rain on a similar number of days (number of days with 1 mm or more rain) to the four North Island cities.

6.130 Mean annual sunshine hours in Palmerston North are significantly below the average for the Core Cities, with only Dunedin receiving fewer sunshine hours on average. Annual radiation in the City, however, is very close to the average for the Core Cities. The level of radiation is correlated to latitude, with the more northern cities receiving the highest daily radiation and Dunedin the lowest.

6.131 Mean wind speed in Palmerston North was 17km per hour during the period from 1971 to 2000, only slightly more than the 16.3km per hour average for the Core Cities. Palmerston North had the same average wind speed as Auckland. Wellington had the highest average wind speed (22km per hour) while Hamilton had the lowest (12km per hour). Days with gale force winds (average speeds of at least 63km per hour) are recorded, on average, on just three days a year in Palmerston North, half of the average for the seven cities. Wellington, Dunedin and Tauranga recorded more gale days than Palmerston North while Christchurch recorded the same number.

TABLE 16: RAINFALL, SUNSHINE, RADIATION AND WIND SPEED

Location	Mean annual rainfall (mm)	Wet Days - Mean number of days per year with 1mm or more of rain	Mean annual total sunshine (hours)	Mean daily global radiation (Mj/sq m)	Mean annual wind speed (km per hour)	Gale days (mean speed of at least 63 km per hour)
Auckland	1,212	136	2,003	14.6	17	2
Tauranga City	1,181	110	2,346	14.8	16	5
Hamilton City	1,108	124	2,020	14.2	12	2
Palmerston North City	917	122	1,743	13.5	17	3
Wellington City	1,207	122	2,110	13.8	22	22
Christchurch City	618	84	2,143	13.2	15	3
Dunedin City	738	114	1,684	11.7	15	8
Average (Core Cities)	997	116	2,007	13.7	16.3	6.4

SOURCE: NIWA

Data are mean monthly values for the 1981-2010 period for locations having at least 5 complete years of data. Wind data is based on mean annual values for the 1971-2000 period

6.132 Average temperatures across the seven cities are also closely correlated to latitude, ranging from an average daily temperature of 15.1°C in Auckland to 11.1°C in Dunedin. The average of 13.1°C in Palmerston North was slightly below the average of 13.3°C for the seven cities and 0.2°C above the average for Wellington. The average daily maximum temperature in Palmerston North was 17.8°C, above the 17.5°C average for the seven cities. However, the average daily minimum temperature was 8.5°C, below the 9.1°C average for the seven cities. The City recorded the third lowest number of frost days, despite its inland location.

TABLE 17: TEMPERATURES, FROSTS AND HUMIDITY

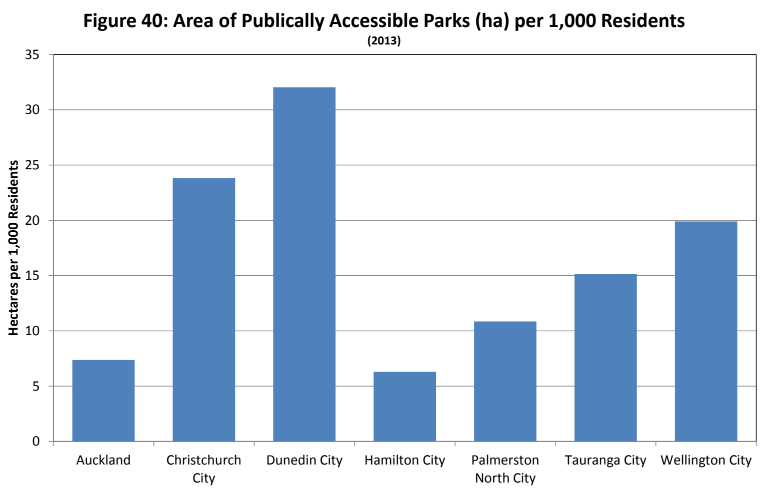
Location	Mean annual air temperature (°C)	Mean daily maximum air temperature (°C)	Mean daily minimum air temperature (°C)	Mean 10cm earth temperature (°C)	Mean annual days of occurrence - ground frost	Mean of 9am relative humidity (%)
Auckland	15.1	19.0	11.3	15.1	9	82.3
Tauranga City	14.8	19.1	10.4	14.6	45	78.8
Hamilton City	13.8	18.9	8.7	13.6	53	85.0
Palmerston North City	13.1	17.8	8.5	12.8	41	80.9
Wellington City	12.9	15.9	9.9	12.2	10	82.9
Christchurch City	12.2	17.2	7.3	10.6	80	85.1
Dunedin City	11.1	14.6	7.6	10.0	51	75.9
Average (Core Cities)	13.3	17.5	9.1	12.7	41	81.5

SOURCE: NIWA

Data are mean monthly values for the 1981-2010 period for locations having at least 5 complete years of data

Public spaces

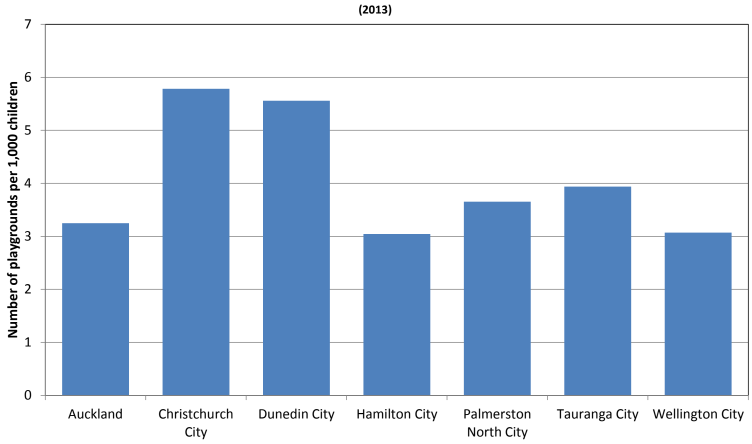
6.133 Palmerston North has 177 reserves ranging from just 100m² to the 176ha at Arapuke Forest Park. The open spaces and reserves that are accessible to the public total 10.9 ha per 1,000 people. This compares to Hamilton's low of 6.3ha per 1000 residents through to Dunedin's high of with 32ha per 1,000 residents.



SOURCE: NZRA YARDSTICK 2013

6.134 Eighty percent of all residentially zoned land (excluding vacant residential zoned land) within Palmerston North is within 500 metres walking distance of a park or sportsfield and 95% are within 750 metres walking distance. Satisfaction with parks and reserves has been consistently high in Palmerston North.

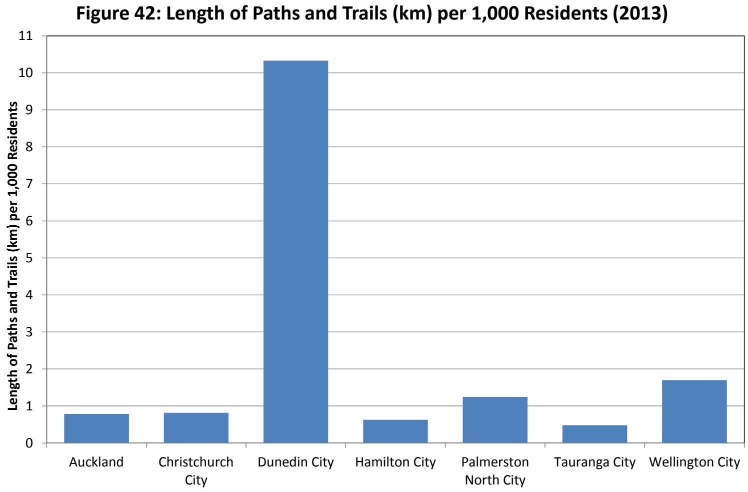
Figure 41: Number of playgrounds per 1,000 Children Aged Under 15 years
(2013)



SOURCE: NZRA YARDSTICK 2013

6.135 There are 3.7 publically provided playgrounds per 1,000 children aged under 15 years in Palmerston North. This is more than Hamilton (3) and Wellington (3.1) but less than Christchurch (5.8) and Dunedin (5.6).

Figure 42: Length of Paths and Trails (km) per 1,000 Residents (2013)



SOURCE: NZRA YARDSTICK 2013

6.136 Palmerston North has 63km of walkways, the third highest length of walkways per 1000 residents, behind Dunedin and Wellington. Key Palmerston North parks and walkways include:

a) **The Square** – a four hectare green civic space in the middle of the central business district. The Square provides a large space for key community celebrations and activities, as well as being an accessible lunchtime breakout space for CBD employees.

b) **The Victoria Esplanade** – a 28 hectare park bounded by a further 33 hectares of sportsfields, swimming pools, a holiday park and the Manawatū River. This park provides high quality botanic features including the world class rose gardens, an extensive playground, and is the hub of park events and concerts.

c) **Manawatū River** – running continuosly along 10km of the riverside, the 3m wide shared paths provide for walking, running, cycling, extensive dog exercise areas and relaxation. Work is underway to extend this by a further 14km out to Ashhurst village.

d) **Ashhurst Domain and the Manawatū Gorge:** A hub for camping, bush and river areas along with sports field and a playground, excellent for day walks and picnicking. Significant progress on the biodiversity protection and day walk development is planned, to be mirrored with mountain bike track development and a link to the Manawatū River Pathway running from Ashhurst to Palmerston North.

e) **Arapuke Forest Park** – a 172 ha pine forest purchased to secure an outdoor recreation hub in the Kahuterawa Valley. The plantation is being converted to recreation friendly species and developed into an outdoor recreation hub with particular emphasis on tramping and mountain biking. The margins of the streams are being regenerated into native bush, adding to the biodiversity values in the area.

Topography

6.137 Palmerston North is the fourth largest of the seven councils in terms of physical area, encompassing 395km^2 following a boundary change with Manawatū District on 1 July 2012. This added a further 69km^2 to the area of the City.

TABLE 18: CORE CITIES LAND AREA

Council	Land Area (km^2)
Auckland	4,999
Dunedin City	3,342
Christchurch City	1,415
Palmerston North City	395
Wellington City	290
Tauranga City	175
Hamilton City	110

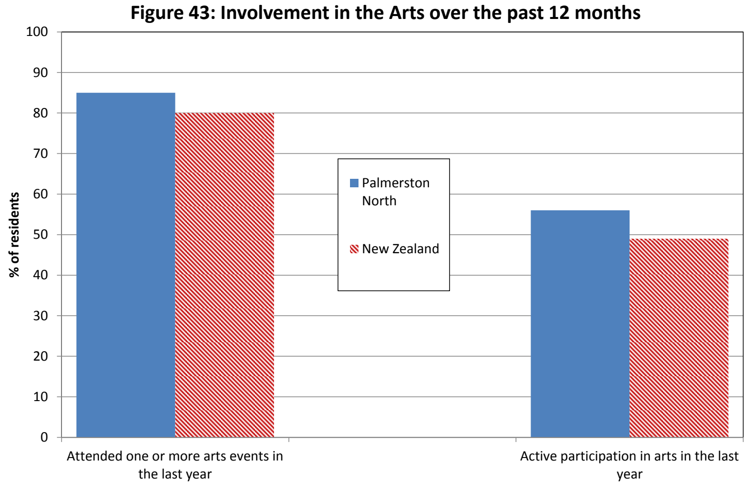
SOURCE: LOCAL COUNCILS NEW ZEALAND WEBSITE

6.138 The geology of Palmerston North is predominantly alluvial soils on a series of floodplains gradually rising up from the current position of the Manawatū River. The area of the City on the western side of the Manawatū River, which includes the majority of the urban area, Ashhurst and surrounding rural areas, are all comprised of alluvial soils. The western area is subject to flooding, however the construction and ongoing improvements to the Lower Manawatū River Control Scheme (put in place by Horizons Regional Council) has reduced the likelihood of a major natural event affecting the urban area. The eastern side of the Manawatū River, which includes Massey University, Aokautere and the rural areas to the eastern boundary in the Ranges, are comprised of soft sandstone 'terraces'. The ranges themselves are mostly formed from greywacke, argillite and other volcanic rock. The Manawatū River meanders through the Palmerston North City area from the Manawatū Gorge to south of Linton.

Cultural amenity

6.139 Palmerston North also has many arts and cultural facilities and residents have high levels of involvement with the arts. Compared with the average for New Zealand, more Palmerston North people have attended arts events (85%, compared with 80% nationally) or actively participated in them (56%, compared with 49% nationally).

Figure 43: Involvement in the Arts over the past 12 months



SOURCE: PNCC AND CREATIVE NZ[2]

Libraries

6.140 The City Library consists of the Central Library and branches in Ashhurst, Awapuni, Highbury and Roslyn; a Mobile Library Service; the Youth Space; and the City Library's website. The library is organised around six zones (i.e. specialised areas) – Sound and Vision, Adult Fiction, Adult Non-fiction, New Zealand and Pacific Islands, and Youth and Children's. Each of these zones provides a professional advisory service in addition to the full range of resources. The library also provides a number of specialist services, including housebound, seniors, community languages, and adult learning.

6.141 The City Library also has an arrangement with the Linton Camp Community Library and provides a contracted library service to Manawatū Prison. The Central Library houses the Ian Matheson City Archives. This includes both the City Council's Archives, as well as Community Archives.

6.142 Current active membership at the City Library stands at 52,058 (or 61% of the City's population). Issues for the year dropped by 13% from last year. This is a significant drop, however very much in keeping with the national trend.

Te Manawa

6.143 Te Manawa is Palmerston North's Museum of Art, Science and History. The complex also contains the New Zealand Rugby Museum. Te Manawa hosts touring exhibitions, acquired on loan from throughout New Zealand, Australia and other parts of the world. These are supported by education programmes, special events and workshops. Te Manawa draws art, science and history together, recognising the uniqueness of each area and reflecting our growing region and its people. Te Manawa had 142,000 visitors in the year to June 2013.

[2] *Palmerston North and the Arts: Attitudes, attendance and participation in 2011.* Survey conducted by Colmar Brunton in 2012 on behalf of PNCC and Creative NZ

Regent Theatre

6.144 The Regent Theatre is a 1,393 seat civic auditorium and regional centre for the performing arts. The complex also boasts a large function room and a rehearsal studio, which is used for numerous activities, ranging from ballet dancing and stage rehearsals to a meeting venue.

The Globe Theatre

6.145 The Globe Theatre is a community theatre fulfilling its original purpose to cater for a variety of local and touring arts and cultural events such as drama, comedy, musical theatre, dance and musical recitals, public artistic competitions, conferences and seminars. In addition to the existing 200 seat auditorium, a 100 seat flat-floor auditorium has recently been completed.

Creative Sounds

6.146 Creative Sounds (The Stomach) is a non-profit voluntary organisation dedicated to the encouragement of musical, artistic and performance activities. The Stomach a low cost performance venue and music recording facility especially for youth, with rehearsal rooms and a recording studio.

Caccia Birch

6.147 Caccia Birch is a heritage building used as a convention and function centre. Within almost 3 acres of gardens bordering the Hokowhitu Lagoon, it is located midway between the CBD and Massey University.

Square Edge

6.148 Square Edge - home to a number of artists' studios, shops, art galleries and performance/rehearsal spaces. The Galleries exhibit the work of emerging local artists. The two galleries, operated by Community Arts, are located on the ground floor, adjacent to shops, a dealer gallery, a UCOL furniture showroom and a Café.

Number of general practitioners per capita

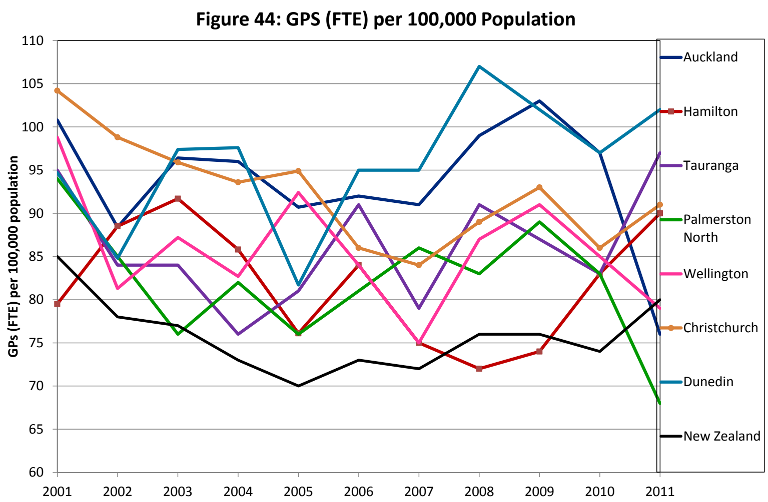
6.149 Good health is critical to community well-being. Access to health services and general practitioners is used as a proxy indicator for social/health amenity, due to the relative ease of comparability for the Core Cities. General practitioners (GPs) are part of the front line of primary health care provision. Increased funding through primary health organisations (PHOs) has been used to enhance that role using GPs and practice nurses working with the GPs.

TABLE 19: MEDICAL WORKFORCE BY TERRITORIAL AUTHORITY OF MAIN WORK SITE (2011)

Site TLA	Number of all doctors[1]	Number of GPs	FTEs GPs[2]	GPs FTEs per 100,000	Average hours	Number of doctors per 100,000	IMGs per cent of all doctors[3]	TLA population[4]
North Shore	570	164	143	63	33	249	41	229,000
Waitakere	187	120	109	53	35	90	41	208,100
Auckland	2,444	473	436	97	34	543	33	450,300
Manukau	697	246	223	59	36	186	42	375,600
Hamilton	748	128	118	83	36	523	48	143,000
Tauranga	389	116	95	83	32	340	45	114,300
Palmerston North	322	68	68	83	39	396	49	81,300
Wellington	937	198	169	85	32	474	32	197,700
Christchurch	1,369	381	324	86	32	363	36	376,700
Dunedin	586	132	121	97	34	470	33	124,800
New Zealand	11,478	3,532	3,224	74	35	263	41	4,366,800

SOURCE: NEW ZEALAND MEDICAL COUNCIL

1 Number of GPs is the number of doctors who reported a work role of general practitioner at their main work site.
2 The calculation of GP FTE includes all hours recorded in GP role at all work sites.
3 IMGs - International Medical Graduates
4 Statistics New Zealand, estimated residential population as at 30 June 2011.



SOURCE: NEW ZEALAND MEDICAL COUNCIL WORKFORCE STATISTICS

6.150 Accessibility to a GP is an important issue in both treatment and prevention of poor health. The number of GPs per city may reflect accessibility to health services. The New Zealand Medical Council records provide historical information relating to the number of GPs per 100,000 people in New Zealand main centres. This indicator has its limitations because it is not a measure of the health of a population. Access to health services does not imply use. Affordability of health services could prohibit access, despite availability.

6.151 The number of GPs on a full-time equivalent basis is fairly consistent across the Core Cities on a longer-term average basis, with generally higher GP ratios than the average for New Zealand. The indicator, however, is volatile on an annual basis. Hamilton, Tauranga and Palmerston North all had higher proportions of international medical graduates.

Simple location quotient for retailing

6.152 The retail sector is an important part of any economy, as it is a large component of household consumption and expenditure. This indicator measures the relative importance of retailing in the City, compared to the rest of New Zealand.

6.153 A Simple Location Quotient (SLQ) indicator greater than one implies that the sector is more concentrated in the region. In the case of retailing, it would mean that the City is an important service centre for retailing, and that people come to the City for shopping. The SLQ indicator for the total Palmerston North retail sector is 1.09, a result that is consistent with other indicators of the net flow of retail spending. Paymark data for the year to June 2013 shows that 34% of electronic card retail spending in Palmerston North comes from non-resident cards, while just 15% of Palmerston North resident electronic card spending is made at retailers outside of the City. The high inflow of visitor spending and high resident loyalty both reflect the strength of retail offering in the City.

TABLE 20: PALMERSTON NORTH CITY RETAIL LOCATION QUOTIENTS (employment - job count) (February 2013)

Industry	Location Quotient
Non-Store Retailing	6.02
Motor Vehicle Retailing	1.62
Electrical and Electronic Goods Retailing	1.28
Recreational Goods Retailing	1.21
Clothing, Footwear and Personal Accessories Retailing	1.16
Motor Vehicle Parts Retailing	1.10
Department Stores	1.09
Furniture, Floor Coverings, Houseware and Textile Goods Retailing	1.07
Cafes, Restaurants and Takeaway Food Services	1.06
Hardware, Building and Garden Supplies Retailing	1.05
Supermarket and Grocery Stores	1.02
Pharmaceutical and Other Store-Based Retailing	1.00
Fuel Retailing	0.86
Pubs, Taverns and Bars	0.75
Specialised Food Retailing	0.63
Accommodation	0.63
Clubs (Hospitality)	0.53
Retail Commission-Based Buying and/or Selling	0.49

SOURCE: STATISTICS NEW ZEALAND BUSINESS DEMOGRAPHY

6.154 The highest location scores are for sectors with high value discretionary goods, with the highest score for non-store retailing reflecting the presence of Ezibuy in the City. Lower scores for accommodation, clubs, pubs, taverns and bars are likely to reflect the small international visitor numbers in the City relative to the average for New Zealand. International visitor spending in the City has been increasing, but from a small base.

6.155 Palmerston North City Council's Retail Strategy acknowledges that the City is the dominant regional centre within an area incorporating Pahiatua, Marton, Feilding, Foxton and Levin. Palmerston North's influence in comparison shopping also infiltrates the Wanganui catchment, as the latter's CBD has a much smaller and less comprehensive retail offering. The size, componentry and accessibility of Palmerston North's CBD means that within the above delineated area, there is little net leakage of retail spend to Wellington, or to regional centres north of Taupo (Rotorua or Hamilton).

TABLE 21: CORE CITY RETAIL LOCATION QUOTIENTS (employment - job count as at February 2013)

Retail Sector	Auckland	Hamilton	Tauranga	Palmerston North	Wellington	Christchurch	Dunedin
Motor Vehicle	0.87	1.69	1.37	1.62	0.54	1.08	1.30
Motor Vehicle Parts	0.96	1.07	1.54	1.10	0.39	0.92	1.11
Fuel	0.77	0.90	0.86	0.86	0.42	0.99	0.90
Supermarket and Grocery Stores	0.78	0.94	1.26	1.02	0.75	1.03	1.34
Specialised Food	1.19	0.96	1.08	0.63	0.74	1.03	0.90
Furniture, Floor Coverings, Houseware and Textile Goods	1.15	1.06	1.39	1.07	0.70	1.31	1.22
Electrical and Electronic Goods	1.30	1.25	1.26	1.28	0.72	1.12	1.11
Hardware, Building and Garden Supplies	0.85	1.11	1.36	1.05	0.48	1.03	1.20
Recreational Goods	0.95	1.31	1.27	1.21	0.91	1.11	1.22
Clothing, Footwear and Personal Accessories	1.17	1.29	1.36	1.16	0.96	1.34	1.14
Department Stores	0.98	1.18	1.23	1.09	0.62	1.22	1.39
Pharmaceutical and Other Store-Based	1.07	1.01	1.18	1.00	0.64	1.04	1.19
Non-Store Retailing	1.56	1.40	0.80	6.02	0.28	0.70	0.37
Retail Commission-Based Buying and/or Selling	1.16	0.66	1.89	0.49	0.35	1.21	0.73
Accommodation	0.60	0.58	0.60	0.63	0.90	0.76	1.72
Cafes, Restaurants and Takeaway Food Services	1.14	0.98	1.07	1.06	1.01	0.96	0.96
Pubs, Taverns and Bars	0.76	1.05	1.18	0.75	1.47	0.98	2.21
Clubs (Hospitality)	0.60	0.85	1.61	0.53	0.39	0.81	0.41
TOTAL RETAIL TRADE, ACCOMMODATION AND FOOD SERVICES	**0.97**	**1.02**	**1.14**	**1.06**	**0.82**	**1.02**	**1.22**

SOURCE: STATISTICS NEW ZEALAND BUSINESS DEMOGRAPHY

6.156 Comparative data for the other Core Cities shows wide variations in location quotient scores for individual retail sectors. Wellington City has the lowest retail location quotient, reflecting both the presence of major retail malls in adjacent local authorities, and the high commuter share of its workforce. Cities with high commuter shares in their workforce tend to have lower location quotient scores for the supermarket and grocery stores sector, reflecting a tendency by consumers to purchase their groceries close to where they live. Dunedin had the highest retail location quotient score, reflecting the importance of tourism to the Dunedin economy, with a score of 1.73 for the accommodation sector, the highest of the Core Cities.

6.157 The City's Retail Strategy uses a centres-based approach, providing for retail activity to be concentrated in the centre of the City while still allowing for localised convenience needs. Palmerston North's compact urban form means that the CBD is readily accessible from all suburbs, unlike similar centres (such as Nelson and Tauranga where the city centre is not central to all for geographical and development reasons). There is no need, in the sense of equitable access to goods and services, for Palmerston North to introduce significant suburban shopping centres into its strategic approach.

6.158 An updated retail supply survey in late 2010 indicated that the City's regional retailing function has intensified since the Retail Strategy was adopted in 2003. This is particularly the case in its role as the primary comparison shopping centre in the lower central North Island. As at November 2010, retail trading space (m^2) in the City's business zones was as follows:

TABLE 22

Zone	General Merchandising Outlets	Supermarkets
Inner Business Zone	50,450	2,810
Outer Business Zone	33,575	12,500
Fringe Business Zone	3,565	0
Total	**87,590**	**15,310**
Industrial Zone	**10,680**	**0**
Other Urban City	**3,145**	**0**
Total Urban	**101,415**	**15,310**

SOURCE: STATEMENT OF EVIDENCE BY MARK TANSLEY TO SUPPORT PROPOSED CHANGE NO. 1 TO THE PALMERSTON NORTH CITY DISTRICT PLAN, 2011

6.159 With just over 87,500m^2 of general merchandising outlet retail trading space, the Palmerston CBD is slightly larger than Wellington City's 86,500m^2. Wellington's general merchandising outlet retail trading space is also more dispersed and less clearly defined and accessible to shoppers. Other general merchandising comparisons (based on equivalent 2007 surveys) are:

Lower Hutt Central	52,000m^2
Porirua Central	51,000m^2
Paraparaumu Central	18,000m^2

6.160 With the exception of one or two particular retail banners (the iconic "Kirkaldies" being the most apparent) Palmerston North's CBD meets virtually all regional needs not met in its complementary town centres.

6.161 This strong regional focus is highly enabling for the City's residents, in the sense of choice, convenience and related job opportunities. It combines with Palmerston North's tertiary education, health and transportation hub roles to enhance the City's traditional function as the main servicing centre for the lower North Island's primary industries.

Sporting facilities

6.162 Palmerston North City offers a full range of sporting facilities for its residents and visitors. The City's central location, compact layout, proximity of sporting facilities to accommodation providers and a strong retail centre gives Palmerston North a particular strength in hosting large tournaments at Arena Manawatū and its extensive sports grounds, as well as at privately operated sports facilities.

Arena Manawatū

6.163 Arena Manawatū is a multi-purpose, sports and events facility, providing

20 individual indoor and outdoor sporting venues. The versatility of this large 15ha venue allows the City to cater for single, large events and tournaments or to host multiple different events concurrently. The FMG Stadium comprises a fully lit, sand-based grass sports field, encircled by a hard-packed clay speedway circuit used throughout the summer season. Covered grandstand seating for 3,500 people plus up to 8,000 people on the embankment provides for a total of 11,500 spectators for major outdoor events.

6.164 Arena 2 is a multipurpose indoor stadium with sprung wooden flooring. With a floor area of 3,400m², the versatile building provides space for up to 20 badminton courts, five basketball courts or three netball courts. Arenas 3 and 4 are directly connected to Arena 2, expanding the area available by 2,100 m² and 6,400m² respectively. Alternatively, multiple smaller events can be hosted concurrently. Arena 5 comprises a collection of smaller indoor facilities for sports, events and functions, whilst Arena 6 consists of a further 4ha of grass sports field space.

Aquatic Facilities

6.165 The Council-owned Lido Pool has a 50m outdoor pool, a 25m indoor pool, a diving pool, learners' pool and indoor and outdoor leisure pools. The facility also features hydroslides, spa, sauna and steam rooms, a gym and large grassed play areas. The Freyberg Community pool is a PNCC operated facility, shared with Freyberg High School. It consists of a 25m indoor pool and a learners/toddlers pool.

Sportsfields

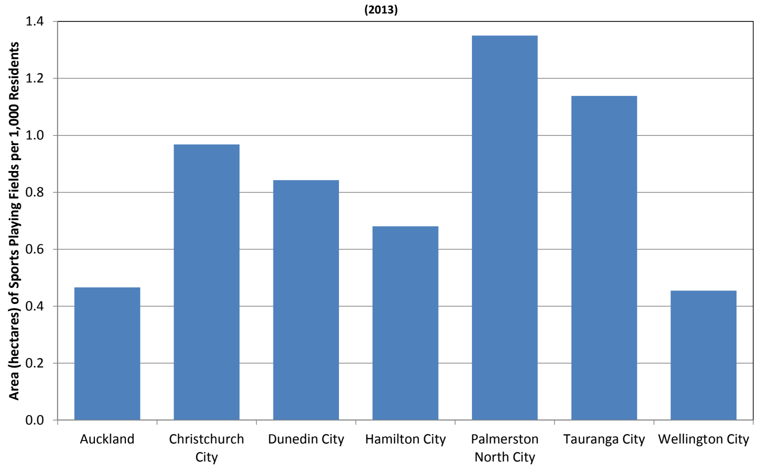
6.166 The City is ideally set-up to host large sports tournaments at its many wide open sports grounds. The City's well maintained sports fields experience relatively few wet weather closures. Facilities include:

- Hockey Twin Turfs – two water-based synthetic hockey fields at Fitzherbert Park. A third water based hockey turf is due to be built at Palmerston North Boys High School. With these and two other hockey turfs within an hour's drive at Levin and Wanganui, the region is second to none in its capacity to host large hockey events.
- Fitzherbert Park provides a centrally located first class cricket ground as one of Central District's selection of venues for its team's home games. The Ongley / Manawaroa Park complex is adjacent to Fitzherbert Park, a versatile 16ha venue providing 11 clay cricket blocks and 5 synthetic strips, or various rugby or touch field layouts.
- Memorial Park is the City's second sand-based sportsground. This boutique sportsfield bowl caters for top Central Football competitions. It also features a purpose built speed skating race track.
- In addition, Colquhoun Park (12ha), Ashhurst Domain (10ha), Bill Brown Park (9.5ha), Coronation Park (9.5ha) and Celaeno Park (8ha) all provide capacity for tournaments requiring multiple fields and all have changing room facilities on site.
- The Olympic-standard Manawatū Community Athletics Track, and the Massey Sport and Rugby Institute facility. This state-of-the-art training facility, with onsite accommodation, sits alongside three floodlit and irrigated fields. The Massey University Equestrian Centre provides an all-weather equestrian arena, while the University

provides 12 sports fields and 8 netball/tennis courts which add significant capacity to the City's resources.

- Cycling facilities include Arapuke Forest Park's mountain bike facilities, which are under active development, and the Manawatū Gorge Park, where mountain bike facilities are being developed to complement existing walking opportunities. The Manawatū Cycleway is a 126km leg of the NZ Cycle Trail, traversing quiet country roads between Mangaweka and Palmerston North.
- Palmerston North also has a wide selection of other sports facilities within the City or the local region. These include: three golf clubs in the City, five bowling clubs, Palmerston North Squash Club 8-court facility, and two race tracks providing facilities for thoroughbred racing, trotting and dogs. The Manfeild Racetrack in Feilding is also used for events as diverse as agricultural shows, the Central North Island Field Days, motor racing, cycling events and equestrian competitions.
- Permanent canoe polo facilities have been established on the Hokowhitu Lagoon. Thirty minutes south of the City is the Mangahou Reserve white water park, a world-class 300m white water slalom and freestyle course below the Mangahou Dam.

Figure 45: Area (hectares) of Sports Playing Fields per 1,000 Residents
(2013)



SOURCE: NZRA YARDSTICK 2013

Summary: Amenities

6.167 Palmerston North's central position in New Zealand means that most climate indicators are close to the average for New Zealand, with the exception being the below average number of annual sunshine hours.

6.168 Palmerston North has many arts and cultural facilities, and residents have high levels of involvement with the arts.

6.169 The number of GPs on a full-time equivalent basis is fairly consistent across the Core Cities, with generally higher GP ratios than the average for New Zealand.

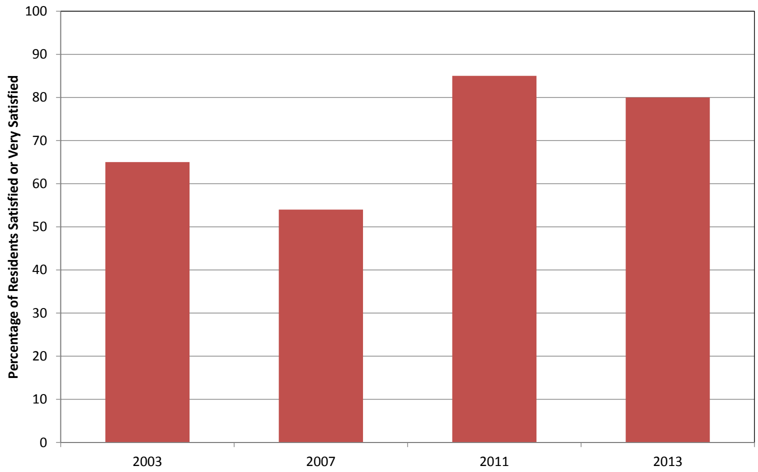
6.170 Palmerston North offers a full range of sporting facilities for its residents and visitors. The City's central location, compact layout, close proximity of sporting facilities to accommodation providers and a strong retail centre gives Palmerston North a particular strength in hosting large tournaments.

Built Environment

Look and Feel of Palmerston North

6.171 Satisfaction with the "look and feel" of Palmerston North has improved between 2003 and 2013. Council work contributing to the improvement in the "look and feel" of the City includes urban design initiatives in the CBD, such as The Square's improvements and public sculptures. People also said that Palmerston North is a clean, tidy and nice looking City. This information comes from a Council Communitrak™ survey asking people how satisfied they are with the "look and feel" of Palmerston North.

Figure 46: Satisfaction with the Look and Feel of Palmerston North



SOURCE: COMMUNITRAK

Population Density

6.172 Improving urban density is considered to be important for improving the efficiency of how cities operate. The more compact a city is, the lower the cost of transport and provision of networked infrastructure and services. There are economic, health and environmental trade-offs associated with differing urban densities, which can impact directly on economic outcomes.

6.173 The indicator chosen for the original Core Cities report is local authority area population density. Note, this differs from the concept of "urban density", which is the measurement of the population in an urban area.

6.174 Declines in average household occupancy (the average number of people living in each dwelling) means that infill housing is required to maintain population density in urban areas. Population density for the main urban area of Palmerston North was 1,057 people per km² (2013 Census).

TABLE 23: NUMBER OF PEOPLE PER KM²

For the Census Usually Resident Population 2001, 2006 and 2013

	Census Year		
	2001	**2006**	**2013**
Auckland	232.1	261.0	283.2
Hamilton City	1,060.0	1,178.1	1,287.4
Tauranga City	520.8	593.6	655.9
Palmerston North City	187.3	196.8	202.7
Wellington City	564.9	618.8	658.5
Christchurch City	229.0	246.3	241.3
Dunedin City	34.2	35.5	36.0
New Zealand	13.9	15.0	15.8

SOURCE: STATISTICS NEW ZEALAND CENSUS AND LOCAL COUNCILS NEW ZEALAND

Housing Affordability

6.175 The ratio of household income to housing cost is the most common measure of housing affordability, but annual household income data is only available by regional council so it is not a useful measure for assessing housing affordability in Palmerston North. At the time of the 2006 Census the median household income for Palmerston North was $58,500, 17% higher than the median income for the Manawatū-Wanganui region ($50,000). A further limitation with the use of the annual household income data is the high sample error of 7.3% for the Manawatū-Wanganui region, a reflection of the small sample size for the annual survey. This contributes to significant volatility in the housing affordability indicator on an annual basis.

6.176 A more reliable indicator of housing affordability at a local authority level is an indicator of affordability based on personal income. This is sourced from tax records data (Linked Employer-Employee Data (LEED)) and is available on a quarterly basis. In June 2012 the average house price in Palmerston North was $278,097, while the average annual income was $48,280. Average incomes in the City increased by 57% between 2000 and 2012, ahead of the 55% increase in average incomes in New Zealand. Average house prices in Palmerston North doubled between 2000 and 2012, while average house prices in New Zealand increased by 117%.

TABLE 24: HOUSING AFFORDABILITY

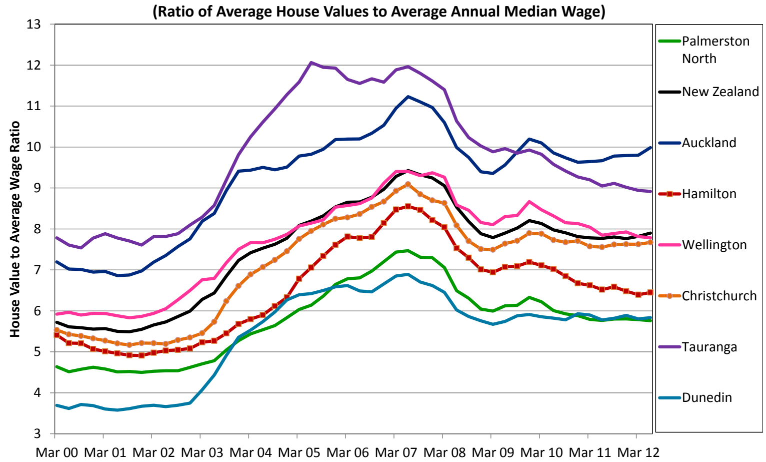
Average house price divided by annual average salary (Year to June 2012)

City	Average House Price	Average Annual Income	Ratio
Auckland	$568,049	$56,890	10.0
Hamilton	$335,216	$51,990	6.4
Tauranga	$420,705	$47,180	8.9
Palmerston North	$278,097	$48,280	5.8
Wellington	$512,062	$65,760	7.8
Christchurch	$389,003	$50,710	7.7
Dunedin	$273,623	$46,890	5.8
New Zealand	$410,112	$51,910	7.9

SOURCE: QV AND STATISTICS NEW ZEALAND LEED

6.177 The housing affordability ratio for Palmerston North was slightly below 5.8 (the average house price times the average annual salary), making it the most affordable of the Core Cities. Dunedin was only slightly less affordable, even though average house prices were lower than for Palmerston North, because average incomes in the Dunedin are also lower. The affordability ratio for New Zealand was 7.9 times the average annual wage. The average house price in Palmerston North was 68% of the national average while the average annual wage in the City was 93% of the New Zealand average.

Figure 47: Housing Affordability
(Ratio of Average House Values to Average Annual Median Wage)



SOURCE: QV AND STATISTICS NEW ZEALAND LEED

6.178 While housing affordability in Palmerston North is significantly better than the average for New Zealand, it has deteriorated since 2000, when the housing affordability ratio was 4.6, increasing to 5.8 in the year to June 2012. Affordability improved following the global financial crisis when the affordability ratio for the City peaked at 7.5. House prices in the City are still lower than the pre-recession peak, while average incomes have increased by 21% between June 2007 and June 2012.

6.179 Massey University's Real Estate Analysis 'Unit Residential Rental Survey' data for June 2012 suggests rental housing affordability has been improving, with average incomes increasing faster than the increase in average rents. The Massey analysis is based on median rents, which increased from $180 a week in June 2000 to $270 a week in June 2012, an increase of 50%. As noted earlier, average annual salaries and wages increased by 57% over this period. Average rent increases for New Zealand were 68%.

6.180 Government policy changes in the early 2000's resulted in the introduction of income related rents for Housing New Zealand housing, applying to tenants on low incomes, with rents set at no more than 25% of the tenant's income. Housing New Zealand is a major participant in the housing market so the change in rental policy is likely to be a significant contributor to the improvement in rental housing affordability over the period from 2000 to 2012, and will be a factor in why average rents have increased more slowly than average house prices.

Heritage buildings and historic places

6.181 The history of pre- and post-European settlement within Palmerston North has provided the City with a rich legacy of trees, vegetation, buildings, sites and objects of cultural and natural heritage value to both Māori and non-Māori. Examples here range from residential and commercial buildings of architectural and/or historic value such as Caccia Birch and the Regent Theatre, through to trees and other vegetation of historic or botanical value located in the Victoria Esplanade.

6.182 For Tangata Whenua there exist many places of sacred and historical value, such as Otangaki and Te Motu-a-Poutoa which, until now, have not held a position of recognition and prominence within the wider Palmerston North community. Whereas early European cultural and natural heritage consists predominantly of buildings and structures, Māori place a tremendous value on physical sites which provide a strong spiritual connection. This "hidden" connection places a strong emphasis upon the metaphysical or symbolic meaning, rather than on the actual physical property.

6.183 The District Plan protects a number of these examples and the current Sectional District Plan Review will add to the number of protected heritage resources within the City.

Summary: Built environment

6.184 Palmerston North housing is the most affordable of the Core Cities, with the average house price slightly below 5.8 times the average annual salary. The affordability ratio for New Zealand was 7.9 times the average annual wage. However, housing affordability in the City has deteriorated since 2000, when the housing affordability ratio was 4.6 times the average annual salary.

6.185 Population density for the main urban area of the City was 1,057 people per km^2 in 2013, reflecting the compact layout of the City.

Business Environment

Ease of Doing Business

6.186 Palmerston North City Council Management Team adopted a 'Business Friendly Environment Plan' in February 2008. The proposal for the development of a business friendly environment in the Council came from the work on the development of the City's Economic Development Strategy in 2006. The intention behind making the Council a business friendly organisation was driven by the desire to remove impediments to economic growth in the City, and recognising that the business sector is a key driver in increasing employment and incomes in the City.

6.187 Defining what needed to be done to achieve a business friendly environment in the Council was not straightforward because of the range of different roles played by the Council. The Council is a regulator of business activity, a provider of important infrastructure and services and a facilitator and funder of business networks and marketing activities. Some of the policy for business regulation is set by central government (such as the Building Act) while other policies are set by the City (for example the District Plan). The breadth of services provided and the range of regulatory functions offered have at times strained relationships with businesses. This has particularly been the case when businesses have found it difficult to find out who to talk to to find information, or have been frustrated by delays in regulatory processes which have often been set in place by central government legislation.

6.188 Common business-friendly priorities identified in the Core Cities Business Friendly Project discussion draft are:

- Fostering a business-friendly culture across the organisation that can respond to a range of diverse businesses.
- Working with the business community to identify and implement critical regulatory and other improvements required within the Council.
- Speeding up consenting processes and establishing a relationship management model for key businesses.
- Developing a portal for business support and economic development organisations, which provides a one stop shop for assistance and opportunities.

What is already being done in Palmerston North City Council?

1) A Key Account Service was already in place before the Business Friendly Plan was agreed upon in 2008, and has been further enhanced since the launch of the Major Projects Initiative. The service offers a dedicated planner, a dedicated inspector and a key account person to help businesses through the regulatory processes within Council. Also offered are project management services and pre-application meetings for building consents.
2) The Counci's call centre uses 'Knowledge Base' to assist with information provision for businesses and to help direct callers to the right person in the Council. The call centre acts as an important communications point between businesses and units in the Council and can play a key role in surveying satisfaction with the Council.

3) Since 2008 six industry forums have been held, covering the property development and retail sectors. The forums were useful because they gave an opportunity for businesses to voice concerns over issues they faced with Council processes. Companies also indicated a strong desire to work proactively with the Council to discuss improvements which could be made. As a result, four industry liaison groups were established with a focus on problem solving and achieving positive solutions. The four industry groups facilitated by Council officers are: food, liquor, building, and planning.

4) The 2012 – 2022 Council ten-year plan includes customer service actions which apply equally to business and residential ratepayers. Levels of service included in the Long Term Plan include answering phone calls promptly and improvements to ensure customers are provided with the information they are seeking. Mystery shopper and customer surveys have been used to assess performance improvements.

5) Connections Programme. The 2008 plan identified there was value in improving the level of contact with major employers in the City (businesses, central government and not-for-profit organisations). The Connections Programme provides an opportunity for the Council to communicate with key organisations in the City about priorities for the Council and key areas of work that the Council is focussing on. A database has been established to provide staff with a summary of concerns raised, as well as positive feedback received from organisations participating in the programme.

6) A key area of Council activity that can prove frustrating to businesses are the rules set under the District Plan. While staff may attempt to work proactively with businesses to address issues of concern, conflict can be created because of business frustration with existing rules in the plan. Currently, a review of the District Plan is underway, offering an opportunity to address these concerns. The use of a sectional approach to the District Plan review allows key concerns to be addressed more quickly than issues which are considered less important. Changes to the District Plan rules applying to the business zones had already been identified as a priority for review and have already been implemented, while other sections of the Plan are still under review. A further benefit of the sectional approach is that it allows businesses to focus their resources on making submissions on the key areas that affect them.

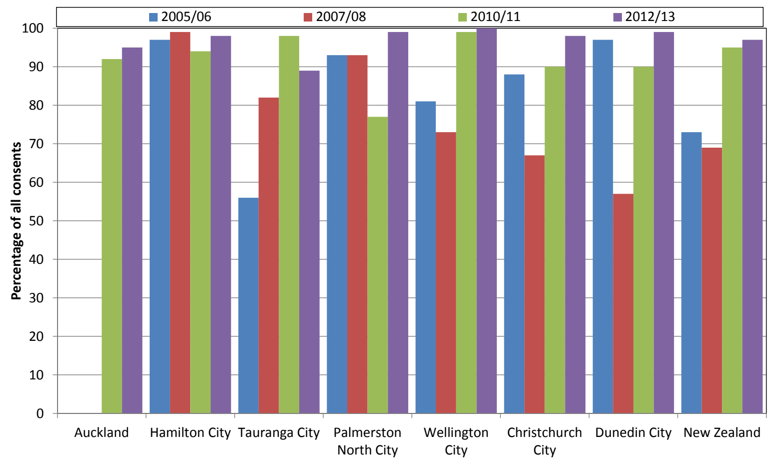
7) A clear communications initiative provides staff training to assist with simplifying the Council's written communication with businesses. Across Palmerston North City Council, teams within each unit write letters, of varying standards, to business owners - from regulatory letters through to invitations to events. As with all governmental organisations, jargon and legalese can make its way into letters to members of the public. All staff with letter writing responsibilities take part in this course to help improve clear communication. This process is on-going.

6.189 Measuring whether a Council is business friendly is not straightforward because of the different ways Councils interact with individual businesses.

The Business New Zealand – KPMG Business Compliance Cost Survey and the MYOB survey of business satisfaction with local / regional council support have been too small to provide a reliable comparison between councils or over time.

6.190 A measure used in the Ministry for the Environment's 'Resource Management Act Survey of Local Authorities' is the percentage of all resource consents processed within the statutory timeframe. Variations in the level of performance among Councils can often be explained by a sudden increase in the number of resource consent applications or changes in Council systems or processes, which take longer than expected to be fully implemented. The average proportion of consents processed on time has improved significantly since 2007/08, with 95% of all consents in New Zealand approved on time in 2010/11 and 97% in 2012/13. Hamilton has been the most consistent Council in terms of processing consents on time while Palmerston North had the second highest score over the four survey periods (2005/06, 2007/08, 2010/11 and 2012/13). Auckland data is only available for the two most recent time periods.

Figure 48: Percentage of all Resource Consents Processed on Time



SOURCE: MINISTRY FOR THE ENVIRONMENT 'RESOURCE MANAGEMENT ACT SURVEY OF LOCAL AUTHORITIES'

Summary: Business environment

6.191 The level of customer service is surveyed regularly by the Council but the surveys do not distinguish between residents and businesses. A regular business survey based on survey proposals developed for the Core Cities project is planned. This is likely to be conducted around the same time as the Council survey of residents.

7. FOUNDATIONS OF A WELL-FUNCTIONING CITY

CONTENTS

7.1 Major elements which determine the wealth of a city and the wider region surrounding it are the factors of production the City and Region have been endowed with. Factors of production are described in terms of the inputs that are used in the production of goods or services. These include:

- **Land** – both the surface of the ground and the natural resources above and below the surface of the land.
- **Labour** - the human input into the production process. Each individual has different levels of skills, qualities and qualifications (human capital). Entrepreneurship is a further element.
- **Capital** – the machinery, equipment, buildings, and other goods and services that are designed to increase productive potential.
- **Technological progress** – improvements in the way inputs produced from the land, labour and capital can combine to improve efficiency.

7.2 The theory of agglomeration economics is used to explain the emergence and growth of urban areas. Physical proximity to other firms, workers and consumers provide a range of economic benefits. For example, a larger labour market will allow for great specialisation of labour and provide greater incentives for workers to invest in skills. Physical proximity will also facilitate greater specialisation among businesses and increases the level of competition in the supply of goods and services to other businesses and consumers. Retail stores are attracted to locate in shopping malls because they have access to a larger group of potential customers than if they were located separately.

Physical Assets and Infrastructure

Water Supply Infrastructure

7.3 Palmerston North has a very efficient water supply system that provides an excellent level of service to all residents and the business community. Water quality meets all requirements of the Ministry of Health. Approximately 73,000 City residents receive their water supply from the City through a network of over 400 km of pipelines.

7.4 The primary system comprises two large storage dams in the foothills of the Tararua Ranges, and a series of deep bores throughout the City. The dams store sufficient water to meet around 80 days average demand and generally meet approximately 65% of the City's water supply needs. Water flows from the lower dam to a sophisticated water treatment plant and then to two large concrete reservoirs. It is then conveyed into the City and, along with the bores, provides water to the various consumers. Some water treatment also occurs at each of the bore stations. As it is a gravity system the City relies on the storage dams to the fullest extent possible. The bores require pumping so are used in a supplementary capacity only.

7.5 Good water pressure is maintained throughout most of the network. Recent growth in the higher parts of the City is putting additional stress on the system and further investments in additional bore and water storage capacity to meet the additional demand are being planned. Fire protection is adequate across the City.

7.6 The City has made a significant investment in recent years to replace its cast iron pipes, which were the source of numerous discoloured water complaints. The investment has paid dividends as the number of discoloured water incidents has almost disappeared. The focus of the programme going forward will be the renewal of asbestos cement pipes which are reaching the end of their useful lives.

7.7 There are separate water supply systems serving the smaller communities of Ashhurst, Bunnythorpe and Longburn. All are satisfactory in terms of water quality.

7.8 Water charges in the City are amongst the lowest in the country. A targeted rate is charged for ordinary consumers with larger users paying a volumetric rate (currently $0.94 per 1000 litres including GST).

7.9 The Water Conservation Plan was adopted in order to reduce demand was at critical times. Water restrictions are imposed during long dry periods to reduce peak demands, but with substantial storage available in the reservoirs behind the dams, total watering bans are rarely required.

Wastewater and Stormwater Infrastructure

7.10 The City is served by a highly effective wastewater and stormwater system. The Council has made large investments in upgrading the level of treatment to improve the quality of the discharge to the Manawatū River. A further upgrade to reduce phosphorus levels in the discharge is being planned for the next few years.

7.11 The wastewater renewal programme is focused on reducing the levels of stormwater inflow or infiltration to the system through illegal connections and leaky pipe joints. Overflows are uncommon, which indicates the system is generally performing well.

7.12 Due to the City's flat topography the reticulation system comprises a mixture of gravity systems of approximately 380 km of pipelines, with 31 pump stations of varying sizes. Back-up power supplies are available at the larger pump stations, with mobile generators available for smaller stations. There is good system redundancy, and reliability of the network is excellent.

7.13 The Council has embarked on a programme to consolidate of all of its wastewater discharges to one location in the Manawatū River where all wastewater receives a high level of treatment. Wastewater from Aokautere, New Zealand Pharmaceuticals, Ashhurst, Longburn and Linton has been re-directed to the City's wastewater treatment plant. Bunnythorpe's wastewater is currently connected to the Feilding system.

7.14 The effects of infill subdivision and land development over time are starting to have an impact on the City's stormwater systems. Climate change is expected to give rise to more intense storms which will place further pressure on the system. The City is moving to an approach whereby new developments use a low impact design approach to minimise the extent of runoff to the stormwater system.

Transportation

7.15 The City's roads are generally in an average condition. 'Average' means that they have been assessed as being well maintained and are not deteriorating. Hence they are fit for everyday use. There are noticeable signs that defects are increasing on some Arterial and Collector routes – and a preventative maintenance schedule has been introduced to retain road pavements at an acceptable condition for the foreseeable future. Pavement roughness data indicates that Palmerston North roads are relatively smooth.

7.16 Urban arterial roads are likely to experience continued traffic growth, as the population increases and new development occurs. Significant future heavy traffic growth is anticipated in expanding industrial areas. Plans are in place to address this through intersection upgrades, traffic signal installation and road widening.

7.17 There has been a steady trend of a reduction in the number of injury-causing accidents on the City's roads over the past 28 years, with a decrease of approximately 25% over the past 10 years.

7.18 Footpaths are also in a good condition – 80% of footpaths are rated 1 or 2 on a scale of 1 to 5, with 1 being in perfect condition and 5 being unacceptable. Only 0.8% are graded as a 5, and programmes are in place to fix these.

Summary: Physical assets and infrastructure

7.19 Palmerston North has a very efficient water supply system that provides an excellent level of service to all of its residents and business community. The primary system comprises two large storage dams in the foothills of the Tararua Ranges and a series of deep bores throughout the City.

7.20 The City is served by an effective wastewater and stormwater system. The Council has made large investments in upgrading the level of treatment to improve the quality of the discharge to the Manawatū River. A further upgrade to reduce phosphorus levels in the discharge is being planned for the next few years. The Council has embarked on a programme of consolidation of all of its wastewater discharges to one location in the Manawatū River, where all of the wastewater receives a high level of treatment.

7.21 The City's roads are generally in an average condition, but there are noticeable signs that defects are increasing on some routes. Urban arterial roads are likely to experience continued traffic growth, as the population increases and new development occurs. Significant future heavy traffic growth is anticipated in expanding industrial areas. Plans are in place to address this through intersection upgrades, traffic signal installation and road widening.

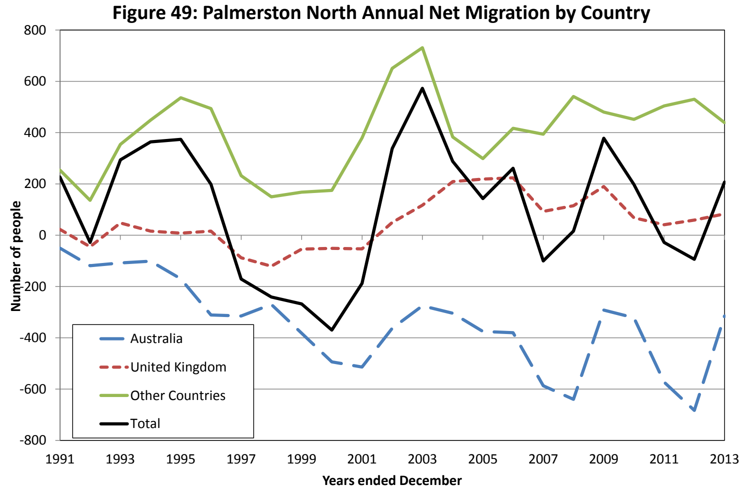
Labour - Supply, Mobility and Quality

7.22 The supply of labour is in part dependant on the quality of the education institutions in the City and the attractiveness of the City to migrants. Massey University and UCOL provide tertiary education training to a wider hinterland around the City so there is an inevitability that a significant proportion of graduates will need to leave the City and find employment elsewhere. Data from the 2006 Census suggests that graduates mostly find work in the larger cities.

7.23 A highly mobile workforce allows cities to adjust to significant changes in employment levels, with labour moving out to other areas when employment declines and labour moving in when employment opportunities increase. There are significant flows between Australia and New Zealand, reflecting differences in employment opportunities in both countries.

7.24 Over the last 20 years the annual net gain from migration for Palmerston North has been around 100 people a year. There has been an increasing outflow to Australia but this has been largely offset by stronger migration from the United Kingdom and other countries. The increase in the share from other countries primarily reflects stronger growth in migration from Asia.

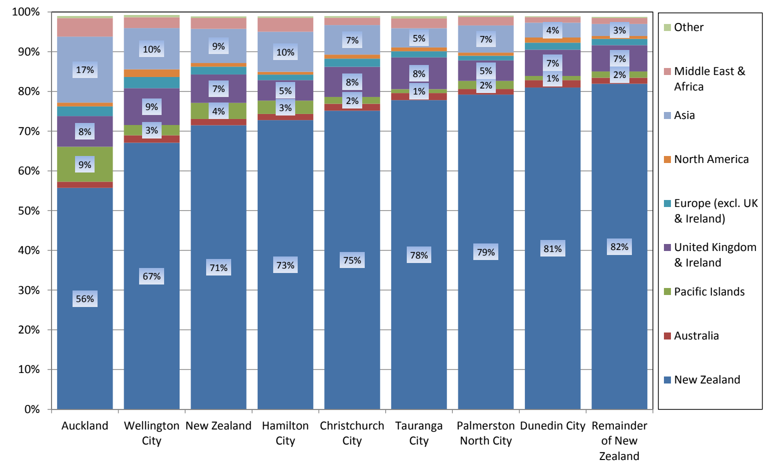
Figure 49: Palmerston North Annual Net Migration by Country



SOURCE: STATISTICS NEW ZEALAND INTERNATIONAL TRAVEL AND MIGRATION

7.25 The migration data includes permanent migration and students who are planning to stay in the City for more than 12 months. This is relevant to long-term migration to Palmerston North because gaining a tertiary level qualification in the City can be an important step in gaining long-term resident status in New Zealand. The migration series reflects the net flow of students to the City, since some return to their home country or migrate to other countries when they finish their study, while others remain in New Zealand. Census birthplace data shows that the proportion of a city's population with an Asian birthplace is generally highest in the University cities, although Dunedin is an exception to this.

Figure 50: Birthplace of Labour Force (2013)



SOURCE: STATISTICS NEW ZEALAND CENSUS

7.26 Census unemployment data shows little variation between the Core Cities in unemployment rates, suggesting there are few barriers to migration within New Zealand. However, this is likely to also reflect the ease by which labour is able to move between New Zealand and Australia.

7.27 Statistics New Zealand business demography job count data shows that Palmerston North has a high ratio for the number of people employed in the City compared with the total population of the City. Around 8,000 people commuted to the City for work from surrounding local authorities at the time of the 2006 Census. In 2013 the ratio for the number of people employed in the City compared with the total population of the City was 54%, with Wellington City the only Core City with a higher ratio (69%). The ratio for New Zealand was 43%.

7.28 An assessment of labour quality is covered in the earlier Knowledge Resources section.

Summary: Labour - supply, mobility and quality

7.29 The quality of higher education institutions based in Palmerston North is an important factor in attracting young people and international migrants to Palmerston North. Relatively affordable housing in the City and wider region means that labour can readily move to the City or region for employment. The proportion of the City labour force that is not resident in the City reflects the ease by which residents of surrounding communities of the Manawatū, Horowhenua, Tararua and Rangitīkei can commute to the City for work. As a result the ratio between the number of people employed in Palmerston North and the number of residents in the City is high compared with the average for New Zealand and the majority of the Core Cities.

Institutions and Governance

7.30 Palmerston North benefits from a number of highly motivated institutions and organisations, including the following with which Palmerston North City Council (PNCC) is associated:

Organisation	Objectives
Vision Manawatū	Leading economic development in Palmerston North and the Manawatū.
Destination Manawatū	To promote Palmerston North and the Manawatū as a visitor destination; co-ordinating visitor accommodation and event promotions.
Bio Commerce Centre	Promoting New Zealand's leading concentration of bio-commerce industries.
Manawatū District/ PNCC Joint Strategic Planning Committee	A collaboration between Manawatū District Council and PNCC to address strategic planning issues.
Te Manawa Museum	A centre of cultural and heritage excellence in the heart of the City.
Globe Theatre Trust Board	Promoting the arts cultural activities in Palmerston North.
Caccia Birch Trust Board	Supporting a key heritage asset in Palmerston North.
Regent Theatre Trust Board	Promoting social and cultural activities in Palmerston North.
Sport Manawatū	Promoting fitness and grass roots sport in the Manawatū.
Regional Transport Committee	Developing regional transport strategies for Palmerston North and the Manawatū.
Memorandum of Understanding between PNCC and Massey University	To promote a safe and student friendly City environment.

7.31 PNCC is also investigating how to strengthen the involvement of local iwi in governance matters.

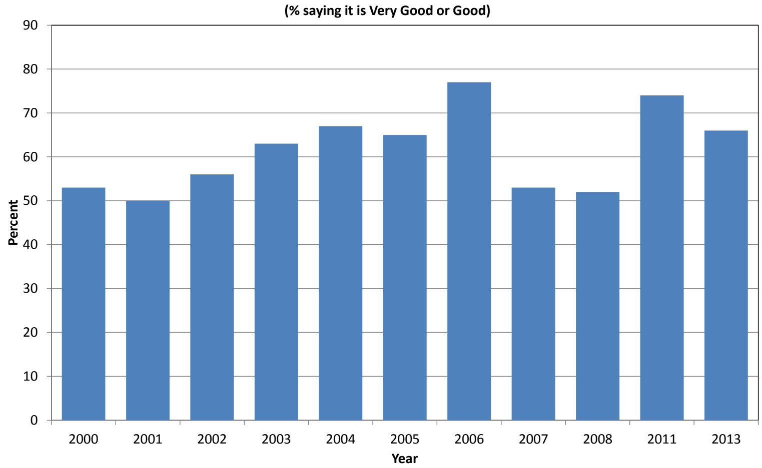
Social and Cultural Capital

7.32 Social capital includes levels of engagement in civic life and levels of trust and involvement in local communities. It is important because it is part of the "glue" that holds communities together. It underlies a strong community, and is also important for a strong economy.

7.33 Community spirit is "a sense of belonging and togetherness, a pride in the area, and a good atmosphere among people." Surveys show that it rose from 2000 to 2006, but then dropped for several years. It has now risen again and around 70% of people say that community spirit is good or very good in Palmerston North. People made comments like "Palmerston North people are friendly, helpful and support each other", "there is a good lifestyle and I'm happy living here" or "there are lots of community events".

7.34 The result for the City in 2013 was slightly below the average for peer (urban) cities and the national average, with 66% of City residents rating community spirit as very good or good. The average for the peer cities was 71%, while the average for New Zealand was 74%. There was no difference between the poor or very poor rating in the City (7%) and the peer group Cities or the New Zealand average.

Figure 51: Satisfaction with Community Spirit
(% saying it is Very Good or Good)



SOURCE: COMMUNITRAK SURVEY

7.35 Over the last ten years surveys have shown that people are generally satisfied with their level of involvement in Council's decision making. Around 60% of people want the "Council to consult with residents on major issues only, otherwise get on with the job". Around 25% want "step by step consultation with residents on most issues". The remaining 15% want Council to "get on with the job they were elected for while keeping the public informed".

7.36 The survey also asks about peoples' satisfaction with their current level of involvement in Council decision-making. Around 45-50% say they are satisfied, 30% are neither satisfied nor dissatisfied and 10-20% are dissatisfied.

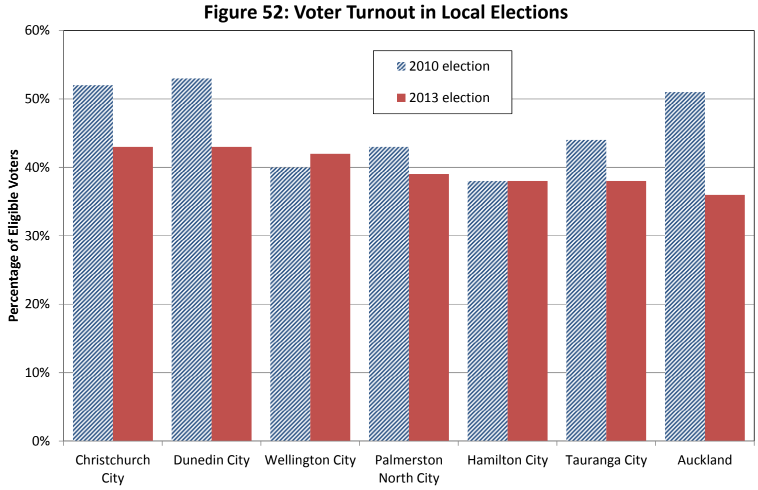
7.37 Around 65% of people are satisfied with the quality and quantity of information they get from the Council. About 20% think the Council does not give enough information and 10% think it gives too much.

Voter Turnout

7.38 Voter turnout at the 2013 election in Palmerston North was 39%, a decline of 4% from the 2010 election. This was a slightly smaller decline than the decline of 5% recorded in metro and rural councils but slightly higher than the 3% decline in provincial councils. Three Core Cities had higher voter turnout rates than Palmerston North; Christchurch, Dunedin and Wellington, while the turnout in the other three cities was lower (Hamilton, Tauranga and Auckland).

7.39 Palmerston North City Council changed from ward-based voting to city-wide voting and from first-past-the-post to single transferable voting in the 2013 election, making comparison with the 2010 election turnout difficult.

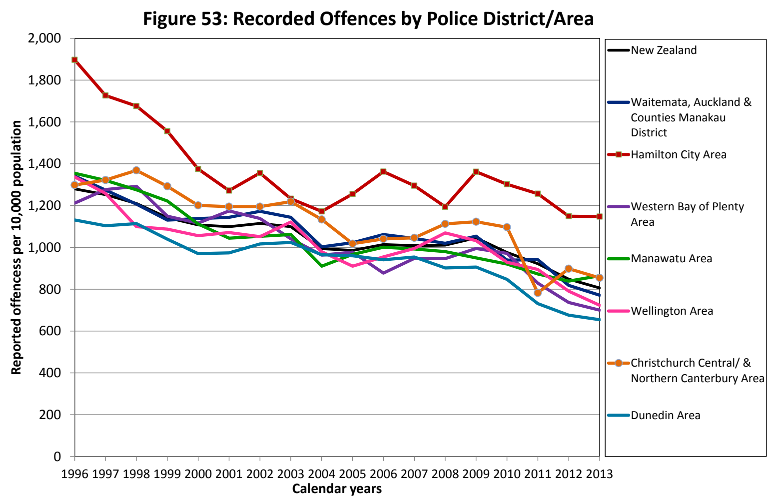
Figure 52: Voter Turnout in Local Elections



SOURCE: LOCAL GOVERNMENT NEW ZEALAND

Reported crime

7.40 Reported crime in the Palmerston North City Police Area (which covers the urban area, plus the Pohangina Valley) for the year ending December 2012 was 21% lower than it was in 2000. This compares with a 12% drop nationally. However, within this, violent crime has increased, locally and nationally. The decline in recorded offences in Palmerston North mirrors a similar decline in the recorded offences at a national level. The rate of reported offences in Palmerston North (number per 10,000 population) is also very close to the average for New Zealand and in the middle of the other Core Cities.



SOURCE: NEW ZEALAND POLICE

7.41 Some of the main factors behind this drop are the integrated approach to safety being taken by the Safety Advisory Board; the data-based, targeted approach being taken by the Police; and multi-agency projects to reduce the level of alcohol related crime. Urban design initiatives, such as the Square upgrades, are also having positive effects.

TABLE 24: REPORTED OFFENCES, PALMERSTON NORTH POLICE DISTRICT, 2000-2012

	% change from 2000	2012 (Number)
Acts intended to cause injury	37%	781
Sexual assault	35%	58
Abduction / harassment	-12%	184
Unlawful entry / burglary	-10%	1,532
Theft and related offences	-30%	3,038
Fraud / deception	-70%	143
Illicit drug offences	-37%	264
Public order offences	5%	676

SOURCE: NEW ZEALAND POLICE

Note: Minor or infrequently reported categories have not been included in the table.

7.42 The drop in crime is leading to improvements in the perception of safety. Most Palmerston North people are satisfied with feelings of safety around their homes and neighbourhoods (59% are delighted or very satisfied; 34% are fairly satisfied) Not surprisingly, satisfaction with safety in public places at night is lower - 14% are satisfied or delighted, 40% fairly satisfied, and 47% not very satisfied or disappointed. Although satisfaction has dropped in the last few years, the overall trend has improved since 2000.

Safe City Accreditation

7.43 Residents want Palmerston North to be the safest city in New Zealand. In support of this, the Council applied in 2013 for Palmerston North to be accredited as a World Health Organisation 'International Safe Community'. The World Health Organisation (WHO) promotes safety in communities throughout the world. The WHO International Safe Communities model recognises safety as a "universal concern and a responsibility for all" and looks to partnerships in local communities to actively promote safety and injury prevention. To be designated as an 'International Safe Community' communities are required to meet six criteria and undergo a designation process. The Safe City accreditation process for the City was formally completed in February 2014.

7.44 The Council is committed to safe communities and injury prevention, with plans and strategies already in place. These include the 2012/22 Long Term Plan which funds community initiatives and programmes, Palmerston North's Sustainable City Strategy 2010, Urban Design Strategy 2010, Social Strategy 2012 and Safe City Strategy 2012.

7.45 To achieve the goal of being a Safe City, individuals, organisations and communities need to work together. That is why the Council supports partnerships like the Safety Advisory Board. The Palmerston North Safety Advisory Board (PNSAB) is an inter-agency partnership, formed to provide information and guidance to the Palmerston North City Council on all matters pertaining to safety and crime within the Palmerston North City area. The PNSAB provides a framework which allows for a collaborative approach, where key agencies share ideas, resources and efforts to ensure Palmerston North is a safe city to live and work.

7.46 The Council also prioritises the creation of neighbourhoods and public places that are well used by members of the community. It wants people to feel safe, day and night, whether they be pedestrians, cyclists or motorists.

Cultural and Natural Heritage

7.47 The history of pre and post European settlement within Palmerston North has provided the City with a rich legacy of trees, vegetation, buildings, sites and objects of cultural and natural heritage value to both Maori and non-Maori. Examples range from residential and commercial buildings of architectural and/or historic value, such as Caccia Birch and the Regent Theatre, through to trees and other vegetation of historic or botanical value located in the Victoria Esplanade.

7.48 For Tangata Whenua there exist many places of sacred and historical value, such as Otangaki and Te Motu-a-Poutoa. Whereas early European cultural and natural heritage consists predominantly of buildings and structures, Maori place a tremendous value on physical sites which provide a strong spiritual connection. The identification and conservation of these identifiable elements of the City's cultural and natural heritage therefore is a primary means by which their distinct values can be safeguarded from disturbance, unsympathetic use or development, or outright destruction.

7.49 The Council's District Plan recognises the importance of ensuring that these qualities continue to be retained and reinforced and strongly supports the active protection and/or conservation of places of cultural and natural heritage value within the City. It endeavours to do this through:

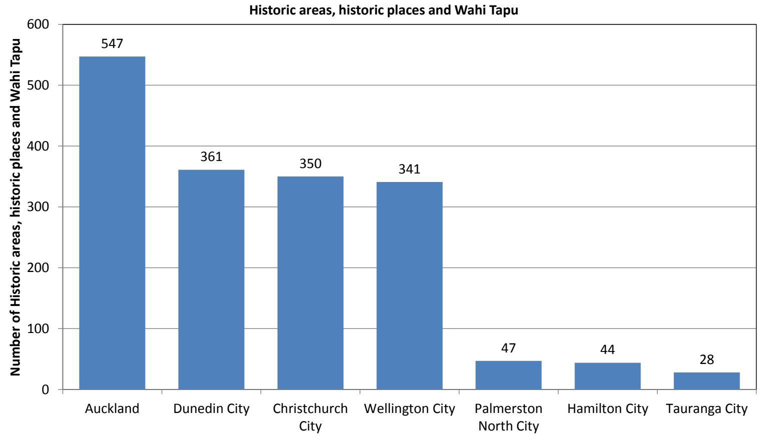
- identifying buildings, objects and sites of cultural and natural heritage value;
- imposing restrictions on the demolition or disturbance of those deemed to be of significance;
- ensuring that adaptation or alteration does not detract from the

cultural and natural heritage value of the building or object.

7.50 Heritage New Zealand publishes a list identifying New Zealand's significant and valued historical and cultural heritage places. This comprises:

- **Historic Places** - such as archaeological sites, buildings, and memorials
  - **Category 1** historic places are of special or outstanding historical or cultural significance or value
  - **Category 2** historic places are of historical or cultural significance or value
- **Historic Areas** - groups of related historic places such as a geographical area with a number of properties or sites, a heritage precinct or a historical and cultural area
- **Wāhi Tūpuna** - places important to Māori for ancestral significance and associated cultural and traditional values
- **Wāhi Tapu** - places sacred to Māori in the traditional, spiritual, religious, ritual or mythological sense such as maunga tapu, urupā, funerary sites and punawai
- **Wāhi Tapu Areas** - areas that contain one or more wāhi tapu

Figure 54: Significant and Valued Historical and Cultural Heritage Places Listed by Heritage New Zealand



SOURCE: HERITAGE NEW ZEALAND, AUGUST 2014

Summary: Social and Cultural Capital

7.51 Social capital includes levels of engagement in civic life and levels of trust and involvement in local communities. Community spirit is "a sense of belonging and togetherness, a pride in the area, and a good atmosphere among people." Council surveys show that while there is some volatility in annual survey results, the percentage of people saying that community spirit is good or very good in Palmerston North has improved.

7.52 Voter turnout at the 2013 election declined in Palmerston North between 2010 and 2013. The percentage of eligible voters in the City who voted in 2013 was close to the average for the seven Core Cities.

7.53 The Council's commitment to improving community safety has been confirmed through successful accreditation with the WHO International Safe Communities model. This provides a useful framework for the Council to continue to address community safety in the City in partnership with other agencies through the Palmerston North Safety Advisory Board.

Land, Water, Energy, Waste and the Natural Environment

Price of Land

7.54 Comparative information on the price of commercial land or the rental costs of office, retail and industrial property is difficult to find for the Core Cities, due to the challenges in comparing different properties and specifications and the low volumes of property traded in the smaller cities. However, a key standard regional indicator is available for home affordability which shows lower land prices and building costs in Palmerston North compared with the other Core Cities, apart from Dunedin. Since the largest contributor to the difference in home affordability between cities is the difference in land value, rather than in building costs, the home affordability indicator is a useful proxy for comparing the costs of commercial land.

Security of Land Supply

7.55 Palmerston North has a total area of 395 km^2, which covers a diverse range of landforms and activities (current zone area totals add up to slightly more than 395 km^2). The District Plan adopts the use of zoning to group and allocate areas of the City for generic activities with similar effects. The breakdown of zones, and the area for each respective zone is shown in Table 26 below.

7.56 The table illustrates that the majority (78%) of the City's land is within the Rural Zone, with the next highest proportion of land area (6%) being zoned Residential. Business zones account for 0.3% of the City's land area, and generally occur where there are multiple shops or large shops concentrated together (e.g. Central Business District, Broadway Avenue, Rangitikei Street, and suburban shopping centres). The Industrial Zone and North East Industrial Zone cover 1.5% of the City's area, and are generally confined to the northern part of the City, on both sides of the North Island Main Trunk Railway. The North East Industrial Zone is located on the north eastern edge of the City, adjacent to Railway Road. Other small pockets of industrially zoned land occur in other parts of the City where industrial activities were historically established (e.g. Roxburgh Crescent). Recreation zones account for 2.9% of the land area and occur across the City — from local reserves and playgrounds to large specialised or multi-purpose facilities (e.g. Awapuni Racecourse and Arena Manawatū).

7.57 Palmerston North currently has a greenfield residential landbank with a developable area of 125 hectares (as at Dec 2013). Based on the average historical lot size for greenfield residential areas, this area equates to capacity for approximately 1,390 new residential lots. Current growth planning is based on a projection of 250 new homes required in Palmerston North each year. Using the historical preference percentage for greenfield homes, the current landbank provides the City with 11.5 years of future housing supply.

7.58 The City also has a well advanced residential growth programme to release a further 50 hectares of developable land into the landbank.

Again, based on historical preferences, lot sizes and the projection of 250 households per year, this area provides an additional 900 lots and a further 7.5 years greenfield supply for the City.

7.59 The current preference of central government is for territorial authorities to have ten years supply of greenfield land available to the market. Based on the figures above, the City is providing over and above the aspirations of the government, which in turn, provides a high level of certainty to the residential market in the City.

TABLE 26: ACTIVITY TYPE ZONING

	Land Area (hectares)	Percentage Share of Total Land Area
RESIDENTIAL	**2,327**	**6%**
COMMERCIAL	**141**	**0.3%**
Inner Business Zone	44	
Outer Business Zone	59	
Fringe Business Zone	15	
Local Business Zone	23	
INDUSTRIAL	**602**	**1.5%**
Industrial Zone	495	
North East Industrial Zone	107	
RECREATION	**1,166**	**2.9%**
Recreation Zone	360	
Racecourse Zone	58	
Conservation and Amenity Zone	272	
Water Recreation Zone	461	
Showgrounds Zone	15	
RURAL	**31,725**	**78.2%**
Rural Zone	20,968	
Rural-Residential Areas	10,757	
INSTITUTIONAL	**204**	**0.5%**
OTHER	**4,381**	**10.8%**
Airport Zone	152	
Caccia Birch Zone	2	
Flood Protection Zone	4115	
Race Training Zone	45	
Designation	67	

SOURCE: PALMERSTON NORTH CITY COUNCIL GIS

Sustainable Energy Use at Home and Work

7.60 The Energy Efficiency and Conservation Authority (EECA) estimated that Palmerston North's electricity use increased by 2.1% per year between 2002 and 2007. EECA also produced figures for the 2007 City electricity consumption by sector.

TABLE 27: ELECTRICITY USE IN PALMERSTON NORTH FOR 2007

Electricity End-Use	Annual
Agriculture	5.8
Industry	93.7
Transport and Storage	21.6
Commerce	203.7
Household	231.5
Total	556.1

SOURCE: EECA

7.61 The City Council is reducing its use of electricity from the national power grid by generating electricity from landfill gas and a mini-hydro power plant at the Turitea Dam. With the biogas generator at the Waste Water Treatment Plant to produce electricity from sewage sludge, this site should be self-sufficient in electricity. Solar panels have recently been installed on the roof of the Council's Civic Administration Building and Convention Centre. In February 2014 the Council installed a 100Kv photovoltaic grid-connected system to promote renewable energy in the City and to reduce the Council's peak electricity load. In 2013 the Council installed solar hot water systems at four of its sites: the Lido Aquatic Centre, the Freyberg Swimming Pool, City Library and the Council's Civic Administration Building. A trial to convert street lights to LED bulbs has been very successful and more streets are being upgraded to LED bulbs.

7.62 The Council is consistently working to improve and encourage more active means of travel by Council staff. To date the Council has purchased four electric bikes and two regular bikes. The bikes are now a part of the Council vehicle fleet.

7.63 In the past decade, wind farms have been built on the ranges overlooking the City. The opportunity to add to renewable energy capacity (commercial wind farms) has to be balanced with the need to ensure the location of wind turbines is consistent with landscape values. The regulatory framework for commercial wind farms now provides more certainty for generators on landscape values.

7.64 Even if use remains constant, anticipated price increases will see a greater portion of household income being spent on energy. This will reduce the amount of money available for local goods and services. Furthermore, some households may not be able to afford their current level of heating in the future when power prices increase. This may result in more people living in cold or damp housing, leading to poor health, affecting adults' ability to work, children's ability to attend school and increasing costs to the health service.

7.65 Research suggests that the biggest barrier to owners improving the energy efficiency of their homes is cost. There is no strong evidence that the City Council processes can act as a barrier to eco-friendly developments that would decrease energy consumption. However, changes to City Council processes could support eco-friendly developments that would decrease energy consumption.

Sustainable Energy Use to Move about the City

7.66 It is internationally recognised that the use of petrol and diesel powered transport is unsustainable. These fuels are the biggest local contributor to greenhouse gas emissions; their long-term availability is limited and their rising costs will reduce people's ability to use private motor vehicles.

7.67 The principal causes of greenhouse gas emissions in the City derive from its approximately 52,000 cars and 8,800 goods, vans, trucks and utility vehicles. The latest estimates suggest transportation contributed more than 58% of all greenhouse gas emissions in the City in 2010.

7.68 Horizons Regional Council funded the introduction of a new bus service to Kelvin Grove in June 2007 and increased peak period city bus services to a 20-minute frequency in 2009. Patronage across all services increased strongly between 2007 and 2012, with a 57% increase in total patronage on City services. Urban services patronage increased by 72%, UCOL services increased by 148% and Massey services increased by 38%. Patronage declined by 5% during 2013 and 2014, following fare increases in 2012 and a steadying in petrol prices. A significant contributor to the decline has been a decline in student numbers at Massey and UCOL, with patronage declines of 7% and 8% respectively on these services between June 2012 and June 2014.

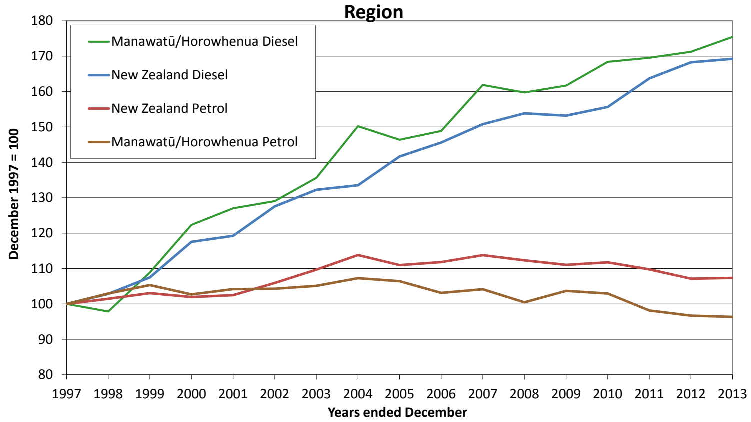
7.69 Plans for an enhanced bus terminal have been slowed due to a range of issues, including waiting for the outcome of a comprehensive review of services by the regional council. The review is considering further improvements to frequency, extending the hours of service and significant changes to routes. Although the City is a regional hub for bus services from across the North Island, the connections to the adjacent commuter zones of Feilding, Bulls, Marton, Shannon, Levin, Pahiatua, Dannevirke and Woodville are limited.

7.70 Regional bus services connecting the City to Feilding, Marton and Levin have experienced strong growth in patronage. Currently Marton and Levin are serviced by a single daily commuter service, but more regular services operate between the City and Feilding.

7.71 The rail hub in Palmerston North offers exporters access to the east through to the Port of Napier and to Eastport (Gisborne). The line to the west connects with Westgate (Port Taranaki), the line to the south connects with CentrePort (Wellington), while the line to the north offers connections to both Tauranga and Auckland.

7.72 Fuel sales data (motor spirits (petrol) and diesel volumes) collected by Palmerston North City Council for the Manawatū-Horowhenua region shows a decline in petrol sales volumes in the region relative to the national trend while diesel volumes have increased more strongly. Petrol sales volumes in the region declined by 3.7% between 1997 and 2013 while national sales volumes increased by 7.3%. Diesel sales volumes over this period increased by 75.4%, ahead of the 69.2% increase in national sales volumes. The decline in petrol sales volumes is supported by New Zealand Transport Agency (NZTA) data showing a decline in the number of passenger cars registered in Palmerston North since 2008.

Figure 55: Fuel Use in New Zealand and the Manawatū-Horowhenua Region

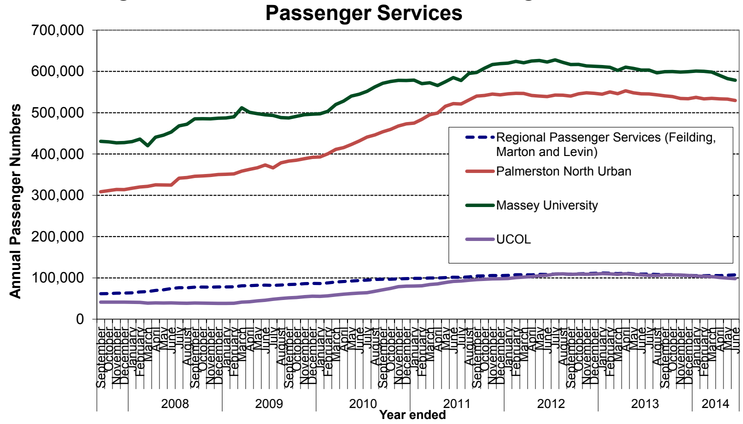


SOURCE: PNCC/MINISTRY OF BUSINESS, INNOVATION AND EMPLOYMENT

7.73 The increase in diesel use reflects the strong growth occurring in the logistics sector in the City, which has contributed to very strong growth in road transport employment between 2000 and 2013. Total transport sector earnings in the City increased by 138% between 2000 and 2012, compared with the 96% increase in wholesale trade employment. Statistics New Zealand job count data suggests the increase in road transport earnings will be significantly stronger than the 138% increase in transport, postal and warehousing sector earnings, but confidentiality rules limit the availability of finer level sector data. New Zealand transport, postal and warehousing sector earnings increased by 78% between 2000 and 2012.

7.74 The decline in petrol sales volumes in the Manawatū-Horowhenua region is supported by Horizons Regional Council data showing strong growth in public transport patronage and New Zealand Transport Agency (NZTA) data showing a decline in the number of passenger cars registered in Palmerston North. Public transport services in the City were significantly improved in 2004 when the free bus scheme was introduced for Massey University and UCOL staff and students. While the removal of fares was a significant incentive for increased use of the service, the 2004 review also considered changes to routes, frequency and hours of service.

Figure 56: Palmerston North Urban and Regional Bus Passenger Services

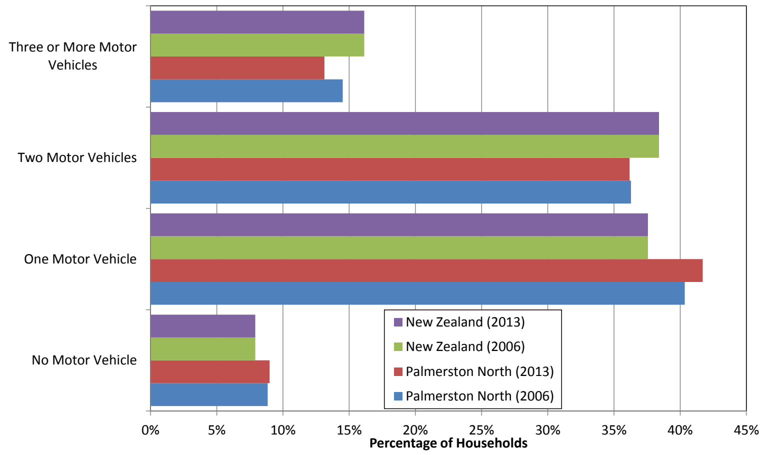


SOURCE: HORIZONS REGIONAL COUNCIL

7.75 Census 2013 data shows a decline in household car ownership levels in Palmerston North, with a decline in the number of households owning three or more cars and an increase in the number of households with no car or one car, compared with 2006. NZTA car registrations data also shows a decline in the total number of passenger cars and vans in the City, despite growth in the total City population and average City incomes during this period. The total number of vehicles registered in the city declined by 2.7% between 2008 and 2011 but has begun to increase again, with a rise of 1.4% between 2011 and 2013. This increase has coincided with the gradual decline in bus patronage between 2012 and 2014.

7.76 The latest Census data shows that 2.2% of City residents who travelled to work on Census day used a public bus or train, an increase from the 1.7% share in 2006. The cycling share improved slightly from 5.8% in 2006 to 5.9% in 2013, while the share who walked or jogged to work declined from 9.3% to 8.9%.

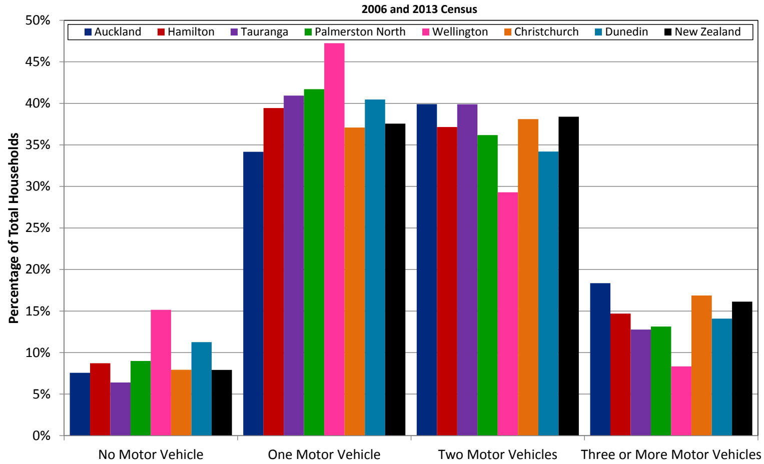
Figure 57: Number of Cars per Household
2006 and 2013 Census



SOURCE: STATISTICS NEW ZEALAND CENSUS

7.77 Car ownership is lowest in Wellington, reflecting high public transport use in the City. High student populations in Dunedin and Palmerston North may be a contributing factor to the lower car ownership levels in both cities compared with the remaining Core Cities.

Figure 58: Number of Cars per Household
2006 and 2013 Census



SOURCE: STATISTICS NEW ZEALAND CENSUS

Waste Management and Minimisation Plan

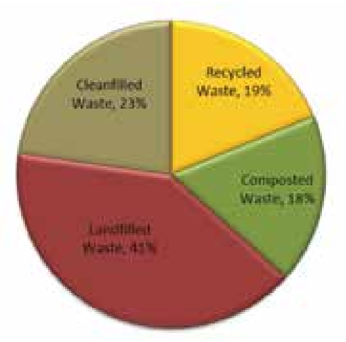
7.78 The Waste Management and Minimisation Plan (WMMP) was developed in 2012 following preparation of a detailed waste assessment in early 2012 and review of the previous 2009 Plan. Limited progress was made in some areas following adoption of the 2009 Plan. However, introduction of the recycling wheelie bin service in 2010 and construction of the recycling processing facility at the Awapuni Resource Recovery Park were major achievements for the Council and provide most residents in the City the opportunity to readily participate in recycling.

7.79 The waste assessment showed that nearly 60% of the Palmerston North waste stream is diverted from landfill, with progress largely due to the above recycling initiatives. The current Plan retains the four strategic focus areas from the 2009 Plan and introduced a series of aims and objectives designed to facilitate achievement of the target of 75% diversion of waste to beneficial use by 2015.

TABLE 28: PALMERSTON NORTH WASTE

Type of waste	Tons/annum 2011/2012	% of total
Landfilled waste	44,000 T/annum	41%
Recycled waste	20,070 T/annum	19%
Composted waste	19,124 T/annum	18%
Cleanfilled waste	25,000 T/annum	23%
TOTAL	**108,194 T/ANNUM**	**100%**

SOURCE: PNCC 2012 WASTE ASSESSMENT



7.80 Based on the generalised waste figures from the 2012 Waste Assessment, it has been estimated that approximately 108,000 tonnes of waste per annum was produced in Palmerston North City during the 2011/2012 financial year. The overall waste stream is broken down into four basic waste types, as shown in the table and graph above.

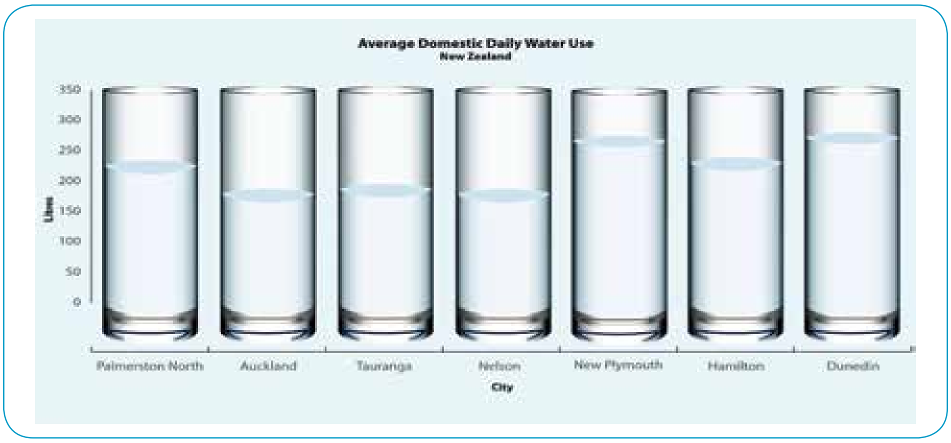
Security of Water Supply and Water Conservation

7.81 Palmerston North has a reliable supply of water, of acceptable pressure, with adequate fire protection provided. A Water Conservation Plan was adopted by the Council in 2011 with the goal of reducing water usage. In Palmerston North 57% of water is used by domestic consumers, 20% by commercial consumers, and 23% is lost through emergency and unregulated use and through pipe leakage. Palmerston North City Council uses 3% of the City's water and is the single largest consumer.

7.82 Palmerston North uses an average of 29,000 m^3 every day but water usage is much higher in summer, peaking at 49,000m^3 per day, when water use outside increases. Even during peak usage the Council only uses 70% of the consented water take.

7.83 There are about 27,500 households in Palmerston North connected to the water supply so the average use per household is 600 litres each day, rising to 900 litres in the peak of summer. Generally water usage figures are reported per person so, given Palmerston North has an average of 2.65 people per household, water use is around 220 litres per person per day.

FIGURE 59



SOURCE: PNCC AND COUNCIL WEBSITES

7.84 There are about 2,500 commercial water users in Palmerston North. Commercial users use 3.5 times more water, on average, than a domestic household. Commercial water use varies greatly so Council meters nearly all commercial users and charges them for the amount of water that they use.

7.85 The average domestic daily water use in New Zealand is 300 litres per person each day, so in using 220 litres per person each day, Palmerston North uses less water than most. However, water use is generally lower in cities than in rural areas and small towns, as outdoor water use is generally less. Also, many of the water supplies in New Zealand cities are metered, which has been shown to reduce water usage. The Auckland and Tauranga Councils domestic water supplies are metered.

7.86 The Council has already taken steps to reduce water use, including an ongoing water pipe renewals programme, reduction of water pressure in some parts of the system and the installation of meters for the largest water users. The Water Conservation Management Plan includes seven initiatives; four community wide initiatives and three Council initiatives:

Community wide initiatives:

- Improve the efficiency of the distribution system
- Enforce regulation to control consumption
- Provide education to the community
- Provide leadership by conservation management

Council initiatives:

- Reduce water use at the water treatment plants
- Reduce water use in Council parks and reserves
- Reduce water use in Council facilities and buildings

Biodiversity

7.87 The New Zealand Biodiversity Strategy defines biodiversity as, "the number and variety of organisms found within a specified geographic region and the variability among living organisms found on the earth; including the variability within and between species and between ecosystems"[3].

---

[3] Ministry for the Environment (2000). *New Zealand Biodiversity Strategy*.

7.88 Biodiversity contributes to the wellbeing of everyone and everything. Biodiversity provides valuable ecosystem services, such as clean air and water; helps decompose wastes and recycles nutrients; maintains healthy soils; reduces air pollution; regulates local climates, and reduces flooding. These ecosystem services help sustain primary production – farming, forestry and horticulture.

7.89 Palmerston North has many parks and tree-lined suburbs, but the trees are largely exotic and for amenity purposes, which offer limited benefits for biodiversity. The City's rural area is predominantly farmland and relatively devoid of native bush, apart from some key reserves and small pockets of regenerating native vegetation on private land.

7.90 In 2001, an ecological assessment of Palmerston North was carried out by Boffa Miskell. It identified 80 ecological areas in the City. The assessment identified that ecological areas constituted between 12 and 15% of the Palmerston North City Council's area of jurisdiction. Ecological areas were shown to be fragmented and mostly small in size, with 91% found to be less than 10 hectares and 26% less than 2 hectares. The ecological assessment identified that while most of the ecological area sites were in private ownership, the vast majority of land constituting ecological areas was represented by sites in public tenure; namely the Manawatū Gorge and the headwaters of the Kahuterawa and Turitea catchments.

7.91 The Council's 2013 Biodiversity Strategy contains four strategic drivers for 'Increasing the health and extent of terrestrial and aquatic biodiversity in the City':

1) Increase planting around the City
2) Continue and increase pest control
3) Actively promote biodiversity
4) Protect and restore the City's terrestrial and aquatic biodiversity

Green Corridors

7.92 Green Corridors is a biodiversity project in the City, which aims to build corridors of native vegetation, providing a habitat for wildlife along streams from the Tararua Ranges to the Manawatū River, with an initial focus on Turitea and then Kahuterawa Stream valleys and tributaries. The projects are of a long term nature, with successional planting and ongoing maintenance, working with community cooperation and support. In the last nine years, Green Corridors has planted over 85,000 eco-sourced native plants in 15ha of gullies in the Summerhill area and 9.5ha of riparian margin along the Turitea Stream.

7.93 Green Corridors is a voluntary group which works in cooperation with the Council to plan and oversee the planting of drainage and esplanade reserve areas in order to encourage native biodiversity. The group has freely given considerable time and expertise to the establishment of a series of reserve re-vegetation projects and continues to seek new locations for further green corridor planting in the City. The group largely comprises working professionals who have the support of their employer, or who are foregoing professional fees and personal time to be involved.

Air Quality

7.94 Air quality in Palmerston North is not monitored by Horizons Regional Council. Prior monitoring by the Regional Council did not identify any air quality issues in the City.

Summary: Land, water and energy

7.95 Comparative information on the price of commercial land or the rental costs of office, retail and industrial property is difficult to find for the Core Cities but housing affordability data suggests land costs in Palmerston North are lower than the average for the Core Cities.

7.96 Improving the quality of public transport in Palmerston North is seen as a priority for reducing greenhouse gas emissions produced in the City. Data indicating reduced car ownership levels in the City is positive along with data showing a decline in sales volumes for petrol. Census 2013 data confirms that more people are travelling to work using public transport, the percentage travelling by cycle has increased slightly but the share of those walking has declined.

7.97 KiwiRail is experiencing growth in volumes of freight transported to and from Palmerston North, contributing to weaker growth in the volume of diesel sold in the Manawatū-Horowhenua region.

7.98 Nearly 60% of the Palmerston North waste stream is diverted from landfill. Progress has been made since 2009, largely as a result of recycling initiatives. The Council's Waste Management and Minimisation Plan has a target of 75% diversion of waste to beneficial use by 2015.

7.99 The average domestic daily water use in New Zealand is 300 litres per person each day, so in using 220 litres per person each day, Palmerston North uses less water than most. However, water use is generally lower in cities than in rural areas and small towns, as outdoor water use is generally less. The Council has already taken steps to reduce water use, including an ongoing water pipe renewal programme, reduction of water pressure in some parts of the system and the installation of meters for the largest water users.

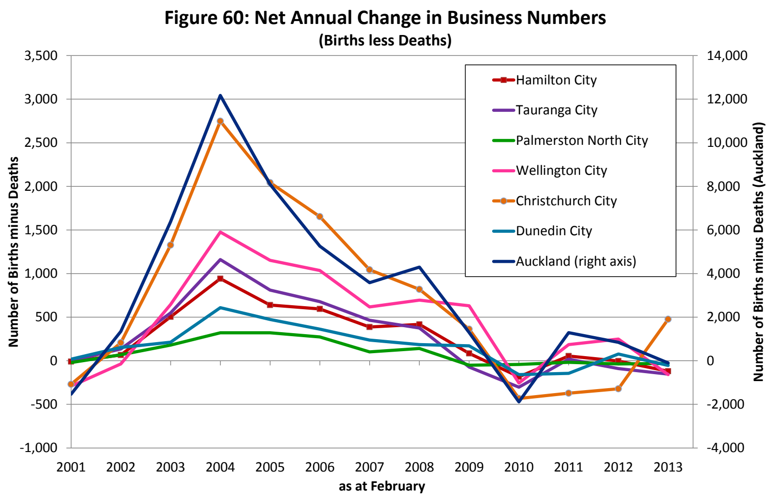
7.100 Palmerston North has many parks and tree-lined suburbs, but the trees are largely exotic and for amenity purposes, which offer limited benefits for biodiversity. The City's rural area is predominantly farmland and relatively devoid of native bush, apart from some key reserves and small pockets of regenerating native vegetation on private land. The Council's 2013 Biodiversity Strategy focuses on increasing the health and extent of terrestrial and aquatic biodiversity in the City.

Entrepreneurial Base

7.101 Traditional indicators of entrepreneurship are business births and deaths and the number of working proprietors as a percentage of those employed. The business data is drawn from tax records so is very comprehensive in terms of its coverage. However, the tax record data for business births does not give any weighting to the size of the organisation or recognise the nature of the entity being established (birth) or disestablished (death). The rental, hiring and real estate services sector (which includes real estate agents and business entities which own commercial and residential rental property) accounted for 23% of business births in New Zealand between 2000 and 2013.

Births and Death Rates of Firms

7.102 The net change in the number of new business entities formed on an annual basis (business births less business deaths) rose strongly from 2001, peaking in the year to February 2004. The growth rate for net business formation slowed progressively between 2004 and 2010, with all Core Cities recording a decline in the year to February 2010. Net business formation in Palmerston North has been stable since 2009, with small annual declines between 2009 and 2013.



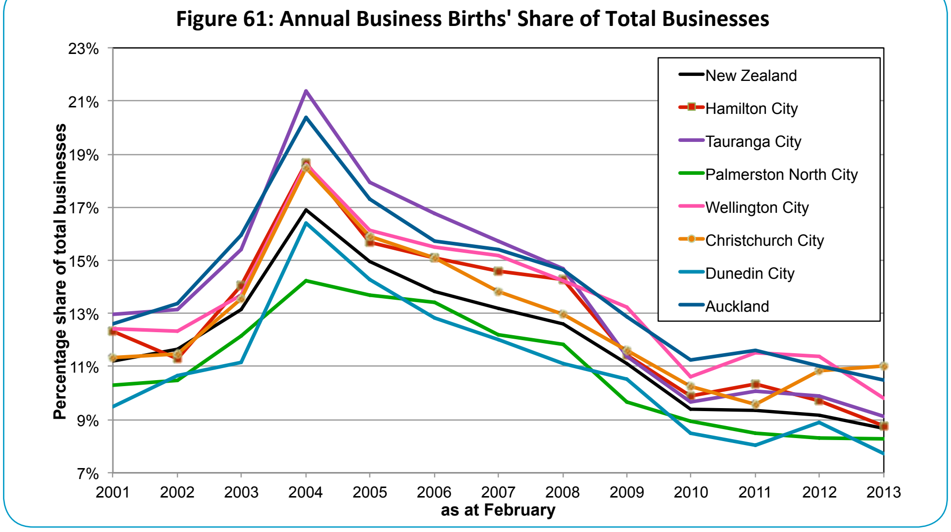
SOURCE: STATISTICS NEW ZEALAND BUSINESS DEMOGRAPHY

7.103 Data for the rate of new business formation as a percentage of total businesses also shows a similar pattern, with growth in new business formation peaking in 2004 and then gradually reducing over the period through to 2013. Palmerston North and Dunedin had the lowest rates of new business formation but there does not appear to be a strong link between the rate of new business formation and the rate of income growth from salaries, wages and self-employment income.

TABLE 29: TOTAL BUSINESS UNITS AND ANNUAL BUSINESS BIRTHS AND DEATHS BY LOCAL AUTHORITY

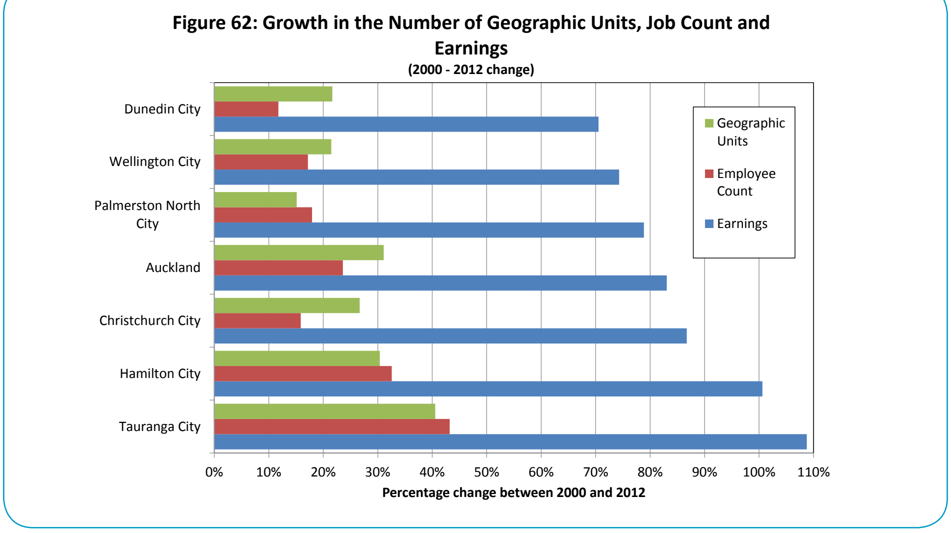
	2009	2010	2011	2012	2013
Total Geographic (Business) Units					
New Zealand	514,052	517,319	510,098	509,208	508,568
Auckland	161,637	162,781	160,377	161,897	162,682
Hamilton City	13,369	13,443	13,242	13,248	13,249
Tauranga City	13,804	13,741	13,407	13,494	13,474
Palmerston North City	7,712	7,646	7,619	7,603	7,539
Wellington City	25,036	25,512	25,036	25,045	25,216
Christchurch City	37,993	38,314	37,838	37,408	36,756
Dunedin City	10,910	11,072	10,876	10,730	10,781
Business Births					
New Zealand	57,225	48,690	47,640	46,755	43,989
Auckland	20,814	18,279	18,615	17,811	17,064
Hamilton City	1,530	1,329	1,371	1,287	1,161
Tauranga City	1,569	1,329	1,350	1,335	1,227
Palmerston North City	747	684	648	630	624
Wellington City	3,315	2,709	2,889	2,850	2,472
Christchurch City	4,407	3,921	3,618	4,053	4,047
Dunedin City	1,146	939	873	954	831
Business Deaths					
New Zealand	53,772	55,296	48,969	47,586	47,991
Auckland	19,518	20,166	17,328	16,965	17,163
Hamilton City	1,446	1,512	1,317	1,290	1,281
Tauranga City	1,641	1,632	1,332	1,425	1,380
Palmerston North City	798	726	666	666	654
Wellington City	2,685	2,964	2,703	2,601	2,631
Christchurch City	4,044	4,353	3,990	4,374	3,570
Dunedin City	975	1,098	1,017	876	885
Business Births % share of Total Business Units					
New Zealand	11.1%	9.4%	9.3%	9.2%	8.6%
Auckland	12.9%	11.2%	11.6%	11.0%	10.5%
Hamilton City	11.4%	9.9%	10.4%	9.7%	8.8%
Tauranga City	11.4%	9.7%	10.1%	9.9%	9.1%
Palmerston North City	9.7%	8.9%	8.5%	8.3%	8.3%
Wellington City	13.2%	10.6%	11.5%	11.4%	9.8%
Christchurch City	11.6%	10.2%	9.6%	10.8%	11.0%
Dunedin City	10.5%	8.5%	8.0%	8.9%	7.7%
Business Deaths % share of Total Business Units					
New Zealand	10.5%	10.7%	9.6%	9.3%	9.4%
Auckland	12.1%	12.4%	10.8%	10.5%	10.6%
Hamilton City	10.8%	11.2%	9.9%	9.7%	9.7%
Tauranga City	11.9%	11.9%	9.9%	10.6%	10.2%
Palmerston North City	10.3%	9.5%	8.7%	8.8%	8.7%
Wellington City	10.7%	11.6%	10.8%	10.4%	10.4%
Christchurch City	10.6%	11.4%	10.5%	11.7%	9.7%
Dunedin City	8.9%	9.9%	9.4%	8.2%	8.2%

SOURCE: STATISTICS NEW ZEALAND BUSINESS DEMOGRAPHY



SOURCE: STATISTICS NEW ZEALAND BUSINESS DEMOGRAPHY

7.104 Palmerston North had the weakest increase of the Core Cities in the number of geographic units between 2000 and 2012 but it had the fifth highest rate of earnings growth over this period.



SOURCE: STATISTICS NEW ZEALAND BUSINESS DEMOGRAPHY

Working Proprietors

7.105 The Statistics New Zealand definition for working proprietors includes sole proprietors, partners, or shareholders in a limited liability company who actively engage in the business or its management. Most working proprietor firms were in the agriculture, forestry and fishing or property and business services industries. Other sectors with significant numbers of working proprietors include wholesale trade and retail trade.

TABLE 30: COMPARISON OF EMPLOYEE JOBS IN FIRMS WITH AND WITHOUT WORKING PROPRIETORS

March 2011 quarter	Firms without working proprietors	Firms with working proprietors	% with working proprietors
Bay of Plenty	56,085	46,203	82%
Canterbury	135,600	102,747	76%
Waikato	87,993	63,993	73%
Otago	51,741	37,029	72%
Manawatū-Wanganui	52,695	37,095	70%
New Zealand	1,054,938	723,024	69%
Auckland	360,687	230,436	64%
Wellington	146,649	73,866	50%

SOURCE: STATISTICS NEW ZEALAND LEED

Summary: Entrepreneurial Base

7.106 Traditional indicators of entrepreneurship such as business births and deaths are limited in their usefulness due the domination of the statistics by the property sector. High and increasing levels of investment property ownership meant that in February 2013 there were 1,281 residential and non-residential property operators in Palmerston North, accounting for 17% of business units in the City. Similarly, data for working proprietors is heavily influenced by the property and primary sectors. The high share of government sector employment in Palmerston North and concentration of employment in organisations with 100 or more employees means most indicators of entrepreneurship are relatively weak in Palmerston North.

8. CONCLUSION

8.1 Palmerston North is the smallest of the Core Cities but its economic performance compares well alongside the other six Core Cities. The outlook for economic growth in the City is favourable, with strengths in sectors which are among New Zealand's fastest growing sectors (health care and social assistance, public administration and safety, and education and training). Further to these strengths, the City's central location in New Zealand is contributing to above average growth rates in the logistics and retail sectors. These five sectors account for over 60% of economic activity (earnings) in the City and nearly 70% of earnings growth in the City between 2000 and 2012. The diversity of these sectors and the factors supporting their growth reduces the risk of a downturn in one sector having a significant impact on the City's growth rate.

8.2 The City is the eighth largest city in New Zealand, with an estimated population of 85,900 people as at 30 June 2013, accounting for 1.9% of New Zealand's population. Population growth in the City has been weaker than the average for New Zealand since 2000, with an average annual growth rate of 0.8% for the City compared with an average annual growth rate of 1.1% for New Zealand. However, strong growth in economic activity in the City during this period has contributed to strengthening population growth in the local authorities adjacent to the City, particularly in Manawatū District.

8.3 Economic measures such as per capita GDP and average annual income present a different picture of the strength of Palmerston North in comparison to the population data trends. The City has experienced stronger growth rates for per capita GDP and incomes compared with the average for New Zealand. Average annual total earnings growth in Palmerston North over the period between 2000 and 2012 was 5.0%, very close to the 5.2% average for the Core Cities, and stronger than the growth rates recorded by Wellington and Dunedin.

8.4 The economic measures also present a different picture of the size of the City, with economic activity in the City significantly larger than what the population data suggests. This reflects the 20% share of the workforce which lives outside the City boundary and strong growth in the commuter population over the past 20 years. Earnings and job count measures suggest the City is much closer in size to Dunedin and Tauranga than the population data suggests. The City's share of New Zealand annual earnings (salaries, wages and self-employment income) in the year ended March 2012 was 2.1%, close to the 2.3% share for Tauranga and 2.4% share for Dunedin.

8.5 Palmerston North has a well educated population, with an above average share having a Bachelor's degree or higher qualification and a lower than average share who do not have a qualification compared with the average for New Zealand. However, the improvement in the proportion of Palmerston North school leavers achieving University Entrance standard has been slower than the rate of improvement for all school leavers in New Zealand. In 2013 43% of Palmerston North school leavers achieved University Entrance standard compared with 47% of all school leavers in New Zealand.

8.6 Housing affordability was identified as a priority in the City Economic Well-Being Strategy published in 2010. Palmerston North had the most affordable housing of the Core Cities in March 2013 and it is likely this difference will have widened over the last 12 months, with a small decline in average house values in the City in the year to June 2014, while the average increase in New Zealand house values was 8%. However, housing is still less affordable than it was in 2000 and further improvements in affordability remain a priority for the Council.

8.7 Palmerston North City offers a full range of cultural, recreational and sporting facilities for its residents and visitors. The City's central location, compact layout, proximity of sporting facilities to accommodation providers and a strong retail centre gives Palmerston North a particular strength in hosting large tournaments at Arena Manawatū and its extensive sports grounds, as well as at privately operated sports facilities. This has also supported the provision of excellent sports facilities for residents.

NEW ZEALAND CORE CITIES

Palmerston North City Council
W **pncc.govt.nz** | E **info@pncc.govt.nz** | P **356 8199**

We are.
LGNZ.

PALMERSTON NORTH
CITY COUNCIL