

**2020 State of the City Address
Rotary Club of Palmerston North
Conference and Function Centre
Main Street
12pm, Monday 3 February
Mayor Grant Smith (30 mins)**

Presented with Slides

These are the Mayor's Notes and we are grateful to him for sharing them.

Kia ora tātou - hello everyone, and thank you Mark [[Mark Buxton – President](#)] and for your kind introduction, and for the invitation to once again report on City progress, and set the scene for the coming year in what is the annual 'State of the City' address.

I'd also like to welcome Amanda [[Linsley](#)] and Chamber of Commerce members, Deputy Mayor Tangi Utikere, my other councillor colleagues, Mayor Helen Worboys and Deputy Mayor Michael Ford from MDC and other business leaders of the city and region.

I'll also take this opportunity to highlight some of the projects – both at home and abroad – this Rotary Club has been involved in that are making such a difference in people's lives.

Specifically, there's your work in India's Ruchi District, and with YWAM in the Pacific.

There's also your ongoing local support for Circus Quirkus; the annual Youth Music Festival; the Festival of Cultures, Daffodil Day, NZ Business Week, the Rotary National Science Forum, the Foodbank Appeal and Sixtus Lodge.

The work you do is invaluable, the support you provide for youth and the disadvantaged is admirable, and on behalf of the City, our thanks for your contribution and collaboration, and of course, this annual invitation to address you all.

So a new year - which I suppose has plenty of added significance as it also marks the beginning of a new decade which promises much but will also have its challenges.

But it's nothing we aren't prepared to deal with, and I'm really excited about what the next 10 years will mean for Palmerston North.

And that's despite the somewhat glum national economic prognosis posted last week by Infometrics, NZ's independent economics consultancy and forecasting company.

In his opening forecast for the decade to come, Infometrics Chief Forecaster Gareth Kiernan is predicting – and I quote, that “softer growth [is] looking like the new norm” for the NZ economy, and that the 2020s are not going to emulate the ‘Roaring 20s’ of a century ago.

That's when the post-WW1 global economy bolted from the start line and galloped away down the track like the great Phar Lap.

However, thinking about what happened at the end of that decade, when prosperity came to a jarring halt in 1929 with The Great Depression, maybe things being kept in check early on could prove to be a good thing in the long run.

But as far as Palmerston North goes, Council has been making plans for the long haul. Now, playing the long game is something our local economy is well versed in.

That's possible because we are not a one-horse or even a two-horse economy - one that's vulnerable to many ups and downs.

Our economy is diverse and multi-stranded. It has:

- A productive and flourishing primary industries farming sector, as well as a growing agritech and food science sector;
- We are NZ's Defence Capital with Linton Military Camp, RNZAF Base Ōhakea and the NZ Defence College HQ.
- We are a centre of tertiary education, vocational training and research excellence
- One of the country's major logistics and transport hubs that is growing in significance year on year
- an important regional hospital and healthcare hub
- We have a significant Government administration sector

- On top of which we are progressive region for commerce, construction, manufacturing and exporting businesses.
- And a flourishing vibrant centre for sporting events, music and theatrical performances

It's thanks to the local agricultural community, businesspeople, entrepreneurs, researchers, NGOs, government agencies and Iwi that there is a wide degree of economic diversification and resilience built into our region that shields us from many of the lulls in national economic performance.

In a national sense we fly under the radar and are very much like a 'middle child' in the country's economy. Always performing but often going unnoticed.

After years of quietly getting on with and doing our 'thing', it appears we may finally be in the process of being 'discovered' by the rest of New Zealand as a place that actually has a great deal to offer.

The outcome is that Palmerston North is embarking on a whole new era of growth not seen since the late 1980s and early 1990s.

So, while nationally, Infometrics is saying that this new decade is not going to emulate those good ol' "Roaring 20s" of a century ago - in our particular patch, the 2020s are certainly set to make a well-modulated and rewarding level of noise.

It's a sound I'm sure no one is going to object to, or call in Noise Control over. Our 2020s revolve around more than \$3.5 billion worth of development coming at us down the pipeline – investment that will underpin the progress of our City and Region as it moves through the new decade.

You're probably already familiar with some of these, but the developments include:

- the new Manawatū Gorge Highway;
- the Mercury Energy windfarms;
- the Base extensions to Ōhakea for the new Boeing P-8 Poseidon patrol aircraft and the relocation to Base Ōhakea of Whenuapai's No 5 Squadron.

- That's on top of Utility upgrades to the Region's electricity network by Powerco;
- KiwiRail's new integrated regional freight hub;
- refurbishment of facilities at Linton Military Camp;
- Council's own capital works which will include the Nature Calls Wastewater Treatment project and the Central Energy Trust Arena Masterplan –
- a host of other major capital investment projects that hopefully will include a new road bridge over the Manawatu River linking the city's new freight ring-road;
- Added to that are the Government's infrastructure package announcements made last week that are going to affect us and our access to the Capital. First up -
- the four-laning of SH1 from Ōtaki to north of Levin – with a budgeted cost of \$817 million

- Improvements to the Wellington - Palmerston North rail network including the upgrading of the Capital Connection's tracks and safety connections, and refurbishment of its aging carriages – with a budgeted cost of \$217 million.
- Associated with that is the Metlink (basically seeing us become part of the greater Wellington rail network) proposal to offer 3X a day return commuter services from Wellington to Palmerston North as eventual replacements for the single-return Capital Connection.

The new dual mode electro-diesel commuter trains will be able to run on overhead wires as well as non-electrified tracks, and are planned to be in service by 2025.

- Also announced was a \$26 million expansion of the MidCentral DHB surgical services unit.

Now, the \$3.5 billion I mentioned earlier doesn't take into account any spin-off

projects that such a massive development surge is going to attract from other Commercial sources.

Nor does it include any of those seemingly random projects such as earthquake strengthening, that pop-up unexpectedly from time-to-time.

For instance, we've seen the recent completion and fitting-out of the new Horizons building on Victoria Ave, which now houses Inland Revenue, along with the region's and city's combined Emergency Management & Operations Centre.

This is a sophisticated Level-4 rated building capable of 48-hours full off-grid operation should that be the case during a civil emergency.

Following the Christchurch & Kaikoura earthquakes, Central government now considers such centres an essential part of local authority infrastructure,

and we were fortunate to be able to partner with Horizons to provide this much-needed upgrade to replace the City's aging, outdated and inadequate emergency operating facility that had been buried in the basement of the City Council building for the past 12 years.

Partnering, and the role it plays in City development is something I'll make more of shortly.

But back to Te Ao Nui – the Horizons building that houses well over 220 people, and is now part of the thriving sought-after commercial precinct that is growing up around that area of Broadway between the City Centre and Terrace End.

However, the central City has just received a boost as well, with NZ Transport Agency (NZTA) setting up a National Operations Centre in the former FMG towers at 55 The Square.

Motor registration, its national contact centre and some head office administration is being conducted from the building by a staff of around 500.

That's a lot of people who will be making the most of what our City heart has to offer before and after work, and during their breaks.

There's a mega Countdown Distribution Centre to service the lower North Island and top of the South Island set for the Manawatu Industrial Park positioned between the Airport and Bunnythorpe – and soon to be announced construction of the new Countdown Supermarket planned for Pioneer Highway.

That all these major developments have landed in our backyard within this concentrated timeframe is perhaps unprecedented in Palmerston North's 150-year history of European settlement – which by-the-way, we are making plans to celebrate in 2021.

As this historic sesqui-centennial milestone has approached, Council has been carefully preparing for the advent of these projects and the anticipated impact associated with them.

So, it was all the more gratifying when last October, voters thought well enough of our 10 Year Plan vision statement - **Small City Benefits: Big City Ambition**, to retain continuity and elect a Council committed to the long-term 5-Goal strategy, along with the plans outlined to achieve those goals.

And we thank the public for your continued confidence.

One of the challenges we are already facing is how to retain and sustain those Small City Benefits in the face of this growth during the coming decade.

We need to ensure that we can maintain our existing natural advantages -

advantages that include affordability, accessibility, connectivity, environmental sustainability and the ease of getting around and doing business.

Our challenge is to graft those extra multi-million dollar injections of capital into our existing multi-strand economy to our best advantage.

And that is going to see Council partnering with a range of organisations, businesses, agencies and groups to maximise the opportunities and lift the value these enterprises bring for the benefit of all our residents.

It means working out provision for housing, transport, infrastructure, regulatory services and employment, along with necessary civic amenities such as parks, reserves, community centres, libraries, swimming pools and cemeteries.

However, Council leadership goes beyond simply meeting statutory requirements, and plays a vital role in promoting and lobbying for the region, and providing levels of support for its various ventures.

I'd like to say at this juncture that recent criticism of Council owning key assets such as the PN Airport contained in a *Manawatū Standard* opinion piece is ill-informed and unfortunate.

Putting the points raised about Council ownership and control into perspective, I think we get outstanding value for our infrastructure investment in the PN Airport Company with its \$70 million worth of assets and \$11 million annual turnover, while accommodating some 2-million plane movements a year.

It's an asset which has enabled us to partner – there's that word again – with

Massey University's School of Aviation and underwrite and facilitate the opening last year of the School's new \$5.4 million training facility.

That in turn, reinforces our international reputation as a specialist education provider.

Massey's new Aviation Campus was also the first development in the Airport Company's Ruapehu Business Park.

This is expected to act as a catalyst for the establishment of other aviation related business activity that could include a pastoral and accommodation centre for the trainee pilots, a motor lodge, shops and other enterprises that want to take advantage of being right next door to reliable road, rail and air links.

While Council has underwritten the Airport development, it's all being effectively managed and funded at arms length by independent management and board.

Somehow the Lido Aquatic Centre was also dragged into the editorial stoush as well – Now, while Council owns the pool facility, the Lido is fully managed by specialist pool administrators Community Leisure Management.

CLM is responsible for operating the Lido, Freyberg Community Pool and the recently refurbished Splashhurst Community Pool at Ashhurst – which incidently is also the successful outcome of a Council partnership between the Ministry of Education & the Ashhurst School Board – and I might say, these three pools are run more cost-effectively and efficiently than many other Councils.

Now, I don't know about you, but there are certain bangs that ratepayers expect for their rates buck – transport and leisure amenities are right up there among them. As a Council, we make no apology for owning these significant assets that

contribute to the City's vitality and prosperity and help make Palmerston North a place people can be proud to call home.

Council is pretty pleased with the level of community service and return on investment that the vast majority of our assets provide.

Remember also, that these assets have been purchased, funded and maintained through generations of ratepayer contributions that date back over those 150 years.

Against those capital assets and rates, we can raise and pay-back loans, and given the historically low interest rates we've been experiencing, there has never been a better period in which to finance capital works.

Our assets - including the Airport and Aquatic Pools, along with our water supply

and wastewater treatment, roads and footpaths, parks and reserves, theatres and venues are a longstanding partnership between ratepayers and 29 successive Borough & City Councils. It's a 15 decades long legacy of ratepayer contributions that this Council honours by responsibly managing, maintaining and improving what has been bequeathed to us.

The 29th Council elected last year has inherited a City in a strong financial position with a Double-A S&P credit rating - which puts us 1 point below the Crown and makes us one of only 6 NZ Councils to achieve a AA rating.

I mentioned Phar Lap earlier - and this is leading to something of an aside, hopefully an intriguing – well at least interesting – digression, especially for those who have an affection for local history.

According to local records, Palmerston North had a brief encounter - and therefore can claim a tenuous but little-known connection with the legendary Phar Lap racehorse - one that has nothing to do with Awapuni or the racetrack.

Back in 1928, final fling for 'the Roaring 20s' before the 1929 Crash, the as yet unnamed colt arrived by train in Palmerston North— we didn't become a City until 1930.

The young horse apparently arrived via boxcar while enroute to Auckland for shipping to Australia. It had been sold sight-unseen to an American owner at the 1928 Trentham National Yearling Sales.

True, as the story goes, that the horse that was later to become Phar Lap, spent a night or two on Maple Lane – the service access by the Courthouse between Main St

and Church St, in a stable not far from
where the Verdict Cafe is now

– Well, I said it was a brief and tenuous
connection, and I hasten to add that
Council has absolutely no plans to put up a
'Phar Lap slept here' plaque or statue any
time soon.

How did I get onto this...? Ah yes - the
point of mentioning Phar Lap – so,
considering Palmerston North as a
thoroughbred – like a Phar Lap ready to
run - then Council's job is to manage the
ride so the City is in the best position at the
final turn to have a clear run down the
straight to the winning post.

Every other city in New Zealand is a horse
in this derby too, and believe me there's
plenty of jockeying between us all to get
what's left of the purse after the metro
centres have taken out the lion's share.

For instance, we have been trading on our
strengths as a centre for world class

tertiary education and training in a bid to be the headquarters for the new NZ Institute of Skills & Technology that the Government has earmarked as replacement for the existing regional polytechnics –

While we're in with a shot, we're also up against a number of other contenders, and in the end, it will probably come down to politics – this being election year after all.

While that's a decision we have no further control over, we will be reinforcing our education and business links elsewhere this year, firstly by strengthening our international connections with Guiyang, the capital city of China's Guizhou province, and our Sister City of 30 years; and also the Friendship City partnership we enjoy with Kunshan City on China's east coast, next to Shanghai.

It is planned to renew those relationships towards the end of May by sending a small education and commerce delegation to the Chinese city of Chengdu which is hosting the biennial NZ/China Mayoral Forum.

We also have a delegation to Taiwan in March that will be visiting the Smart City Forum in Taipei, and while in the 'neighbourhood' we'll touch base with our Sister City of Mihara in Japan's Hiroshima Prefecture.

These are valuable international connections for us, and hopefully the trips to China won't be impacted by the spread of Coronavirus – which has already caused major disruptions to the NZ tourist industry, and could well affect the travel of Chinese students hoping to begin their study here in the new semester.

Like everyone else in the world, we'll have to wait and see the outcome.

This year also marks the 30th anniversary of IPU setting up its tertiary institute at Summerhill, and that has been the source of an ongoing and fruitful relationship between New Zealand and Japan, with the Institute a centrepiece of continued suburban development in and around Summerhill and Aokautere.

Talking about Japan, during last year's Rugby World Cup, we sent a small delegation to accompany the NZ Rugby Museum exhibits on display in Toyota City.

That wasn't the only presence this region had at the RWC. All the Rugby World Cup tackle bags and goal post pads, corner flags, scrum machines and other official training equipment was provided by local company Powa Products, with the assistance of a number of other City manufacturers.

New Zealand may not have won the RWCup, but Palmerston North and Manawatū companies came away with the next best thing – export contracts and international recognition.

We will continue to use our international connections to support local business. Later this year, we will be touting our wares in the NZ pavilion at the October World Expo being held in Dubai.

A stand at the Show will feature our tertiary learning opportunities and showcase our Food Tech expertise – something that is gaining us increasing recognition.

You know, I sometimes note with certain amusement that Palmerston North enjoys a far better reputation internationally than it does on home soil.

We as a Council are working hard to change those somewhat disparaging and

unjustified stereotypical attitudes within New Zealand about Palmerston North. We have a great story to get out to the rest of the country, and will be doing our best to tell it.

Among the steps we've put in place so far include the upgrades to Cuba St and around The Square, the all-weather turf and floodlights at Central Energy Trust Arena; the shared Riverside Pathway network and multi award-winning He Ara Kotahi Bridge, and also the multi-award-winning Central Energy Trust Wildbase Recovery in the Victoria Esplanade, which owes so much to the work of the City's Rotarians.

We've also upgraded Colquhoun Park in preparation for the coming nine-day U-18 Men's Softball World Cup 2020.

This sporting coup, which will show just how capable Palmerston North is of

hosting an international sporting event, was achieved in partnership with Softball NZ & Manawatū Softball.

Visiting teams and their supporters will enjoy the new-look facilities, which will make us a major national centre for the sport.

Not only are there new ball pens, dug outs and cages around the main diamond, but there are refurbished changing rooms with new toilets and showers, and a new deck, grandstand, with sun shade off the clubrooms, while lighting, signage and other work is in progress.

Then there's the ambitious scope of the NZ Military Tattoo at Central Energy Trust Arena in early April, which promises to be a spectacular pageant of music, marching and military displays. Great to see nearly 4000 tickets sold to date.

These efforts to 'up our profile' have not gone unnoticed and have certainly caused some outsiders to rethink their preconceived ideas and unfounded biases, and begin to appreciate Palmerston North for the place it really is - a beautiful, hospitable, engaging, vibrant, progressive and smart City.

At Council, we plan to crank on implementing our Vision as it's the best tool we have for meeting and overcoming the challenges we are facing, as well as realising the potential of the opportunities coming our way.

After October's election, the new Council quickly set about establishing three new Council committees:

- an Infrastructure Committee to oversee utilities, plan for and manage the growth the city is expected to undergo in the coming decade.

- an Environmental Sustainability Committee to focus on issues concerned with our environment, especially climate change, waste minimisation, active transport and managing the City's carbon footprint.
- The third is the Rangitāne o Manawatū Committee, which will take responsibility for the Te Motu o Poutoa, Anzac Park, Riverside Reserves and other areas where mana whenua has a strong partnership involvement and heritage interest.

Having these committees included in our Council structure will help us deal with the City's future growth in a planned, controlled, coherent, balanced and sustainable manner.

Now, while I've painted a positive and forward-looking picture, there are issues we will have to face - issues such as Housing, Environmental Sustainability, use

of our River, continued revitalisation of the CBD, and ongoing Economic Development - all require our considerable and considered attention.

Housing in particular needs particular focus. The recent annual Demographia International Housing Affordability Survey just released in January, examined 309 housing markets across eight countries, and rated all the surveyed New Zealand markets including Palmerston North City, as "severely unaffordable".

Of the 8 Kiwi city markets involved, we were the second most affordable behind Christchurch, but we are still considered uncomfortably pricey – with our houses costing 6X the local median wage or salary.

Palmerston North's median house sales price has nearly doubled in the past decade, going from \$264,000 at the beginning of 2010 to \$478,088 by the end

of 2019, largely due to a general catch up in values, but also really low housing availability.

According to CoreLogic QV's December House Price Index, the average asking price of a home in the wider Manawatū-Whanganui region hit \$450,673 - a record high after a 25.4 per cent annual increase.

However, to give that a national perspective, the average NZ house price now sits at nearly 700,000.

In the wake of the 2018 census, Palmerston North's population numbers have been hard to quantify at approx 90,000. That's somewhat lower than expected, however, our numbers are forecast to reach 120,000 by 2050.

In other words we are looking at an average increase of 10,000 people each decade for the next 30 years, so you see

why planning for this kind of increase is so important.

While there is always a certain amount of unpredictability about growth rates, our priority at the moment is to provide affordable housing options for those arriving to tackle the forthcoming projects. At the same time, we need to accommodate residents who are looking for homes of their own – all while preserving the lifestyle qualities that Palmerston North makes possible.

Council has a major role to play in housing strategies, because relying on the market doesn't always produce the results that are needed.

So, we've been making changes to the District Plan to release more areas for housing.

We've:

- Rezoned land for residential development at Napier Rd and at Kikiwhenua (Te-Wanaka Rd), with developments at Whakarongo about to get underway
- Commenced Stage 1 of the Kakatangiata project, and prepared for expansion in the Aokautere area.
- Rezoned Roxburgh Crescent from industrial to residential.
- Continued the Council's Papaioea Place housing development. The first phase of the \$7.3 million project was completed last year with the opening of 30 new eco-rated social housing units, and construction of the next phase underway.

Meanwhile there's a building boom underway. Figures from Infometrics released late last year for the 12-months to September, show our Residential housing consents grew 9.3%, and remain at elevated levels.

While commercial consents this year are expected to top what has already been a busy 2018-19 years.

In the midst of all this expansion, we remain conscious of not leaving people out or behind, while meeting our obligations to sustainability.

As for the environment, there's an environmental sustainability report and official carbon audit due out in May, but in the meantime we are continuing our involvement with mitigation over climate change, while liaising with the River Leaders Accord and contributing to River Network Projects.

Mitigation includes maintaining sediment controls over stormwater, and of course consulting over our wastewater discharge - part of the near \$130 million Nature Calls wastewater reset.

In addition:

- We continue to look at electric vehicle and hybrid options within the Council fleet.
- First in the country to have two electric rubbish and recycling trucks
- Solar panels on the roof of the ‘Battleship’ provide 30% of the building’s electricity requirements.
- The hydro on the Turitea Reservoir powers the plant, and feeds extra generation capacity into the national grid
- Maximising recycling options through the Awapuni Resource Recovery Park, and turning green waste into compost for City parks and gardens – as well as for public purchase.
- We have employed our own Eco Advisor – Nelson Lebo to offer advice and strategies to residents and businesses on sustainable design and energy options for homes, and for minimising home energy consumption.
- We continue to work with organisations such as Green Corridors, Environment

Network Manawatū; the Te Apiti Manawatu Gorge Biodiversity Project – who have produced a terrific book on Te Āpiti Manawatū Gorge; Urban Eels coming soon to the River Pathway at the Turitea Stream; and of course mana whenua and their riverside heritage sites.

Europeans may have been settled in PN for 150 years, but Rangitāne have called this region home for centuries before that.

I think this general ‘State of the City’ is probably all I have time to outline, but we do have time set aside for questions.

Thank you all for your attention, interest and continued involvement in the affairs and future of Palmerston North.

I’d like to finish by saying that the City Council cannot do all this alone and we need partnerships, and it’s hoped by working together we can meet the

demands of the coming decade in a way that benefits us all.

These partnerships can prove to be incredibly rewarding.

I've enjoyed working alongside so many enthusiastic and creative individuals and organisations who are committed to making Palmerston North city the best place it can be.

Nga mihi, kia ora and thank you

NOTES:

[16th annual Demographia International Housing Affordability Survey:

Tauranga-Western Bay of Plenty was the least affordable, costing 9.3 times the local median wage, edging out Auckland at 8.6, followed by Napier-Hastings, Hamilton, Dunedin, Wellington, Palmerston North Palmerston North (6.0) and Christchurch (5.4).

Main Australian cities are rated at around 5.1]

- Local commercial vehicle registrations. These increased by 16.9% in the year to September 2019.

Across the rest of the country, commercial vehicle sales decreased during the same period by minus 1.6%.

- The Streetscaping projects we've undertaken on Queen St, Cuba St and around The Square will continue into 2020 – not only providing wider granite paths, seating, social areas and traffic calming, but also future-proofing the underground infrastructure.
- The CET Arena Masterplan. Thanks to a number of community partnerships, we've laid and floodlit the artificial turf on the training and sports grounds behind the grandstand to extend the all-season use time of the fields.

- Work is underway on the Speedway pit area, and design work is progressing for the revamp of the Arena's southern and western embankments.
- The completion of the He Ara Kotahi bridge & shared pathway to Massey-side and Linton Military Camp, is also the result of significant partnerships, and has been a huge success for recreational users and active-transport commuters. It offers a safe, scenic and convenient alternative cross-river route that is diverting significant commuter traffic away from Fitzherbert Ave.
- The bridge has quickly become a centrepiece for the transformation of the City's riverside and waterfront, and includes the first illuminated path in the southern hemisphere.

- We also completed the Ahimate Dog Park, the Ahimate natural reserve to promote adventure play, as well as the installation of Pou at key mana whenua heritage sites.
- What happens on our waterfront ties in with the ongoing evolution of the Victoria Esplanade – In November, 50 years of the Esplanade Scenic Railway was celebrated, and in 2020 the Duguld Mackenzie Rose Trial Grounds – the first such gardens in the Southern Hemisphere, will celebrate its 50th anniversary, with the National Rose Show held here in the Conference & Function Centre.
- Future plans for the Esplanade include a mini-putt golf course, oriental gardens, a bonsai house, and soon-to-come, level crossing signals for the Esplanade Scenic Railway.

- The CET Wildbase Recovery opened in March, and is well on the way to attracting 100,000 visitors in its first year.
- We have been acknowledged with a Domestic Partnership Award from Massey at the University's prestigious Defining Excellence Awards – the result of an enduring relationship that town has shared with gown over many decades.
- That sits in the 'trophy cabinet' alongside the 2019 Local Government New Zealand (LGNZ) Excellence Award for Social Wellbeing that was awarded for The Festival of Cultures.

More people are coming to spend time here. Guest nights rose 5.2% in the year to September, well ahead of the 1.2% national average.