



Major Issues

In preparing the Draft 2009-2019 Ten Year Plan, a scan of the major issues facing the district and Council over the next 10 years was undertaken. The following issues may affect what services Council provides or the way in which those services are provided. These issues were integral to the development of the work programmes and funding proposed in the Draft Ten Year Plan.

Affordability

Rates affordability is a big issue for our district considering our district's large, sparsely populated geographical area, low socio-economic population and modest population growth. At 30 June 2008 Gisborne District Council assets were valued at \$1.7 billion. Maintenance, operation, depreciation and renewal of these assets is a considerable cost to the ratepayer.

Council's depreciation expense in 2010 is \$16.2M. Council does not fund the depreciation on the NZTA subsidised portion of our Land Transport and Parking assets. The increase in the funded depreciation represented 4% of our 7% estimated rates increase for 2010.

Continuing to provide the essential community services provided by these assets at an affordable level is challenging. Some assets, such as roading are spread across the district, (about 8300 sq kms). Others, such as water services, are mainly under the ground and some are now almost 100 years old. Flood protection must be maintained to meet the unknown demands of climate change. Land and buildings contribute to all the services provided by Council.

In response to the affordability problem Council has initiated a package of measures to assist in keeping rates rises down. These measures include:

- ▶ an asset review process designed to identify surplus assets and ready them for sale at the appropriate time

- ▶ maximising alternative funding opportunities by prioritising projects which have a significant level of grant or external funding. This is combined with an ongoing emphasis on finding project funding sources other than rates
- ▶ initiating a series of efficiency gain targets for all areas of Council. These efficiency gains are to be achieved without a significant change in levels of service
- ▶ initiating improved business plans and monitoring for Council investments
- ▶ a reduced-scope wastewater treatment scheme redesigned to meet the main objectives at a more affordable cost
- ▶ deferral of non-essential operational and capital expenditure items.

As a direct result of the need to keep rates affordable a number of projects have been excluded from the Draft Ten Year Plan. A list of the excluded projects can be found in the "What's not in the Plan" section later in this document.

Economic Conditions - Recession/Credit Crunch

Gisborne, along with the rest of New Zealand, is potentially facing another two years of recession. This is reflected in low private spending and weak export figures. The recession was initiated by the collapse of international financial markets in 2008. This in turn flowed through our trading partners reducing the demand for our exports. National unemployment as at January 2009 was at a five-year high of 4.2%. This is expected to climb to 6.7% by the end of 2009. The recovery is not expected to commence until late in 2010.

The government has made the economy a priority and analysts appear to be mostly happy with interest rate (OCR) cuts (down from 8.25% to 5% in December 2008 and down to 3.5% in January 2009), which are expected to soften the blow, and a fiscal stimulus package of \$7 billion over two years (4% of GDP).

Council has recognised the economic challenges facing the region and is working hard to minimise rates rises. This work has included, wherever possible, deferring major projects beyond Year 2 (2011) of the Ten Year Plan, and other measures identified under 'Affordability'.

Economic Development/Positioning

Council has assisted economic development in the district by ensuring that the planning and regulatory processes enable growth while looking after people and the environment. There has also been investment in land and its servicing to provide for the industries needed to process the harvest from land and sea.

Through the Tairāwhiti Development Partnership (TDP), Council has recently contributed to the preparation of a regional economic development strategy. The work was funded by NZ Trade and Enterprise (NZTE) and outsourced to McDermott Miller Strategies to undertake. While the work was commissioned by the TDP, it will guide the Council in its decision-making about the actions it will take and the contributions it will make to economic development in the district. The regional economic development strategy is a precursor to action plans and further NZTE funds that may be obtained to support business and enterprise in the district for example the further development of the Navigational Traditions Project. Over the next three years, \$750,000 is available. Once the TDP adopts the report and releases its strategy, Council will consider its response.

One issue that came out strongly in the stakeholder meetings was the need for Gisborne/Tairāwhiti to be an attractive place to live. Investors and those in the private sector industries, whose efforts are underpinning the economy of the region, say that schooling, health facilities, community facilities, sports and recreation facilities and the general 'look and feel' of the city especially is critical to their ability to attract people and investment capital here. They pointed to the need for Council (among others) to be leaders in the provision of the 'place shaping' aspects of the community.

The Urban Development Strategy (see the “Links to Strategies and Plans” section), and regulating for the provision of land zoned for industry and other uses, illustrates Council’s recognition of its ‘place shaping’ role in developing and sustaining our city.

Housing Affordability

While economic expectations have become gloomy and uncertain, both the value of real estate and interest rates have dropped. The impact on the affordability of housing in Gisborne given these recent developments is unclear.

Traditionally the position of this Council has been that the promotion of affordable housing in the district is not directly Council’s responsibility, but that Council has influence through its community housing planning, lobbying and community representation roles.

The recently enacted Affordable Housing Enabling Territorial Local Authorities Act 2008 gives councils the statutory means to require developers to include a proportion of affordable housing in their developments on behalf of the community. The effectiveness of this new legislation and the need for its application in Gisborne has not been established. The Council has therefore resolved not to increase the functions of Council to facilitate the delivery of affordable housing in the district. However, Council will keep a watching brief and may consider undertaking research and subsequent interventions in the future if these are warranted.

Treaty Settlements

The actions and omissions of the Crown that impacted adversely – both real and perceived – on tangata whenua communities district-wide 169 years since the signing of the Treaty of Waitangi, are very near an agreement of settlement.

While not all claimant groups are unified in settlement, many are. The Crown’s proactive stance to complete its settlement process indicates they will settle, and soon.

Some parties not close to negotiations may express their frustration with the settlement process negatively towards Council as it undertakes its day-to-day work.

However, claims settlement will significantly assist the whole community to move forward as a much-strengthened region. To this end, Council continues its work with the Crown to acknowledge the negotiation processes in place and see how it may help contribute to its satisfactory completion.

Council has agreed to discuss with the Crown the possible Crown purchase of Tauwhareparae Farms for the East Coast claims district.

The approach came from the Crown as was the case when Council agreed to a valuation process for the possible purchase of the former AML site and part of Watson Park for the Turanga claims district. If sales eventuate an agreement in principle with the Crown about terms and conditions will be needed. Public consultation on the proposals will follow.

The proceeds of any sales will need to be secured. The Council’s Significance Policy is amended for this purpose.

Hazardscape

The Gisborne district’s hazardscape is significant and has the potential to cause severe disruption to the economic, environmental and social fabric of the community. The Ten Year Plan provides funding for the Emergency Management Activity to comply with legislative requirements, Council policy and the Civil Defence Emergency Management Group Plan. It does not address how Council will manage the impacts of any actual events we may experience.

Climate Change

Climate change brought about by greenhouse gas emissions is a global issue. It needs to be addressed not only globally but also locally. The effects and the responses will increasingly impact regionally.

Predictions from the International Panel on Climate Change (IPCC) include sea level rises of up to 50cm by 2100. In Gisborne there is predicted to be an average temperature rise of 2.1 degrees Celsius by 2090 and 5% less overall rainfall by 2090. There will be more heavy rainfall events. This will affect most Council activities, with the obvious impacts being on water supplies, storm damage, coastal development, drainage and primary production.

Predicted climate changes will continue to be factored into Council’s planning and works design activities. In early 2009 Council released to the public a comprehensive update on Climate Change predictions, government policy developments and implications for the future. This information can help the community prepare for the effects of climate change.

Council has joined other regional councils to deliver the Afforestation Grants Scheme to local landholders, and will continue as an active submitter offering a regional perspective to government policy effects.

New Government, New Legislation

Despite the broad powers that the Local Government Act 2002 gave to councils, much of what councils do – especially in the environmental management field – is prescribed by statutes.

Changes to the Resource Management Act are under way. The intention to make further use of national policy statements and national environmental standards to achieve environmental outcomes has been signalled. These is also a proposal to form an Environmental Protection Agency. These measures will affect the role of Council.

The trend with national policy instruments is to centralise standard setting and, effectively, decision-making. The unique circumstance of districts such as Gisborne can be overlooked. The Council will be paying attention to these instruments and acting to ensure local conditions are understood and catered for, and that there is a local say over local resources.

As a unitary council, the Gisborne District Council may not be affected by other councils moving to become unitary councils, thereby combining territorial local authority and regional council functions or other changes to the regional councils' functions. Council will maintain a watching brief on developments including any legislated changes that may affect the structure of local government in the district.

Environmental Issues

Large parts of Gisborne's hill country are extremely erosion prone. Council is working in tandem with central government to address this. The government contributes through the East Coast Forestry Project. Council's Sustainable Hill Country Project (SHCP) provides a regulatory format to underpin central government's role. The Sustainable Hill Country Project has moved up a gear with regulatory provisions, requiring the establishment of effective tree cover on the worst eroding land (Overlay 3A), now part of the District Plan. Staff are now working with landholders to verify treated Overlay 3A land and to develop Works Plans for such land yet to be treated. The District Plan stipulates that this process be completed by July 2011.

Large-scale, intensive dairy farming has created significant water quality challenges in some areas. There is some local interest in converting from sheep and beef farming. Ultimately a number of factors are likely to limit conversions to selected areas. However, the water quality sampling programme has been adjusted proactively and the situation will be closely monitored.

A reviewed Regional Pest Management Strategy will be in place by mid-2009. This will set out management regimes for plant and animal pests considered to be of significant local importance because of their effects on biodiversity, human health and primary production.

Water Issues

Water resources in the district are currently not fully allocated. The need to restrict draw-off from agriculture and horticulture rarely occurs. Council has no water allocation plan. A plan will be developed in line with the proposed National Environmental Standards and National Policy Statement directives to ensure environmental values are protected. Council will be able to make sound decisions in water allocation. Users will have the confidence that Council's water allocation decisions will then be more robust. The proposed National Policy Statement also requires the Plan to provide priority for reasonably foreseeable domestic water supply.

Waste

The Waste Minimisation Act was passed in September 2008. This Act includes provision for a levy on landfilled waste and sets targets for reducing waste in landfills. It also provides for producer responsibility programmes and public procurement programmes to promote the development of markets for products and services that result in waste reduction.

This means Council will have to reconsider its Waste Management Plan during the 2010 Plan Review. This also requires possible amendments to Regional Plans made under the Resource Management Act.

The Council will be levied \$10/tonne for all waste disposed at Waiapu Landfill. The current landfill tonnage is about 1,200 tonnes per annum; therefore, the Council will be liable for \$12,000 per annum in landfill tax.

The cost of this levy will be indirectly passed on to the Council through increased disposal costs at the Transpacific All Brite Resource Recovery Centre. All Brite disposes of litter bin, rural transfer stations and weekly rubbish collection to an out-of-district landfill, which will also be charged the landfill tax.

Under the Act, funding will be made available to councils to promote waste minimisation initiatives. Initial indications are that the Council will receive approximately \$167,000 for initiatives targeting further waste minimisation. The Council will also be able to apply to a centrally administered contestable fund for additional funding for specific projects.

Energy

The Gisborne district currently has some of the highest costs for energy and, in some rural areas, the least reliable supply. The district is also facing an electricity constraint as transmission and distribution lines into the district reach capacity.

To meet energy needs, the district needs to pursue a portfolio of supply and demand solutions. Unlike other districts where there are economies of scale for large energy company solutions, the Gisborne district has needed to implement many of its own solutions.

The Gisborne District Council continues to seek growth built on innovation and sustainable development.

The Council has developed an Energy Strategy to proactively manage its energy needs to ensure a sustainable energy future.

The Council's Energy Strategy maintains that future demand can be met by:

- ▶ promoting energy efficiency
- ▶ encouraging the effective use of energy resources through energy management plans, procedures and technology
- ▶ encouraging investment in local small and micro generation facilities.

Over the last three years the Council has initiated and supported many programmes from major community education and awareness campaigns and solar water heating evaluations to warmer home insulation and energy audit programmes.

Energy efficiency and renewable energy initiatives have genuine sustainable development benefits. Many energy projects have not only social, economic and cultural benefits, but also environmental benefits, since less energy used means lower greenhouse gas emissions and a smaller carbon footprint for the district. Consequently, the Council will continue to play a key leadership role through the regional planning processes to assist rather than hinder the implementation of energy opportunities and to provide support in the development of low carbon and renewable energy technology.

Changes to Land Transport Funding

Road maintenance and construction will always be a major cost for the district. District rates alone are insufficient to meet and keep ahead of the demands of the roading system.

Central government support, through the New Zealand Transport Agency (NZTA), is important as a major funder, particularly in forestry road development.

NZTA allocates funds through the National Land Transport Programme in accordance with the requirements of the Land Transport Management Act, regional recommendations and the prescribed purposes of numerous funding streams. Of particular importance to Gisborne will be the cessation of the Regional Development Roding (RDR) fund in 2011 and the recent establishment of the Community Transport (T) Fund which is now available to support the transport needs for communities in areas of high socio-economic deprivation.

Council anticipates receiving 100% subsidy for Regional Development Roding:

2010 (year 1)	\$3,000,000
2011 (year 2)	\$3,087,000

Regional Petrol Tax

Legislation is now in place to implement a Regional Petrol Tax (RPT) for the district. This enables the district to construct capital projects only.

There are two specific areas where funding can be allocated. A maximum of 5 cents per litre can be used for the construction and sealing of roads and bridges. Also a further 5 cents per litre can be used for passenger transport, footpaths and cycle paths projects.

One of the benefits of a RPT is that it can be used as our “local share”. For example a 1 cent per litre increase in petrol is expected to raise \$300-400k per year. With the government subsidy rate of 69% for a roading project, \$850-950k of work can be accomplished. The Council intends to investigate the viability of establishing a regional petrol tax in the district.

Refer to the Major Projects Section for more analysis of the major projects proposed in the Draft Ten Year Plan.