

Volume 2

# Our Tairāwhiti 2021-2031 Long Term Plan

Te Kaunihera o Te Tairāwhiti Gisborne District Council

Adopted by Council on 30 June 2021

ISSN 1178-1084 (Print) ISSN 1178-1106 (Online)



### Tō tātau tirohanga whakamua Our vision





# Tairāwhiti maranga ake! E tīmata mai ana i konei. Tairāwhiti rise up! It all starts here.

# Me whiri ngātahi tātau i angā āheinga me ngā tauwhāinga kia whakahī ai te iwi.

Let's navigate our opportunities and challenges together to make our community proud.

























Financial Strategy

Infrastructure Strategy

**Development Contributions Policy** 

**Investment Policy** 

Liability Management Policy

**Rate Remission Postponement Policy** 

**Revenue and Financing Policy** 

Significance and Engagement Policy

Tairāwhiti Piritahi: Fostering Māori Participation in Council Decision-Making Policy













This document, Volume 2, covers the relevant strategies and policies in full. High-level summaries are outlined in Volume 1, Part 3.

Below is a list of our strategies and policies covered in Volume 2. Please refer to our website <u>www.gdc.govt.nz</u> for all our Council-related plans.

Name	Summary
Rautaki Ahumoni	Balancing the need to protect our environment and our assets
Financial Strategy	while planning for our future, in a financially sustainable way.
Te Rautaki Hanganga	How we will manage our infrastructure over the next 30 years.
Infrastructure Strategy	
He Tauira Kaupapa Here Pūtea Whakawhanake	This policy identifies growth-related infrastructure work as well
Development Contributions Policy	as the charges that expect to be recovered from developers to support that work.
He Tauira Kaupapa Here Haupūranga Moni	This policy looks at Council's mix of investments, management
Investment Policy	of risk where investment is concerned and our procedures for managing and reporting on investments.
He Tauira Kaupapa Here Whakahaere Kawenga	This policy outlines how Council will manage its borrowings
Liability Management Policy	and other liabilities.
He Tauira Kaupapa Here Whakakore Utu me te Whakatāre- wa Rēti	Remission and postponement policies are primarily used to address any inequities as a result of setting of the rates and
<b>Rate Remission and Postponement Policy</b>	provide assistance to those who are affected more than others.
He Tauira Kaupapa Here Tahua me te Moni Whiwhi	This policy determines when debt and rates will be used as a
Revenue and Financing Policy	funding source. This includes targeted rates for the cost of an activity or service that should be paid for by particular groups or ratepayers who benefit from the activity or service.
Kaupapa Whakapāpātanga me te Hiranga	'When' and 'how' Council will engage with its communities
Significance and Engagement Policy	about important Council decisions.
Te whakarite whai wāhitanga Māori ki ngā whakataunga Kaunihera	This policy promotes and facilitates Māori participation in Council's decision-making processes, including a framework for
Tairāwhiti Piritahi: Fostering Māori Participation in Council Decision-Making Policy	building organisational capability and additional opportunities for Māori to contribute to Council's decision-making processes .





# Rautaki Ahumoni Financial Strategy

Balancing the need to protect our environment and our assets while planning for our future, in a financially sustainable way.



# Contents

Stra	Itegic Financial Limits	4
Ki te	e tirohanga	5
At a	a glance	5
<b>A</b> .	Introduction   Our context	5
	Our Council and our region	6
	How do we address affordability?	7
	Population Growth	7
	Economic growth	8
B. K	ey Issues and Opportunities	8
	Key issue: Implications of COVID-19	8
	Key issue: Affordability + setting rates that get us where we need to go	9
	Key Issue: Pressure of debt on those who pay	10
	Key issue: Maintaining reserves	10
	Key issue: Investment in critical infrastructure and planning for the future	11
	Key issue: Vulnerability to natural hazards and climate change	11
	Key issue: High emergency expenditure	12
	Key Opportunity: Supporting economic development- including the Māori economy	12
	Key opportunity: Tairāwhiti 2050	13
	Key opportunity: Rau Tipu Rau Ora	13
C. k	(ey Directions	13
	Key direction: Keep rates as affordable as practicable	14
	Key direction: Focus on critical activities and infrastructure	15
	Key direction: Increase and optimise the use of alternative revenue streams	16
	Key Direction: Ensure beneficiaries of services pay the costs	18
	Key Direction: Manage debt prudently	19
	Key Direction: Grow and enable our rating base	22
D. F	ïnancial Levers	23
С	Our financial levers	23
	Total Expenditure	23

	Revenue	24
	Debt and Reserves	25
	Balancing the Budget	27
E. S	trategic Links	28
	Financial policies and their role:	28

Our region is growing and continues to be an attractive place to live and work. To support our community, respond to climate change and protect te taiao (our natural environment), Te Kaunihera o Te Tairāwhiti (Council) will make a significant capital investment in our infrastructure.

This Financial Strategy proposes a higher initial spend in the early years of our Long Term Plan (LTP). We plan to renew and upgrade critical infrastructure networks where needed and increase capacity over time to accommodate for growth. Major projects include: the Gisborne Wastewater Treatment Plant upgrade (disinfection); Waipaoa River Flood Control Climate Change Resilience project; restoration of Waingake; Olympic Pool redevelopment; and improved water supply demand management.

We know that we cannot simultaneously complete these critical projects while restoring financial reserves and keep rates revenue below a 5% increase.

In order to meet the rising costs we are facing, Council will:

- smooth increases to rates in the short term by using some reserves;
- increase our debt limit;
- work with our Council Controlled Organisation, Gisborne Holdings Limited, so we have more dividends up front;
- capitalise on funding from central government; loan fund significant planning costs associated with the delivery of planning for freshwater and our review of the Tairāwhiti Resource Management Plan; and
- phase the funding of the new depreciation costs that arise from the Wastewater Treatment Plant disinfections project and the pool redevelopment project.

While we will increase debt in the short term, we will repay it by year ten of this LTP. In the long term, we will recover our financial position by increasing our reserves, and lowering debt levels.

This approach supports the needs of our current community, without overly burdening future generations. It balances the appropriate level of debt against what is affordable now without transferring the burden of this debt to future ratepayers.

By the end of this LTP we will have the building blocks for sustainable development for our region through:

- prioritising expenditure on our critical activities and infrastructure like roads, wastewater treatment and flood protection
- developing our response to climate change
- reviewing what our district will be like through the Tairāwhiti Resource Management Plan and planning for management of freshwater.

#### **Strategic Financial Limits**



# Ki te tirohanga

## At a glance

#### Purpose

Our Financial Strategy (the Strategy) sets our overall financial goal posts for the 2021-2031 Long Term Plan (LTP), including sources of revenue to fund capital and operational costs, and the impacts of our decisions on rates, debt, levels of service and investments.

This Strategy also guides Council's future funding decisions and, along with the Infrastructure Strategy, informs the capital and operational spending for the 2021-2031 LTP.

#### How to use this Strategy

The Financial Strategy is organised into the following parts:

- A. Introduction | Our context
- B. Key Issues and Opportunities
- C. Key Directions (Our Responses)
- **D.** Financial Levers
- E. Strategic Links

### A. Introduction | Our context

Council is in a strong financial position, with our debt being low compared to both the assets we own and to other unitary councils of the same size. Our road network – the largest financial component of our infrastructure assets - is in a better shape than when we started the 2018-2021 LTP, helped by the significant financial support that Central Government has provided in the last three years. However, this 2021-2031 LTP is not without its financial challenges and issues.

Since adopting the 2018-2028 LTP, Council faces increased requirements in order to meet recent legislation and implement national direction from Central Government. These costs are significant, and range from \$2.8m in year 1, peaking at \$3.9m and dropping to \$615k by year 10. At its peak these costs constitute a 5% increase in rates.

When Council decided to move the Wastewater Treatment Plant disinfection project forward, we had planned to prefund and smooth potential rates spikes in 2023 and 2024. The significant investment needed for this major project always meant that rates increases would be needed to pay for the upgrade.

With the COVID-19 pandemic in 2020 our plans changed. Council lowered our overall rates in the 2020/21 Annual Plan from 4.89% to 3.26%, to ease some of the economic pressures from COVID-19, as the degree of impact on the community was unknown. There are two key consequences from us lowering rates in 2020-2021:

- A rates increase must now occur in year 1 of this LTP, as the previous year's rating revenue is lower than forecast.
- We do not have enough prefunding set aside to smooth rates spikes in year 2, requiring rates to be higher than our previous 5% threshold.

This Strategy aims to smooth the rates increases as much as we can, particularly during the first 3 years. After that it aims to be back to the same rates increase limit of less than 5% as set within the 2018-2028 Long Term Plan.

We will be increasing borrowing in order to look after our infrastructure, whilst still managing the debt levels prudently. By focusing on replenishing reserves and repaying debt, we are in a strong position by the end of the Plan to accommodate funding for unforeseen events or changes to Council priorities or directions that may arise, in particular the likely increased cost of having to manage the impacts of climate change.

#### Our Council and our region

The Gisborne District covers a land area of 8,265 square kilometres. We have one of the largest roading networks when compared to similar sized unitary council authorities, but we have the lowest average household income and lowest number of rateable properties.

Council has assets of \$2.3 billion. Of this, our infrastructure assets make up around \$2 billion. This includes everything from waste, roads and footpaths (network infrastructure) through to libraries, pools and reserves (social infrastructure). The graph below show how the value of Gisborne's infrastructure assets compares to the average value of assets owned by three unitary councils, Nelson, Tasman and Marlborough.



#### Infrastructure Assets

The roading network makes up over 83%, or \$1.6 billion, of our infrastructure assets. This is nearly double the amount for the average unitary council (\$675m). Our challenge is to look after our assets – especially the wear and tear on our roads – and maintain levels of service to our community in an affordable way.

This graph shows that while the household income has increased in Gisborne, it still remains below that of the other unitary councils.

#### Average household income



#### How do we address affordability?

Increased rates impact individual ratepayers differently. How we apportion rates is set out within our Revenue and Financing Policy. Council undertook a review of our Revenue and Financing Policy over 2019-2021, to address the issue of rates affordability and 'reset' how people pay.

For instance, the previous rating system used a high proportion of fixed rates, which impacted low income households more than high income households as the same amount was charged regardless of their ability to pay.

Key changes to the Revenue and Financing Policy aim to lessen the burden on those households, by effectively sharing the cost of services (such as roading and four waters) to those who benefit from the service and contribute most to its wear and tear.

#### **Population Growth**

We expect our regional population to grow to about 56,600 by 2051, with most of this occurring in the Gisborne urban area. We are also seeing a social shift with people returning to customary whenua or family land. This type of lifestyle is now supported by increased online connectivity, which could mean some modest growth in our rural and coastal townships over the next 30 years, and stabilization of our historically declining rural and coastal population over the life of this LTP.

Managing the demands of growth and balancing the opportunities for future ratepayers against affordable rates and debt levels for current ratepayers is a big challenge. To support and manage growth Council must ensure our critical infrastructure networks are renewed and in some areas capacity increased in anticipation of growth and increased use. Over the next 10 years, Council is prioritising investment in the most pressing needs of Tairāwhiti, and looking at alternate ways to fully fund this investment.

Over the next thirty years Tairāwhiti may see changes in population and land-use due to climate change – for instance shifts in the types of agricultural activity that are sustainable in our region. Any likely restriction of development in current coastal or at risk growth areas could also see growth shift to other areas in Tairāwhiti.

#### Economic growth

The Tairāwhiti Economic Action Plan (TEAP) was updated in 2019, led by a steering group that included senior representation from Council, iwi, Trust Tairāwhiti, and other major industry and government agencies. Its implementation is helping to unlock the economic potential of Tairāwhiti and bring more wealth into the district, which in turn will enable us to invest in services and infrastructure that benefit all our residents. Council is leading on 14 of the 59 actions, and partners with others to deliver outcomes.

Areas of economic growth since 2018 include wood processing; expansion of domestic tourism offerings; Aerodrome Business park development; digital technology; and significant expansion in commercial winter vegetable production and high-value crops such as apples, kiwifruit and persimmon grown on the Poverty Bay Flats. These changes, along with continued growth in plantation forestry harvest, has seen the district's economic base expand and the population grow strongly over the past three years.

Over the 10 year period to March 2018, Gisborne averaged 1.5% growth in GDP per annum, compared to an average of 2.1% per annum nationally. However, Gisborne's GDP measured \$1.6 billion<sup>1</sup> in the year to March 2018, an increase of 2.8% from the previous year. In the year to March 2019, Gisborne experienced the highest rise in GDP of any region. In the year to June 2020, Gisborne was the only region to record an annual rise in economic activity (of 0.1%).

## B. Key Issues and Opportunities

The approach defined in the Strategy is based on addressing some key issues and opportunities:

- COVID-19
- Rates affordability
- Pressure of debt
- Maintaining reserves
- Investment in critical infrastructure
- Vulnerability to natural hazards and Climate change
- High emergency expenditure
- Supporting economic development including the Māori economy
- Tairāwhiti 2050
- Rau Tipu, Rau Ora

#### Key issue: Implications of COVID-19

Treasury, the Reserve Bank of New Zealand (RBNZ) and Business and Economic Research Ltd (BERL) are all predicting an increase in unemployment in 2021, followed by a gradual recovery.

Investment in infrastructural connectivity over the next ten years, as well as continuity of key activities is essential. Connection in our context refers to: physical connections through our land transport network and four waters (drinking water, waste water, storm water and coastal/river inundation) infrastructure; social connection and amenity space through recreation areas and community facilities; better engagement methods and improved digital connection opportunities online; and investing in actions captured in our Rau Tipu, Rau Ora economic recovery plan, in collaboration with partners across the region.

<sup>&</sup>lt;sup>1</sup> Infometrics. 2018 Annual Economic Profile for Gisborne District

This will ensure the resilience of our community and our ability to deliver our services, regardless of the uncertainty COVID-19 brings to this LTP period. While unexpected delays may occur due to further lockdowns or delays in materials supplied from overseas, projects we have committed to over this LTP will still be delivered by year ten, regardless of national uncertainty from any potential further COVID-19 interruptions to the way we work and live.

#### Key issue: Affordability + setting rates that get us where we need to go

While there is growing prosperity, we know that parts of our community are struggling and the benefits of a positive economy are not accessible to everyone. A key challenge of this Strategy is managing the impact of the financial constraints we place on our community's ability to pay.

There are multiple factors contributing to this challenge. These include: an ageing population; low income levels; high deprivation; increased costs to maintain the same levels of service; the need to renew or replace critical infrastructure; and greater urgency to create, or review existing plans and policies, all amidst changes to the national and global economic context on our region, e.g. COVID-19.

There are a number of levers Council looks at to see how we can deliver what we need to in a financially sustainable way, including how we address affordability when the impacts occur differently across our district.

The Shand report<sup>2</sup> in 2007 introduced a very approximate threshold of rates affordability as being where rates exceed 5% of gross household income. A Government rates rebate of up to \$655 per household is available for low income ratepayers and Council also provide rates remissions for financial hardship or low value properties. This is in addition to the Government rebate. For example, a property with a median household income of \$34,950<sup>3</sup> and rates of \$2,500 would have rates as a proportion of household income of 7%. After the combined rebate and remission of \$750, the rates would effectively be \$1,750 and rates as a proportion of household income would be 5%. So, using the Shand estimate as a measure of affordability, we can effectively mitigate against rates affordability issues using a combination of rebates and remissions.

Our wider response to rating affordability is to loan fund key pieces of work that affect the future of our region and its environment, while using reserves and income from our council controlled trading organisation Gisborne Holdings Limited (GHL), to help smooth the cost for ratepayers.

Doing this means our rates increase from year one is capped at a maximum of 6.5% over years one to three, and subsequently lowered to an increase of 5% from year four. The graph below shows how average rates (posed in this Strategy) per rateable unit in Tairāwhiti compare with other unitary authorities.

<sup>&</sup>lt;sup>2</sup> 2007 Funding Local Government: report of the Local Government Rates Inquiry

<sup>&</sup>lt;sup>3</sup> The median annual earnings for individuals working in agriculture, forestry and fishing in Gisborne, for 2019. MBIE Regional Economic Activity data visualisation



#### Key Issue: Pressure of debt on those who pay

The sustainable management of debt presents a major challenge. Debt is used to fund asset construction or purchase. This debt is then repaid over the life of the asset through depreciation funding. This ensures that ratepayers only pay the cost of a service when they benefit from it. This is an equitable approach that effectively pays for the assets as they are being used, by those who are using them.

Our net debt has been historically lower than other councils and low relative to the value of our asset base and the organisation's ability to generate revenue streams. The graph shows how our level of debt per rateable property compares with the average from other unitary authorities.



#### Average debt per rateable property

Council has made the decision to increase our debt limit to 130% of our revenue, as critical infrastructure projects cannot be funded from rates, reserves and grants alone.

This approach balances the level of future focussed resilience we need (including our capacity to respond to emerging issues and challenges like COVID-19 and climate change) against the burden that increased debt places on future ratepayers and increasing rates places on current ratepayers.

#### Key issue: Maintaining reserves

Council plans a large initial spend on upgrading and renewing critical infrastructure – increasing debt to do this. There are insufficient reserves to cover the renewals programme in full. Once over this 'infrastructure hump' in 2025 we will undertake a concerted effort to subsequently reduce debt and replenish our reserves.

It is important to acknowledge that this approach requires a longer-term commitment to see the benefits through to fruition. Reserves will be built up over time – reducing debt in the long term – making us more resilient and able to face the demands of a growing region in the future.

#### Key issue: Investment in critical infrastructure and planning for the future

Growth comes with the need for further investment in infrastructure. This involves providing growth capital expenditure where we need new or improved assets to enable more residents to live in our city and region, capital expenditure to improve service levels, and renewals to restore existing assets to their original performance, condition and capacity. While Council is contributing significantly to growth, not all growth infrastructure can occur at once.

A key part of our role, and one that is valued at a local level, is the provision of sport, recreational and community facilities. In addition to the existing programme to renew, upgrade, or join facilities, Council has also committed to the development of a new Olympic Pool Complex, and continues to seek external funding and partnership to improve our network of community facilities overall.

Investment in the resilience of our asset groups and services while ensuring new infrastructure growth is financially sustainable, is a key challenge to manage over the life of our assets – well beyond the period covered by this Strategy. Our approach for this LTP is to prioritise expenditure on resilience and climate change adaptation through maintaining and renewing existing assets before creating new ones, and where needed enlarge and extend our infrastructure to respond to growth in localised areas in the medium and longer term. We will also be developing a new Tairāwhiti Resource Management Plan, which will guide where new or upgraded infrastructure is needed in the future to support growth.

#### Key issue: Vulnerability to natural hazards and climate change

Climate change is a global problem that we are experiencing at a local level. Our region is already subject to a range of natural hazards – including flooding, earthquakes, drought, and land instability. Regional climate change assessments indicate that over the next century Tairāwhiti can expect sea levels to rise, more droughts, more intense storms, less rainfall and increased wind.

At a high level, climate change will have increasing implications for Council infrastructure and service provision. More frequent, and more severe, weather events are expected. Some of our infrastructure may no longer be adequate to deal with more rainfall, or a warmer climate. Sea-level rise will increase risks for assets on the coast from inundation and erosion.

Over years one to three of this LTP, Council aims to invest in better understanding the likely impacts of climate change on Tairāwhiti. This will ensure that we and our communities, can prepare knowing the probability, type and severity of impacts and prioritise further investment in a regional response from years four onwards.

Dealing with these issues takes careful planning and a better understanding of our existing assets which should be renewed, which should be replaced and where more investment is needed in order to maintain them. Our planned review of the Tairāwhiti Resource Management Plan will also guide where and how our communities will live work and play in the mid to long term.

Through the review of the Tairāwhiti Resource Management Plan we aim to identify high hazard areas, linked to both existing hazards and those anticipated from climate change. This will be closely linked with planning, zoning and other risk management functions, and will be done in collaboration with tangata whenua and input from the community and key stakeholders.

#### Key issue: High emergency expenditure

We are planning for improvements to infrastructure resilience in the event of natural hazards and during times of maintenance or repair to ensure business continuity for Council, the community and businesses. The effects of climate change are increasingly being felt in storm damage to coastal assets and more frequent landslips across the region and Council will continue to see high emergency expenditure from natural hazard events.

Unplanned expenditure is a result of emergency repairs. For example, our road network is vulnerable to closure during adverse events and a lack of alternative routes results in economic and social disruption. This also has a flow on impact of increasing the forecast cost of renewals. In the past Council has had to borrow to cover excess expenditure due to natural hazard events, which creates an unplanned debt position.

In the short term, Council anticipates emergency expenditure through our annual budgets for repairs and maintenance. The challenge is to better plan for these events in the long term, and afford future resilience by building our reserves from year 4 of this LTP.

To support us anticipate and resolve the future of our infrastructure affected by storm events and coastal erosion and inundation, Council is implementing a programme to review our District and Regional plans that form our unitary Tairāwhiti Resource Management Plan. This will address things like our built environment, infrastructure, and coastal management, natural hazards, planning for freshwater and cultural and historic heritage.

Completing physical high priority climate change adaptation projects alongside plan review and development is expected to significantly decrease emergency maintenance costs in the future, such as the amount of road cautions and closures to deliver a more consistent level of service, and maintain connectivity.

# Key Opportunity: Supporting economic development- including the Māori economy

Council funds economic development activity and planning for our region, alongside collaborating with other lead organisations to grow and incubate the Tairāwhiti economy. Adopted in 2017 and refreshed in December of 2019, the Tairāwhiti Economic Action Plan (Te Huarahi Hei Whai Oranga) lays out our region's plans for economic growth, including iwi aspirations.

The Tairāwhiti economy is heavily structured around the primary industry, which is sensitive to external factors such as the capability of the roading network, flooding and droughts and the availability of water. Ongoing investment in core infrastructure will be required, as will considered planning for our natural resources.

New business or industry moving to the region may require or expect a different level of service, or new infrastructure assets. Ongoing investment in core infrastructure (such as transport, water, and wastewater) will be required to support economic growth and development of existing industry- for example a significant increase in high-value tourism, domestic wood processing, honey processing or medicinal cannabis production. Conversely, land use change associated with development can impact our infrastructure and change the expected levels of service from our residents and ratepayers.

This Strategy encourages providing for land owner aspirations as part of enabling the Māori economy across Council's functions and duties – including rating of Māori land, compliance and statutory processes, and addressing historically limited access to regional infrastructure and resources. Council aims to continue with actions committed to in our 2018-2028 LTP, while increasing our resourcing of:

- business and project partnerships with Māori
- organisation responsiveness for Māori outcomes and
- leveraging central government funding for shared projects and outcomes.

#### Key opportunity: Tairāwhiti 2050

Adopted in 2020, Tairāwhiti 2050: Shaping the Future of Our Region is a first generation spatial plan for our region, and a significant forward planning document for Council. Created together with tangata whenua, communities and agencies Tairāwhiti 2050 provides a clear and shared vision on what we want our region to look like in 30 years' time.

This Strategy provides a 10 year stepping stone towards the 30 year vision of Tairāwhiti 2050. Our shared vision for Tairāwhiti is an ambitious one, and will need collaboration, further partnership and the leveraging collective resources to get us there. Council's significant investment into regional planning and critical infrastructure this LTP is our initial commitment to putting the building blocks of 'Tairāwhiti 2050' into place, doing our part as a regional 'enabler'.

#### Key opportunity: Rau Tipu Rau Ora

Rau Tipu Rau Ora is our regions action plan to guide post-COVID-19 recovery. The plan identifies crucial issues such as housing, employment, health – including the isolation caused by Covid-19 and the risk of future pandemics – stimulating the economy, and education and training.

The plan is a combined effort of many organisations and stakeholders. We will take a unified approach to its short and mid-long term implementation- working with lwi, organisations, our business sector and our diverse community groups.

# C. Key Directions

# This Strategy focuses on prudently managing Councils long term debt and smoothing increases to rates income

Our LTP identifies the challenges that our region faces, including the affordability of Council services and the sustainability of our regional economy. While all activities that are planned to move Tairāwhiti forward will have a financial component, the Financial Strategy focuses on our overall approach.

Council wants to be able to protect its environment and its assets, while also planning for the future. The focus in the Strategy is on meeting our obligations, looking after our critical infrastructure, and to maintain our levels of service in a way that is affordable to our community.

To achieve this while being financially sustainable and prudent the Strategy sets out six inter-linked key strategic directions.

Keep rates as affordable as practicable.	Keep rates as affordable as practicable while recognising the need to fund critical activities and infrastructure, and keep the region functioning well.	Ensure beneficiaries of services pay the costs.	Ensure users and those who benefit from Council activities and infrastructure pay for them. This includes mechanisms such as user levies, targeted rates and development contributions.
Focus on critical activities and infrastructure.	Focus on critical activities and infrastructure which meet the community's needs and respond to climate change during the long term plan period and beyond.	Manage debt prudently.	Increase maximum debt levels still within prudent levels, to smooth the cost of delivering key infrastructure projects over years one to three of the long term plan, in line with our financial policies.
Increase alternative revenue streams.	Increase and optimize the use of alternative revenue streams through partnerships, targeted contributions and investment income.	Grow and enable our rating base.	Grow the rating base through economic activity without the need to trigger additional costly capital works projects or grow Council's infrastructure footprint without care.

#### Key direction: Keep rates as affordable as practicable

Managing affordability in the context of uncertainty, the infrastructural challenges Council is facing, and the region's comparatively low income levels and high social deprivation scores is incredibly complex.

We know the community wants to maintain our current levels of service and in areas enhance or improve the levels that we currently provide. We balance this with doing the things that we must (regulatory functions and statutory compliance), and looking after our assets.

Critical infrastructure and essential Planning have been prioritised for delivery. Other capital projects, unless externally funded, will be delayed or deferred to prevent massive spikes in expenditure.

Total rates revenue increase will be set to a maximum of 6.5% plus growth<sup>4</sup> over years one to three, and drop back to 5% plus growth from year four. Going back to 5% in the later years of this LTP aligns with our commitment to the community in 2018 to cap our rates revenue at 5%, while recognising that we have a significant number of major projects to deliver over years one to three.

Council do not forecast using the rates revenue limit to its maximum potential. This gives us some flexibility if we decide to do more in some areas (such as biodiversity), want to build up reserves for resilience or emergency funding, want to repay debt faster or be able to respond in the face of future uncertainty.

<sup>&</sup>lt;sup>4</sup>"Plus Growth" refers to growth in the number of rateable properties. It is assumed 0.5% growth (per annum) will occur throughout the LTP.



#### Forecast total rates revenue 2021-2031

We also anticipate growth in the rating base over the life of this long term plan, which will enable Council to increase overall revenue without further increases to the rating limit. Council also aim to increase our other sources of revenue (a key direction of this Strategy) in order to offset the cost impact of operational activities on rates.

#### Key direction: Focus on critical activities and infrastructure

Council intends to focus on delivering and maintaining essential services and infrastructure at levels that are appropriate to meet community needs and expectations about how we do business.

The critical infrastructure projects being funded through this LTP are:

- Waste Water Treatment Plant significant second tranche of capital investment to upgrade the treatment of wastewater to include disinfection, and progress land-based disposal options.
- Fast tracking delivery of the Waipaoa River Flood Control Climate Change Resilience project to take into account climate change impacts and provide greater protection to the community.
- Waingake restoration project which will protect the main water supply pipeline and enhance biodiversity and cultural values.

The critical activities funded through this LTP are:

- Where we have secured external grants, we will deliver key community facilities in line with our community facilities strategy
- Debt funding forward looking plans that increase our regional resilience, livability and environmental outcomes (freshwater planning and Tairāwhiti Resource Management Plan review).
- Investing in activity areas such as resource consents, to increase the capacity of our service, and improve organizational compliance,
- Investing in how we plan for and anticipate climate change, both through climate specific planning and research, and at an operational level in activity areas where investment in climate change adaptation and mitigation actions can occur now (such as energy efficient technology and transport, waste reducing activities, restoration projects).
- Working in partnership with lwi and Hapū and enhancing lwi and Hapū participation in decision making so that the best outcomes are achieved for our rohe (region), taiao (natural environment) and future generations.

The graph below provides a high level breakdown of capital investment, particularly the investment split between infrastructure and other debt funded activities.



Forecast Capital Investment

Renewals funded to maintain our critical infrastructure through this LTP are:

- Continuing to renew our roading network (similar to our 2018-2028 LTP)
- Increasing the rate of renewals for waste water, storm water and drinking water infrastructure over years one to three.

Not all renewals can be delivered within the financial limits. Our approach for this LTP has been to prioritise expenditure on maintaining and renewing existing assets before creating new ones to target our resources on building resilience, and only pursuing delivery of noncritical projects where an external commitment to fund the work exists.

#### Key direction: Increase and optimise the use of alternative revenue streams

Council uses a variety of mechanisms to fund our operational and capital activity and continues to explore new ways of funding the critical things Tairāwhiti requires.

In the last three years from 2018 to 2021, we have been successful in securing \$74.6m more in alternative revenue than forecast within the 2018-2028 LTP. For this LTP, central government will contribute \$40m as part of COVID-19 stimulus to enable the redevelopment of our Olympic pool complex.

As we progress through this LTP, we will continue to seek sources of funding to facilitate what we do. But for the here and now, the Financial Strategy only recognises the funds that have been secured and how that contributes to the work that has been prioritised with the funds we have.

The graph below shows the proportions of revenue sources averaged across the life of the LTP. Rates are an important form of revenue for Council making up 60% of our total funding. The alternative sources of revenue are critical to help fund our activities. They also lessen any financial burden placed on ratepayers.

We have forecast future revenue from these non-rates sources but are not anticipating significant increases in this over the next 10 years. However, we will focus on making maximum use of them before we look to rates to fund our activities.

#### Forecast proportion of revenue sources



#### Revenue streams

While Council aims to increase all revenue, including rates, we also aim to target revenue from grants and subsidies and increase dividends from investment. The greater the contribution from these other sources of funding, the less Council needs to collect in rates in order to fund its activities and finance its infrastructure investments.

#### Grants and subsidies revenue streams

Most of Council's grants and subsides come from Waka Kotahi New Zealand Transport Agency for maintenance and renewals of our local roads.

During this LTP, the financial assistance rate from Waka Kotahi reduces, meaning that Council will need to make up the difference in either more rates, or use more of reserves or debt, to fund the shortfall.

The other significant grant funding is from Central Government with \$40m going towards the redevelopment of the pool.

#### Funding Streams from Gisborne Holding Limited (GHL) and Trust Tairāwhiti

Council's main source of investment is Gisborne Holdings Limited (GHL), a Council Controlled Trading Organisation (CCTO). Dividends are used to smooth the impacts of rates or to facilitate the repayment of capital investment projects. During the first 5 years of the LTP, higher dividends will be used to offset the higher operating costs, but are forecast to revert back to lower dividend returns in the last five years of the plan.

Receiving higher dividends that normal within the first few years of the plan, may mean that there is reduced ability for GHL to do more capital investments. This is a balance between the affordability issues today, against growth and investment opportunities that may benefit future ratepayers. The lower dividend forecasts for the last five years of the plan, is enable GHL greater opportunities to them grow and plan for their capital investment.

Trust Tairāwhiti, the community's regional development trust, will be crucial to help meet funding investments challenge for Council. The LTP needs to provide clarity about the best us of funds and Council investments and seek firm commitment of the funding. Predictable and stable revenue is critical.

#### Other Revenue

Other non-rates revenue includes fees and charges and development contributions. Refer to the key direction "Ensure beneficiaries of services pay the costs", for further details.

#### Strategic Partnerships

In the longer term, Council will need to think beyond conventional ways of funding activities and look at leveraging community partnerships to deliver a wide range of community services.

Council will review how our services are currently delivered and how they can be provided in the most efficient and effective way. This includes review services of our CCTO, of the Council Group as a whole, how we interconnect and how we can work in partnership more even more effectively for our region. Potential opportunities include:

- Partnering more with Iwi and Trust Tairāwhiti, looking to maximise community benefit through shared outcomes and collaboration
- Reviewing options for our commercial arrangements
- Investigating and implementing other service delivery models
- Partnering more with community groups.

#### Key Direction: Ensure beneficiaries of services pay the costs

Council aims to ensure those who benefit from services and infrastructure that Council provides pay the costs associated with the provision of those services and infrastructure. We use a variety of tools to make this happen.

Council services are funded in a variety of different ways including:

- Rates
- Fees and Charges
- Depreciation Reserves
- Development Contributions.

#### Rates

Councils uses the following rating tools to decide who pays when rates are the most appropriate funding mechanism:

- General rates. These pay for our activities which the community requires and has available to them, but there is no specific person or property that benefits. How much you pay depends on the capital value of your property.
- Uniform annual general charge (UAGC). This also pays for activities that everyone benefits from. Every ratepayer pays the same amount, no matter where you live in Tairāwhiti.
- **Targeted rates.** This form of rate is used where an activity benefits an easily identifiable group of ratepayers (such as the commercial or residential sectors) and where it is appropriate that only this group be targeted to pay for some or all of a particular service. For example, sewage disposal and water supply for the Te Karaka community.

How Council applies these rating tools will impact on the incidence of rates across the district.

#### Fees and charges

Council's preference is to recover costs when a service can be directly linked to the user or beneficiary, through user fees and charges. It includes people or groups who use certain Council services, such as our swimming pool. In these instances, an identifiable benefit exists to clearly identifiable people and/or groups and they are required to pay for all or part of the cost of using that service.

Captured by our Fees and Charges policy, these are reviewed regularly and adjusted for inflation and any increase in cost to deliver services being accessed.

#### Growth

Council aims to ensure that activities that stimulate the need for infrastructure growth, (particularly where this is an extension of Council's infrastructure footprint), bears the cost of that growth. Depreciation reserves for the most part, will not be used to fund new growth related infrastructure as existing ratepayers should not be paying for growth related infrastructure.

This Strategy identifies and directs Council activities to ensure users and those who benefit from Council activities and infrastructure pay for them. This is particularly applicable to industry, and existing targeted levies/user charges will either be maintained or new levies introduced over the life of this LTP as part of offsetting our reliance on rates revenue to provide those services.

#### **Investment Returns**

Our Investment Policy sets out how Council plans to manage its investment portfolios to optimise investment value and returns in the medium to long term, while balancing risk and return considerations. Our approach to managing investment risk includes ensuring a mix of investments and regular monitoring of our Council-Controlled Trading Organisation (CCTO), Gisborne Holdings Limited (GHL) of which Council is the 100% shareholder.

#### **Development Contributions**

Our Development Contributions Policy outlines our approach to development contributions, which provide an alternative funding source for capital projects. This means our 'up front' investment into infrastructure projects that will enable growth will be accurately offset by contributions from developers.

We forecast that about \$18m of capital projects in the 2021-2031 LTP may be funded through development contributions.

#### Other Opportunities

Council will review how it charges for services either through the current rating system, or through use of levies where a different form of charging maybe more appropriate. This includes looking at other ways of collecting the roading wear and tear costs caused by different sectors, including how we apportion costs to forestry.

The current rating system captures costs attributable to the sector as a whole for the damage cause on our roads but it doesn't take into account who is individually doing the damage and how that individual receives its income. By looking at alternative mechanisms that capture the costs when harvesting occurs aligns better to the "beneficiaries of services pay", as well as aligning to affordability, as the costs charged to the user follows when harvest income is received.

#### Key Direction: Manage debt prudently

Council will prudently manage debt over the course of the LTP. Debt levels are currently low relative to the value of the asset base and the organisation's ability to generate income streams. Borrowing generally occurs to support the capital program. However, debt has also been used in

this plan to smooth some of the steep operational costs that are forecast to occur as part of additional Freshwater planning and reviewing the Tairāwhiti Resource Management Plan.

Rather than impose a significant rates increase in any one year, these costs have been added to debt but will be paid back within the useful life of the plan; that is within ten years. This follows the premise that the cost of the plan is spread over the life of the plan, paid for by all the users of the plan.

Council anticipates raising debt limits from 100% (or peak of \$105m) to 130% of net debt<sup>5</sup> to revenue. We anticipate our borrowing will peak in year five of the LTP, to fund key projects such as wastewater and flood protection infrastructure.

Our ability to raise debt is not dependent on our Financial Strategy limit of 130% of revenue. Council's ability to borrow is determined from external sources, such as Local Government Funding Agency (LGFA), where Council's limit is 175% of revenue. While this 175% allows additional capacity to borrow it has not been factored into any funding of capital projects, and it remains an additional buffer for Council in the case of unforeseen emergencies.

The graph below shows our debt limit, and our forecast total debt or borrowings per annum. It illustrates the gap, or 'buffer' between forecast net debt and our debt limit. This provides us with 'room to move' should our regional context change unexpectedly in the future (for instance, needing to take on more debt in the face of significant emergency repairs and maintenance from natural hazards).



#### Forecast Debt Levels

To ensure sustainable financial management when considering what level of debt to take on Council takes to following into account:

- Possible impacts to levels of service (LoS)
- Deferred maintenance- particularly whether it will cost us more in the future, to defer what we could complete today.
- Intergenerational equity. Intergenerational equity requires that each generation that benefits from an investment should contribute to the cost of that investment. Debt is one way we

<sup>&</sup>lt;sup>5</sup> Net debt is defined as financial liabilities less financial assets (excluding trade and over receivables) and less lease debt arising from CCTO arrangements

smooth the cost of construction over the generations that will make use of, or benefit from, the service.

- Our ability to ensure borrowings are undertaken efficiently and within set limits
- The long term sustainability of Council and the activities debt would fund.
- Our ability to service and repay any borrowings.
- We also manage debt within the constraints of our financial management policies (including investment, liability management and Revenue and Financing).

#### Being prudent, Council forecast repaying debt as soon as possible

At the end of the first year of the 2021-2031 LTP, debt is forecast to be \$109m. While debt peaks at \$151m in the middle of the ten years, we are forecast to return \$126m by the end of the plan.

Paying off debt as early as possible reduces our regional vulnerability to external or unexpected financial events. This means we have more capacity to borrow in the future in the event of natural disasters or other unplanned events. It also reduces the risk if interest rates rise more than forecast in this LTP.



#### Forecast reduction of debt over years 1-10

#### Council will actively manage interest rate risk

We acknowledge that while borrowing may be affordable today, Council must anticipate the risk of the current borrowing climate changing. The risk associated with interest rates increases is that we service the cost of loans through rates, so an unaffordable change in interest rates could mean a jump in rates.

Council assumes an interest rate of 3.4% over the life of this plan. The graph below shows the effect of interest rate changes on forecast rates revenue increases, and the forecast actual rates revenue per annum. The key risk associated with debt increase is the potential for interest rates to increase more than forecast. This would drive up operational costs of servicing loans and affect capital decisions and the financial feasibility of some projects. An increase of 1% would result in additional costs of about \$1m (year 1) to \$1.5m (year 6).

We limit debt levels by our ability to service loans and finance costs. We convert the uncertainty of floating interest rates into fixed rate borrowing, through forward rate agreements, interest rate swaps and interest rate options.



#### Effect of interest change on rates increases 2021-2031

#### Opportunities

Council will review the benefits of being credit rated. To date, Council's lower debt has meant the cost of becoming credit rated outweighed the benefits of marginally lower interest rates, and access to higher debt limits. There are now opportunites for extending Council's favourable lending facility to our CCTO. It also means Council would have an even greater financial "buffer" to cope with any emergency events.

#### Key Direction: Grow and enable our rating base

Council aims to grow our rating base by supporting economic development activity and actively providing for the growth potential of our city, where we forecast most growth will be centred over the next 50 years. This includes:

- Ensuring long-term sustainable water sources for horticulture through the Managed Aquifer Recharge (MAR) Project and pursuing other sustainable water use and storage initiatives.
- Growing our tourism sector by working with Trust Tairāwhiti to develop and market a compelling regional brand, and new tourist offerings, to attract talent, capital and visitors to Tairāwhiti
- Ongoing investment in infrastructure to attract businesses to our rohe (region) and encourage our existing businesses to expand.
- Improving the resilience of our transport connections and upgrading our roading network through climate change adaptation actions to support freight movements with.
- Delivering new and up-to-date community infrastructure that improves the amenity and liveability of our place
- Identifying and delivering key infrastructure to support and provide for growth that is occurring and anticipated.
- Updating the Tairāwhiti Resource Management Plan to facilitate sustainable economic development while protecting the culture and values of Tairāwhiti.
- Working with iwi and hapū to support their aspirations and increase productivity of whenua Māori (Māori freehold land).
- Partnering with iwi and others to create more nature-based jobs our flagship project is the Waingake restoration programme.

# D. Financial Levers

#### **Our financial levers**

This Strategy aims to provide a balance between rates affordability, keeping council borrowings low, and delivering the activities and services our community expect in a fiscally responsible way.

We have three main financial levers to balance the work Council provides to community:

- the amount we spend
- how much debt we take on
- how much revenue we receive

The triangle represents the relationship between the three levers.

Changing one lever, such as increasing costs (expenditure) by providing new services will mean we need to either collect more revenue or use our reserves/debt to fund it. Conversely not investing in a capital project, will either reduce the need for more revenue or reduce the need to raise more debt.



#### **Total Expenditure**

Total expenditure for Council is what we spend on operational costs capital costs.

Expenditure is heavily dependent on the levels of service (how much we do) and the services and assets Council provides to the community. If Council does more – either because it must comply with new standards or because the community would like to see more – then costs will increase. Conversely, if Council reduces levels of service – either due to it no longer being needed or because it is no longer affordable or a priority to provide it to the level we did before, then costs associated with that service will decrease. This graph shows our forecast expenditure over the life of this Strategy, split between capital and operational spend.



Historically Council spends more on operational costs than capital projects. But for the first two years of this LTP our capital investment is higher. This is largely due to our commitment to redevelop the Olympic Pool complex and complete the Wastewater Treatment Plant Disinfection project. Operational costs include depreciation (wear and tear costs of our assets), employee costs and interest costs.

Council will review how our services are currently delivered, both in how they can be provided (either through partnership with Council, by other providers) and through reviewing the efficiency and effectiveness of our own activities.

In the future, our water service activities (including water supply, wastewater and stormwater) could be provided by a larger water provider outside of Council. This depends on the outcome of the Government's Three Waters reform programme. This creates an added level of complexity for Council, where the future of this asset is uncertain.

The Strategy has kept a forecast budget for our water infrastructure, to ensure we have available to us what is needed for the renewal and operation of the assets regardless of this potential uncertainty.

#### Revenue

Total funding forecast for 2021-2031 LTP is just under \$1.6 billion. Rates make up 51% with the rest coming from grants (21%), other revenue including user fees (13%), reserves (7%) loans (7%) and development contributions (1%).

Total expenditure is forecast to be around \$1.76 billion. The shortfall funding between revenue and expenditure relates to depreciation costs where rates are not collected to cover the full depreciation cost. Most of these "unfunded" depreciation costs relate to Council's roading assets, because we receive funding from Waka Kotahi NZ Transport Agency to help maintain and renew our local roads (so we don't have to collect rates to cover this future cost).

We have assumed that when roading assets are replaced in the future, funding from Waka Kotahi will be available at the same rate it is today (currently a 66% Financial Assisted Rate).

#### Total funding (operational & capital) 2021-2031



#### **Debt and Reserves**

Debt and reserves have an indirect relationship, as reserves reduce Council's overall need for external borrowing. Council only borrows for what is needed to meet cashflow requirements. We monitor the planning and the progress of our projects and only borrow what is required to fund them, and only when that funding is needed.

In order to minimise the amount of external borrowing, we lend internally between different reserves. By doing this, we minimise Council's overall interest costs. Reducing debt or increasing the amount of reserves can be done by:

- Reducing capital expenditure; or
- Increasing revenue (through rates or external sources).

This Strategy does both; it prioritises capital expenditure, and when there is not as much pressure on rates (as there is in the first three years), there is an acceleration of debt repayments. As reserves are used to repay debt, by separating rating for more debt repayments from Years 4-10, debt reduces as reserves increase.

#### **Depreciation Reserves**

There are two types of capital expenditure:

- Investment in renewal of existing assets once they reach the end of life e.g. existing roads
- Capital investments for new projects that are stimulated by growth and new needs e.g. the Waipaoa River Flood Control Climate Change Resilience project

Assets need to be maintained to maximise their useful lives and replaced to avoid asset failure. Provided assets are renewed when needed, they will continue to meet levels of service. As new infrastructure is built, Council starts to collect rates for depreciation. This goes towards future funding for the renewal of that infrastructure<sub>6</sub>.

During the 2021-2031 LTP, Council's capital renewal programme is set to increase from \$263m to \$297m over the life of the LTP.

<sup>6</sup> When Council builds new infrastructure from scratch due to growth this is funded through loans and development contributions

#### Capital renewals versus Depreciation

For the first three years of the LTP, we are doing some renewals at a faster rate than depreciation. The accelerated renewals are mostly within wastewater, flood protection and roading activities. We move at a slower rate renewal rate years 4 onwards, but overall we maintain a 98% rate of renewal to deprecation.

Overall LTP	Years 1-3	Years 1-6	
%			
98%	135%	109%	

Some areas of renewals are different to others, based on their condition, the remaining useful life, prioritisation of critical assets first, and balancing affordability. Affordability takes into account that we cannot do everything at the same accelerated rate for the course of the LTP and that we need to prioritise the critical assets first.



#### Relationship between renewals and depreciation 2021-2031

#### Balancing Reserves over time

Depreciation reserves are used to fund the capital renewals programme as well as principal loan repayments. Current reserves are at \$41.6 million. In the early years of the LTP, capital renewals and principal repayments for new infrastructure, will be more than depreciation. However, from Year 6 of the LTP the reserves build up again. By the end of the Plan, reserves build back up to \$35.7m.

This will be achieved by funding more depreciation (roading and wastewater) and rating for principal repayments separately. This Strategy suggests a long term view to building the health of the reserves. Council is unable to simultaneously complete capital works and replenish its financial reserves. This would require a further increase in rates revenue, more than what we have allowed for and negatively impacting on affordability to rate payers.

Over time Council will position itself so that funding for each activity is sufficient to fund debt repayments and to complete renewal work in the Asset Management Plans (AMP's).

#### Balancing Affordability against the increased costs of depreciation for new projects

In some cases, Council will not fund depreciation on certain assets. This includes situations where:

- The assets maybe not be replaced at the end of their useful life
- The portion of roading assets which will be funded from externally
- Where the portion of the asset has been funded in advance by capital rates
- Where the asset has been fully grant funded (e.g. Olympic Pool)

Also in the short term, there is a strategy to phase the fully funding of depreciation new projects when there is an issue of affordability. Both the Wastewater Treatment Plant Disinfection project and the pool redevelopment are completed around the same time, years 2 and 3.

The stepped increases arising from additional depreciation is just over \$1.4m in year 2. In order to reduce the impacts on rates and therefore affordability, depreciation is funded to the extent of meeting the principal repayments. Before the end of this LTP, depreciation for both the Wastewater and the pool redevelopment project will be fully funded.

#### **Balancing the Budget**

Council sets its operating income at a level to meet each year's operating expenditure. This ensures that there is access to enough funding to enable services to continue to be provided over the Plan.

However, there are some costs or services that Council have planned for, where this approach may not be practical or prudent to do so. Not all of Council's depreciation costs are funded. Waka Kotahi currently funds a significant portion of the subsidised roading network, and as such we do not rate for this portion of deprecation.

Similarly, it is deemed not prudent to raise rates as they occur to match the steep planning costs associated with the delivery of planning for freshwater and the Tairāwhiti Resource Management Plan. Rather, the approach has been to raise a loan over the life of two plans, in order to smooth the impacts to the ratepayer.

Over each year of the LTP, Council is forecasting a surplus. Most of the forecast surplus relates either to capital grants, where the additional funds will be used for capital projects and reducing the need for additional external borrowing.

# E. Strategic Links

This Strategy provides top down direction for – and is implemented through – a variety of policies, plans and actions taken by Council as outlined below:

#### Financial policies and their role:

Revenue and Financing Policy	This policy determines when debt and rates will be used as a funding source. This includes targeted rates for the cost of an activity or service that should be paid for by particular groups or particularly ratepayers who benefit from the activity or service.
Development Contributions Policy	This policy identifies growth-related infrastructure work as well as the charges that expect to be recovered from developers to support that work.
Investment Policy	Our Investment Policy looks at Council's mix of investments, management of risk where investment is concerned and our procedures for managing and reporting on investments.
Liability Management Policy	This policy covers debt repayment, credit exposure and provides policies for interest rate exposure and liquidity. It implements the judgements that our revenue and financing policy makes about intergenerational equity.
Remission Postponement and Penalty Policies	Remission policies are primarily used to address any inequities as a result of setting of the rates and provide assistance to those who are affected more than others.



# Te Rautaki Hanganga Infrastructure Strategy

How we will manage our infrastructure over the next 30 years



### Contents

Over	view of the Infrastructure Strategy	. 7
Navię	gating the Infrastructure Strategy	. 8
Secti	on 1:	. 9
What	guided development of the Infrastructure Strategy?	. 9
1.1	Purpose of the Infrastructure Strategy	. 9
1.2	Strategic direction - our priorities and community outcomes	. 9
1.3	What does Tairāwhiti look like now?	10
Our p	oopulation has grown faster than we expected in 2018	11
Expe	ctations have changed	11
Clima	ate change leadership	11
1.4	Our partnerships	11
1.5	Māori responsiveness	12
1.6	The current state of our infrastructure	12
Histor	у	13
Wher	e is our infrastructure?	13
The s	tate of our infrastructure	15
What	have we done since 2018?	15
How	our assets are valued	18
1.7	Links to other documents	19
1.8	What will our infrastructure look like in 30 years?	19
Meet	ing expectations - public health and environmental outcomes	19
Buildi	ng resilience and responding to climate change	20
Planr	ing and investing for a medium growth scenario	20
Section	on 2:	21
2.1	Our 5 key challenges	21
2.2	Our significant infrastructure issues	22
Key lı	nfrastructure issue 1	22
Te Ta	iao: meeting expectations	22
Wast	ewater	23
Storm	nwater	23
Solid	waste management	23
Gree	n Infrastructure	24
Key li	nfrastructure issue 2	27

Ngā Tikanga Āwhina Tāngata: delivering the services our community needs	27
Key infrastructure issue 3	29
Climate change will impact our infrastructure	29
Water supply	30
Urban stormwater	30
Wastewater	30
Roading	31
Land, Rivers and Coastal	31
Community Facilities	31
Key infrastructure issue 4	34
Building resilience: our infrastructure is vulnerable	34
Focus area: Critical assets	34
Water supply	35
Focus area: Flood Risk	35
Focus area: Roading	36
Key infrastructure issue 5	38
Growth: providing infrastructure that supports housing development	38
Greenfield development	39
Redevelopment of existing urban areas	39
Active Transport and access challenges	39
Development Capacity – Significant Capital Expenditure Decision – 2021	41
Key infrastructure issue 6	42
Supporting economic growth	42
Roading	43
Water security	43
Key Infrastructure issue 7	45
Affordability	45
Ageing infrastructure - keeping up with renewals is expensive	45
2.3 External Factors	48
Response to COVID-19	48
Three Waters reform programme	49
Changing legislation and national direction	50
2.3.4 Technological Advancements	51
Section 3: Significant Infrastructure Decisions	52

3.1. Key decisions made as part of developing the 2021-2031 Long Term Plan and 2021 Reg Land Transport Plan	gional 52
3.2 Future significant infrastructure decisions	55
Section 4: Our Infrastructure Plan	57
4.1 Most likely scenario for managing our infrastructure	57
Responding to changing standards	57
Planning and forecasting beyond 2031	57
4.2 Overview of forecast expenditure	58
Capital expenditure	58
Paying for our infrastructure	60
Operating expenditure	61
4.3 Water supply infrastructure	62
Water treatment	63
Water storage	64
Water distribution	64
Waingake Transformation Programme	64
What do we plan to spend on our water supply assets?	64
Water Supply Climate Change Impact Statement	68
Water Supply - Significant Capital Expenditure Decision - 2021	68
Sustainable management of the Gisborne Water Supply	68
Water Supply – Future Significant Capital Expenditure Decision – 2030	69
Regional water security	69
4.4 Wastewater Infrastructure	69
Wastewater reticulation and pump stations	70
Wastewater treatment	70
What do we plan to spend on our wastewater assets?	71
Wastewater - Significant Capital Expenditure Decision – 2021	72
Improving our wastewater treatment and disposal	72
4.5 Urban Stormwater	73
Stormwater management	74
What do we plan to spend on our stormwater assets?	74
Stormwater Climate Change Impact Statement	76
Urban Stormwater – Future Significant Capital Expenditure Decision – 2024	77
Reducing the number of wastewater overflows	77
Urban Stormwater – Future Significant Capital Expenditure Decision – 2030	77
Meeting new standards for stormwater discharges	77
---	---------------
4.6 Land, Rivers and Coastal	77
What do we plan to spend on land drainage, flood protection, erosion management, an management?	d coastal 
Rivers and Land Drainage – Future Significant Capital Expenditure Decision – 2033	81
Adapting/Responding to Climate Change	81
Land, Rivers and Coastal Climate Change Impact Statement	81
4.7 Roads and footpaths	81
Role of Waka Kotahi and the Regional Land Transport Plan	82
What do we plan to spend on our roads and footpaths?	83
Roading and Footpaths - Significant Capital Expenditure Decision – 2021	85
What to invest and over how long to improve suitability of roads for heavy vehicles	85
Roading and Footpaths Climate Change Impact Statement	
4.8 Solid waste	
What do we plan to spend on solid waste?	87
Solid Waste Climate Change Impact Statement	
4.9 Community Facilities	
Recreation and amenity	90
Cultural activities	
What do we plan to spend on our community facilities?	91
Community Facilities Climate Change Impact Statement	
4.10 How we will look after our infrastructure assets?	
Delivering the Renewals Programme	
Three waters	
Land, rivers and coastal	
Roading	
Community Facilities	
Other renewal peaks – beyond the life of the 2021 Infrastructure Strategy	
Significant capital expenditure decision	
Replacing aging infrastructure - Decision Needed: Every 3 years	
Appendix 1:	
Overview of our infrastructure knowledge	
How do we assess the condition and performance of our infrastructure?	101
Roading and Footpaths	102
Land, Rivers and Coastal	102

Solid Waste	103
Community facilities	103
How good is our infrastructure information?	103
Levels of uncertainty and implications	104
Appendix 2	106
Assumptions about infrastructure management	106
Appendix 3	114
Assumptions about Levels of Service and Growth in Demand	114
Levels of Service	114
Growth	114
Water supply	115
Wastewater	116
Stormwater	117
Roading and Footpaths	118
Land, Rivers and Coastal	119
Solid Waste	119
Community Facilities - Recreation and Amenity	120
Community Facilities – Cultural Activities	121

# He Tirohanga Whānui o te Rautaki Hanganga

# Overview of the Infrastructure Strategy

This Infrastructure Strategy continues the journey we started in 2018. We are still focused on maintaining our existing infrastructure, building resilience, and delivering the services our communities and businesses expect. Nearly two thirds of forecast expenditure over the next 10 years is on renewing and replacing aging assets.

However, we do need to respond to changing expectations, higher population growth, and climate change. We also remain mindful of the ability of our ratepayers to fund our infrastructure and the impact of COVID-19 on the economy.

In this Strategy, we have committed to:

- Investing more in water demand initiatives from 2025 onwards, in response to climate change, growing population and increasing demand from users. This will enable an increased level of service.
- Installing UV disinfection at the wastewater treatment plant faster than planned and progressing land-based disposal of wastewater, so water quality and the mauri of Te Tūranganui-a-Kiwa (Poverty Bay) is improved, and levels of service are increased.
- Speeding up delivery of the Waipaoa River Flood Control Climate Change Resilience project to provide greater protection to our community and more resilience against floods and climate change, which safeguards both economic development and wellbeing. This will increase the current level of service.
- Investing more in walking and cycling to support community wellbeing and climate change mitigation. This includes support for the Taruheru and Uawa walking and cycleways, and development of a Tairāwhiti Walking and Cycling Network.
- Protecting our water supply, restoring cultural values, and enhancing biodiversity by progressing the Waingake Transformation programme.
- Building an Olympic pool that is fit for purpose for our community both now and for the future most of the project is funded through central government.
- Taking the time to properly plan and prepare for the future we will focus on our resource management plan, infrastructure planning to support housing supply, and climate change riskassessment, adaption, and mitigation planning over the next three years. This allows us to work with tangata whenua, stakeholders, and our communities to future-proof our infrastructure and support housing development and economic growth, whilst looking after Te Taiao (the environment).
- Taking a more proactive role in managing historic landfills and working with the Ministry for the Environment to progress a regional resource recovery service.

We have had to make some difficult choices about which projects we prioritise and fund to make sure we remain within our financial limits.

# Navigating the Infrastructure Strategy

Section   Wāhanga	Page	Content
Section 1 What guided development of the Infrastructure Strategy Wāhanga 1 He aha i arataki te whakawhanaketanga o te Rautaki Hanganga?	4	An overview of the current state of our infrastructure, progress and change since 2018, our partnerships, and where we expect to be in 30 years' time if we implement the strategy.
<ul><li>Section 2 Responding to the significant infrastructure issues</li><li>Wāhanga 2 Ngā whakautu ki ngā kaupapa hanganga tino hiranga</li></ul>	21	Information on the seven significant infrastructure issues and our intended responses.
<b>Section 3</b> Significant Infrastructure Decisions Wāhanga 3 Ngā whakatau hiranga o te hanganga	52	A summary of key capital expenditure decisions we have made, or expect to make, in the future.
<b>Section 4</b> Our infrastructure plan <b>Wāhanga 4</b> Tō Tātau Mahere Hanganga	57	Information on each asset group, what we intend to deliver, financial forecasts, and renewals.
Appendix 1 Infrastructure knowledge Āpitihanga 1 Tirohanga Whānui o tō tātau mōhiotanga o te hanganga	99	Technical information on the state of our assets.
Appendix 2 Assumptions about infrastructure management Āpitihanga 2 Ngā whakaaro mō te whakahaere hanganga	106	General assumptions relating to infrastructure management.
<ul> <li>Appendix 3 Assumptions about levels of service and growth in demand</li> <li>Āpitihanga 3 Ngā whakaaro mō ngā</li> <li>Ratonga Kōeketanga me te Whakarahinga</li> <li>Whakatipu</li> </ul>	114	What we have assumed about levels of service and growth for each asset group.

# Wāhanga 1:

# He aha i arataki te whakawhanaketanga o Te Rautaki Hanganga?

# Section 1:

# What guided development of the Infrastructure Strategy?

We prepare a new 30-year Infrastructure Strategy every three years to inform our LTP. Our Infrastructure Strategy covers:

- Water supply (including the Waingake restoration programme)
- Wastewater
- Urban stormwater
- Land, rivers and coastal (land drainage, flood control, and coastal protection works)
- Roads and footpaths
- Solid waste
- Community facilities (cultural activities, recreation and amenities)

# 1.1 Purpose of the Infrastructure Strategy

One of the primary purposes of local government is to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future. Provision of local infrastructure is an important way we support community well-being and enable economic growth.

The strategy brings infrastructure management issues to the attention of Council and its communities. The 30-year focus makes clear the longer-term issues facing Tairāwhiti and the consequences of investment and service level decisions.

The Infrastructure Strategy identifies:

- The current state of our infrastructure.
- Significant infrastructure issues for Gisborne District Council over the next 30 years.
- Principal options for managing these issues and our preferred option.
- The implications of the options in terms of rates and debt.
- Our 30-year plan for maintaining and improving the levels of service for our infrastructure and investing in new infrastructure.

### 1.2 Strategic direction – our priorities and community outcomes

A significant proportion of our expenditure is on infrastructure, so investment in infrastructure has a significant influence on how we achieve our strategic priorities and community outcomes.

Our three strategic priorities for the 2021-2031 Long Term Plan (2021 LTP) are:

- Te Taiao. We will protect and enhance our environment and biodiversity.
- Te Hanganga. We will invest in existing and future core infrastructure needs, with a focus on adaptive, cost efficient and effective designs that enhance our sense of place and lifestyle.

• Ngā Tikanga Āwhina Tāngata. We will efficiently deliver quality services that enable our communities.

As part of developing Tairāwhiti 2050 (the spatial plan for our region), we identified eight desired outcomes for Tairāwhiti. The eight outcomes are interrelated and equally important. These have been adopted as the community outcomes for the 2021 LTP.

To help deliver the community outcomes, we need to manage and invest in our infrastructure assets wisely and prioritise improvements to activities and services.



# 1.3 What does Tairāwhiti look like now?

# Tairāwhiti is on the brink of transformational change, new residents are buying and building homes and business is bringing new and expanded industry and offices.

Tairāwhiti has many cultural and natural assets. Our fertile soils and warm climate are the foundation for a strong agricultural and horticultural sector. Our rich bi-cultural and historical heritage and people provide a strong foundation for growth.

The Provincial Growth Fund (PGF) has provided the opportunity for capital investment in the region, including significant investment in our roading network. This investment is supported by, the updated Tairāwhiti Economic Action Plan 2019.

Areas of economic growth since the 2018 Infrastructure Strategy was adopted include:

- Wood processing the Prime Wood Cluster Centre of Excellence is a catalyst for growth in the wood processing sector. In 2020, Trust Tairāwhiti released a new investment memorandum focused on wood-processing opportunities in the region. Wood processing capacity at WET Gisborne Ltd is being progressively increased with assistance from the PGF (loan of \$12.1m).
- Expansion of tourism offerings including Navigate Tairāwhiti, which encompasses the Tupapa historic interpretations, inner harbour upgrade, Te Taumata o Titirangi (Titirangi summit redevelopment), Titirangi maunga restoration and Puhi Kai Iti (Cook Landing site sculpture and landscaping); Maunga Hikurangi experiences; Gisborne Rail Bike Adventure; Tatapouri Bay campsite redevelopment; and Ngā Taonga o Hinerupe marae experiences.
- Aerodrome Business Park development of the 18.5 hectare site was fast-tracked and completed in 2019. All sites have been sold and businesses started operating in 2020. Occupants include a helicopter operator, an earthworks business, two heavy machinery repair and maintenance firms, a fuel supplier, and a trucking venture.
- **Digital technology** expansion of Matai Lab (a research and medical imaging centre); Straker Group opened its Gisborne office in 2018.

 Primary production – significant expansion in commercial winter vegetable production and high-value crops such as apples, kiwifruit and persimmon grown on the Poverty Bay Flats; investment in Leaderbrand operations to allow year-round production and increase processing capacity; Hauiti blueberries – new blueberry farm development near Tolaga Bay. A Food and Beverage innovation strategy for Tairāwhiti is under development, intended to maximise value from primary production in the region.

#### Our population has grown faster than we expected in 2018

Population growth in Tairāwhiti has occurred at a higher rate than forecast in the 2018-2028 LTP. This increased growth, combined with other challenges such as climate change and community expectations around how we protect Te Taiao, mean we need to carefully, consider how we provide long-term sustainable infrastructure.

More information on the growth challenges facing Tairāwhiti and our intended response is included in section 2.

#### Expectations have changed

Central Government's expectations of local government have changed since 2018. A suite of new and updated policy direction relating to resource management and infrastructure delivery has been released and this impacts the way we manage and plan some of our infrastructure. We expect more active monitoring of our performance and more information sharing with central government agencies.

More change is coming, but we still need to keep delivering infrastructure services and planning for the future. More information on how we are responding to the expectations of Government and the community can be found in section 2.

#### Climate change leadership

Since 2018, we have resolved to take a leadership position on climate change. This commitment is reflected in Tairāwhiti Rau Tipu Rau Ora – COVID-19 Response and recovery Plan. A national climate change emergency was also declared in 2020. We now need to take a more active role in planning and preparing our infrastructure for climate change and reducing greenhouse gas emissions associated with building and operating our infrastructure.

### 1.4 Our partnerships

We cannot provide all of Tairāwhiti's infrastructure and community needs. We continually look for opportunities to partner with others to provide services and infrastructure. Key partners involved in the delivery or planning of infrastructure include:

- Trust Tairāwhiti
- Sport Gisborne Tairāwhiti
- Community and philanthropic organisations
- Iwi and hapū
- Developers
- Kāinga Ora
- Waka Kotahi (New Zealand Transport Agency)
- Other Government agencies

We consider potential partnership opportunities when we are prioritising what infrastructure investment decisions to progress.

### 1.5 Māori responsiveness

Over half of our population is Māori. Tangata whenua have a long historical settlement and connection to Tairāwhiti and an equally long-term role in the future planning and decision-making for the region. Our approach to working with Māori is set out in the document: Tairāwhiti Piritahi: Te Whakarite Whai-wāhitanga Māori ki ngā Whakataunga Kaunihera Fostering Māori Participation in Council Decision-Making.

We are committed to working with iwi and hapū to deliver effective and well-designed infrastructure solutions that include mātauranga Māori and Te Ao Māori and reflect the Māori identity of Tairāwhiti. Examples include:

- Co-management arrangements with mana whenua over reserves that have important cultural values, such as Titirangi and Kopututea.
- We are undertaking restoration of Waingake (Pamoa forest) in partnership with the Maraetaha Incorporation, supported by Ngai Tāmanuhiri. This will stabilise and protect the Waingake water supply pipeline and restore and protect biodiversity and cultural values.
- Working with Ngāti Oneone on the inner harbour upgrade to incorporate cultural design elements and tell their stories, including tukutuku patterning and paving, representing coastal headlands and settlement and a new waharoa (gateway).
- The KIWA group, which provides expert cultural advice, stakeholder liaison and technical support to development of our wastewater management programme, and reports to the Wastewater Management Committee. A recent example of the value of the KIWA group was their assistance with engagement with iwi and hapū in relation to the wastewater overflow consent application.
- Working with Ngai Tawhiri to ensure meaningful hapū input into the Olympic Pool redevelopment and the ongoing operation of the facility.
- Working with mana whenua to identify opportunities to incorporate historical and cultural references within new infrastructure.
- Including monitoring of cultural elements, and making monitoring relevant to kaihoe waka, shellfish gathering, and other Māori resource-use practices.
- Engaging with tohunga and other tangata whenua representatives around wāhi tapu and other important cultural sites, including archaeological sites.
- Integrating mauri and other tangata whenua cultural values into the Integrated Catchment Management Plans (due for completion in 2025).

### 1.6 The current state of our infrastructure

Our infrastructure includes core assets that provide a structural foundation for the community. These include:

- Network pipelines and fittings on the pipelines
- Treatment plants, pump stations, water supply dams and reservoirs
- Roads, footpaths, streetlights, and street signs
- Library and theatres
- Playing fields and sports grounds
- Stopbanks and erosion protection structures
- Landfills and waste transfer stations

Good quality infrastructure planning relies on good quality asset knowledge. We need to understand how our assets perform, understand the lifecycle costs and the risks associated with failure. Uncertainty about data for an asset can impact on our financial sustainability.

This section provides an introduction to our infrastructure and how we have implemented the decisions made in the 2018 Infrastructure Strategy and 2018 LTP. More detailed information on the current state of our infrastructure and the challenges we need to address is contained in the following sections:

- Section 2: Responding to the significant infrastructure issues
- Section 4: Our infrastructure plan

#### History

Gisborne District Council was created on 1 November 1989 as part of a round of local government amalgamations. The region includes the former authorities of the East Cape Catchment Board, Gisborne City, Waiapu County, Waikohu County, Cook County, the East Cape and 10 other boards and authorities.

A considerable amount of infrastructure development occurred early in the 20<sup>th</sup> century and between 1950 and 1980, meaning some of our assets are ageing or don't meet modern standards and expectations. Over the next 30 years, we will need to proactively replace and/or upgrade many assets.

More information on the challenges we face, and our response is included in section 2.

#### Where is our infrastructure?

Our roading extends throughout the region (excluding the state highways) and is largely located in the rural areas. We have nearly 2,000 km of road in total. Public transport and cycleways are found in the urban area, but we provide and maintain footpaths in rural and coastal townships.

Stormwater and waste management services are provided to the townships as well as the Gisborne urban area. Kerbside collection occurs in the Gisborne urban area, Makorori, Wainui, Poverty Bay Flats, and Ruatoria.

Community facilities are located throughout the district. Cultural buildings (library, theatres) are centred in the urban area, but services are extended to the wider community using digital tools. Recreation and amenity facilities are found across the Gisborne urban area and townships.

Reticulated water and wastewater services are provided to the urban area of Gisborne – the reticulation boundary is set out in the Urban Development Strategy 2015, Tairāwhiti 2050 and Tairāwhiti Resource Management Plan and shown in **figure 1**.

Figure 1: Reticulated services boundary



Reticulation of additional communities has been discussed in the past but not progressed. For example, provision of reticulated water and wastewater to Wainui was considered in 2007 but not adopted. In the 2018 Infrastructure Strategy, we agreed to revisit the question of reticulation in 2028 to allow for:

- Further research of demand and supply
- Assessment of the impact of water metering (if adopted)
- Assessment of the impact of reducing inflow/infiltration on wastewater capacity

More information on the growth challenges facing Tairāwhiti and our intended response is included in section 2.

#### The state of our infrastructure

According to the best information we have, our water, wastewater and stormwater assets have been maintained and are in variable condition, depending on age. On a network basis, we have not identified any significant gaps between the levels of service existing users expect from core water supply, wastewater and stormwater infrastructure and the levels of service we are able to deliver. However, there is growing concern regarding the frequency of wastewater overflows and the disposal of treated wastewater to rivers and the ocean. There is also concern regarding the safety and security of the water supply available to communities not connected to the municipal supply.

Over recent years, there has been significant investment via the Provincial Growth Fund in our roading network to meet industry needs and support regional economic development. These works include:

- Upgrading unsealed roads, drainage, culvert renewals and bridge repairs, sealed road repairs and asphalt upgrades
- Rakaiatane Road upgrade
- 50MAX bridge strengthening
- Emergency repairs
- Upgrades to high-value production routes used to transport freight

However, investment has still fallen short of what is, needed to maintain the entirety of the roading network to expected levels of service.

We also face some challenges maintaining the level of service the community expects from our recreation and amenity facilities, particularly our sporting facilities. Government has recently made a substantial investment in the Olympic Pool complex, and a Tairāwhiti Sports Facilities business case has been, developed in partnership with Sports Gisborne Tairāwhiti and Trust Tairāwhiti to support further external investment in Tairāwhiti.

Appendix 1 contains some more detail on the current state of our asset knowledge.

#### What have we done since 2018?

As part of the 2018 LTP, we made some important decisions about how we would manage our infrastructure. Table 1 summarises these decisions and our progress. This table includes major projects identified in the 2018 LTP and significant decisions listed in the 2018 Infrastructure Strategy and reflected in the 2018 LTP.

A major project is a project with a significant capital investment or community impact.

#### Table 1: What we said we would do in the 2018 Infrastructure Strategy and 2018-2028 LTP

Project	Key Decisions in 2018 Infrastructure Strategy	10-year costs in the 2018 LTP (excludes inflation)	Progress
Major Project: Drainwise A 10-30 year programme of works to improve the ageing wastewater network and increase the capacity of the stormwater network to reduce wastewater overflows. The programme also addresses flooding on private property, which is the main reason for wet weather sewage overflows.	Undertake additional jetting maintenance and surveillance to detect blockages in the wastewater network. Staged renewal of old wastewater pipes in the public network over 30 years. Emergency storage at pump stations was not prioritised. We will fully-fund upgrades and renewals to the Council-owned stormwater network, and we will contribute 40% of the estimated total cost of works to reduce flooding on private properties. Investment will be limited to properties that are the worst contributors. We will use a range of tools to encourage landowners to address flooding.	<ul> <li>\$4m additional operational expenditure.</li> <li>Over \$15m capital expenditure on renewal of old wastewater pipes.</li> <li>\$6m capital expenditure on private properties.</li> <li>\$8.4m capital expenditure on the public stormwater network.</li> </ul>	The Drainwise programme is progressing as planned. Work is prioritised by catchment. Additional capital expenditure has been requested in the 2021 LTP to increase emergency storage at pump stations and progress renewal of wastewater pipes faster than planned. See section 4.5. A consent application for wet and dry weather wastewater overflows was submitted in June 2020.
Major Project: Wastewater Management Our wastewater treatment plant was constructed in 2010. A condition of our resource consent requires us to implement further treatment, investigate options for alternative use and disposal, and to make every effort to meet cultural objectives to remove wastewater from the bay.	Phase One (clarification, solid removal and UV disinfection) will be implemented 2020-23. Phase two will be completed within 30 years and is not budgeted for in the 2018 LTP.	\$24m	In 2019, we agreed to bring forward Phase One to meet resource consent requirements and community expectations. Phase One is due for completion in 2022. We have more robust costing based on detailed design work, which has increased forecast expenditure to \$34.8m. Construction is due to start in March 2021. We intend to progress Phase 2 and will consult the community on how when this should occur as part of the 2021 LTP – see section 4.3 for more information.
Major Project: Waipaoa River Flood Control Climate Change Resilience project The project aims to increase the level of protection to a 1 in 100-year event (1% AEP), allowing for the effects of climate change out to 2090. This involves raising the stopbanks and increasing the width of the stopbanks to improve resilience against bank erosion.	Complete the flood control scheme by 2030.	\$16m over the next 10 years (plus another \$14m after 2028).	After the 2018 LTP was adopted, the design was amended to take into account updated information on climate change impacts. This increased the design height of some stopbanks to 2 metres (from 1 metre) and increased the cost of the project to \$33m. Work commenced in 2019. External funding from Government means this

Project	Key Decisions in 2018 Infrastructure Strategy	10-year costs in the 2018 LTP (excludes inflation)	Progress
Timeframe: Completion by 2030.			project can be accelerated. We will consult the community on how fast we progress this project as part of the 2021 LTP. See section 4.6 for more information.
Major project: Olympic Pool Upgrade Our Olympic Pool complex was built in 1974 and is showing its age. Extensive consultation was undertaken with the community on their preferred upgrades.	The preferred option was a fully enclosed indoor 50m pool, a learn-to-swim pool and spa zone, a new administration centre and changing rooms. The indoor component of the redevelopment is scheduled for years 1-3.	\$28.5m – delivery dependent on securing external funds. Our contribution is \$5.65m.	The Olympic Pool Complex Redevelopment has now secured external funding. Construction commenced in 2020 and is due for completion in 2023. The overall budget is \$46.1m. Our contribution is still \$5.65m.
Major project: Walking and Cycling Improving our cycle links and creating safe cycling routes are key priorities in developing our cycle network.	Complete the Wainui to CBD active transport link. No other major walking or cycling projects unless external funding is provided.	\$7.3m Taruheru walkway/cycleway – dependent on securing 100% external funding. \$1m minor improvements.	The Wainui cycleway extension was completed at the end of 2018. This work was fully funded by Waka Kotahi and central government. Construction on the new shared path extension from Kaiti School to the inner harbour will be completed in 2021. Early engagement on the 2021 LTP supported plans to extend the Taruheru river walkway/cycleway if external funding is available.
Major Project: Tairāwhiti Navigations Five projects delivered with tangata whenua and partner organisations to showcase our region's unique culture and heritage and support the sestercentennial commemorations in October 2019.	We agreed to deliver or support the following projects: Tupapa - Historical Interpretations, Inner Harbour revitalisation, Puhi Kai Iti - Cook Landing Site, Titirangi maunga Restoration, and Te Taumata o Titirangi - Titirangi Summit redevelopment.	\$3.9m plus external funding sought	The Inner harbour redevelopment, Tupapa and Puhi Kai Iti projects were completed in 2019. Substantial progress has been made on Titirangi maunga restoration and summit redevelopment. These are long-term projects we are progressing in partnership with Ngāti Oneone.
Water supply safety Implementing the Water Safety Plans developed in 2017.	Install 9,000 point of supply manifolds with check valves at residential connections to address backflow risk.	\$3.9m over seven years	We have installed over 3,000 backflow preventers. We plan to continue this programme.
	Install UV treatment to address protozoa risk in the Gisborne city water supply: • Waipaoa 2018/19 • Waingake 2022/23	\$1.2m	UV treatment and water softening installed at the Waipaoa plant in 2019. As part of the 2021 LTP, we propose to defer instalment of a UV system at the Waingake Plant until 2031.

Project	Key Decisions in 2018 Infrastructure Strategy	10-year costs in the 2018 LTP (excludes inflation)	Progress
Maintaining a resilient road network	An affordable renewals focus was approved for the roading network.	The renewals budget was increased to \$11.8m.	Increased budget was spent on renewals as planned, supplemented by investment via the PGF. Funding road maintenance remains a challenge. This is discussed further in section 4.10.
	Key resilience projects on rural roads including East Cape Road Bluff slopes stabilisation were included in years 1-3 of LTP.	\$2.5m but with NZTA subsidy.	A business case was required to access external funding. \$10m of Provincial Growth Fund investment was recently approved for repairs to East Cape Road.

#### How our assets are valued

In the Infrastructure Strategy we refer to:

- Replacement value how much it would cost to replace an asset 'as new' in today's dollars. This is, typically used for buildings and land.
- Depreciated Replacement Value how much it would cost to replace an asset if a deduction is made for wear and tear, and removal of any obsolete features or surplus capacity. This is used for assets like wastewater pipes and furniture.

The depreciated replacement value is less than or equal to the replacement value.

The value of the seven asset groups is shown in Table 2.

#### Table 2: Core infrastructure replacement costs at 30 June 2020

Asset	Replacement cost (\$m)	Depreciated replacement value (\$m)
Water Supply	\$213m	\$106m
Wastewater	\$172m	\$92m
Urban Stormwater	\$96m	\$59m
Land, rivers and coastal	\$63m	\$69m
Roading and footpaths	\$1,900m	\$1,650m
Community Facilities	\$93m	\$93m
Many assets are valued at market		
value because they are buildings		
Solid waste	-	\$2m
Total	\$2,537	\$2,071m

Roading assets have the highest value –80% (or nearly \$1.7b) of the total asset value. Over half the value of roading assets value is land, which is valued at \$900m.

The four water activities (water, wastewater, stormwater, rivers, and land drainage and flood control) comprise about 15% of the total asset value.

#### Figure 2: How the value of our assets is shared

How the value of our assets is shared



- Water Supply
- Wastewater
- Urban Stormwater
- Land, rivers, coastal
- Community Facilities
- Solid waste
- Roading and footpaths

#### 1.7 Links to other documents

The strategy should be read alongside the Council's Financial Strategy, which provides context and guidelines against which to consider Council's proposed expenditure. Detail about how Council intends to fund its activities can be found in the Revenue and Finance Policy. Another useful source of information is the Activity Summaries in the LTP.

#### 1.8 What will our infrastructure look like in 30 years?

This section summarises the most likely infrastructure scenario over the next 30 years if we successfully implement our intended responses to the significant issues set out in section 2, the capital expenditure decisions outlined in section 3 and manage our infrastructure as set out in section 4.

The key assumptions that underpin this scenario and our decision-making are set out in Appendices 2 and 3. These are referred to as significant forecasting assumptions and include assumptions about the life cycle of our significant infrastructure assets, climate change, growth and changes in levels of service.

#### Meeting expectations - public health and environmental outcomes

The impact our infrastructure has on environmental and cultural values has been minimised through existing renewals programmes and increased budgets to provide higher levels of treatment and protection.

Our water treatment plants continue to meet drinking water standards and are updated as required to meet any changes to these. Water use is sustainably managed so that restrictions on water use only occur in exceptional circumstances. A third water source has been identified and the capital works completed to allow abstraction and use.

Completion of the Drainwise programme and ongoing renewals of the stormwater network has removed most inflow and infiltration from our wastewater networks. Our aim is that wastewater overflows are not required, or only occur in very severe or unforeseen events.

The majority of treated wastewater is disposed to land (probably using wetlands) and made available for reuse by commercial users.

We have reduced the amount of waste going to landfill and a regional resource recovery centre is established and well-used by the community.

#### Building resilience and responding to climate change

We have a good understanding of our infrastructure assets most at risk due to climate change and are progressively implementing our Climate Change Adaption Plan – the Waipaoa River Flood Control Climate Change Resilience project is complete and other actions have been prioritised according to risk, community views and affordability. It is likely that this includes relocating or removing some assets.

We've also reduced emissions from our infrastructure by implementing our Climate Change Mitigation Plan and invested in region-wide active and shared transport networks to reduce reliance on single passenger vehicle trips.

Water security has been improved as a result of implementing several projects and initiatives, some of these have been in partnership with stakeholders and mana whenua. Highlights include:

- Waingake restoration means the catchment surrounding the main water pipeline is established native forest, and less vulnerable to erosion and landslips.
- Water demand management has reduced household consumption during peak times.
- Identification and development of a third water source.
- The Managed Aquifer Recharge project is operational and providing water to users.
- Recycled water is being used for irrigation and reducing the pressure on our rivers and groundwater.
- Provision of more secure drinking water supplies to several townships.

Central government investment has improved route security on key road corridors and upgraded parts of the road network to increase safety.

We are managing the backlog of deferred maintenance and renewals on the roading network, but due to affordability constraints we have prioritised expenditure to ensure we remain financially resilient. Resources have been targeted to building and maintaining resilience within the network. We have also developed and implemented actions to maintain safe access across the network at the lowest cost. If additional investment is not made during the life of the Infrastructure Strategy, we expect that some low-volume sealed roads will revert to unsealed, and more of the network may be subject to a recommendation to use four-wheel drive vehicles.

The community has a good understanding of the infrastructure assets which are most at risk from natural hazards and supports our approach to managing these risks. Managing risk includes a range of approaches from relocating or removing assets, to engineering works to provide protection.

#### Planning and investing for a medium growth scenario

We expect the population to grow to about 56,000 by 2051. We will enlarge and extend our infrastructure to respond to growth in localised areas in the short, medium and longer term. Specific decisions on where and how to increase existing capacity and add to the network will occur in 2024 following decisions on where and what type of new development is most appropriate under the updated Tairāwhiti Resource Management Plan.

We have implemented the Community Facilities Strategy in partnership with Trust Tairāwhiti and Sport Gisborne Tairāwhiti. This approach has attracted external investment and we have either completed or are making substantial progress on developing a new field sports hub, an indoor sporting and recreation hub, improved river sports facilities and a regional sports facility.

# Wāhanga 2: Ngā whakautu ki ngā kaupapa hanganga tino hiranga

# Section 2: Responding to the significant infrastructure issues

We have identified seven significant infrastructure issues, which are shown in figure 3 alongside our priorities for the 2021 LTP.

Figure 3: How the significant infrastructure issues align with our strategic priorities for the 2021-2031 LTP



#### Affordability of maintaining existing infrastructure and adding new assets

The significant infrastructure issues for Council and the principal options we intend to focus on to address these challenges are discussed in this section.

The key external factors that may impact infrastructure investment opportunities and timing are discussed in the External Factors section.

### 2.1 Ngā Mātātaki Matua e Rima Our 5 key challenges

Tairāwhiti 2050, the regional spatial plan for Tairāwhiti adopted in 2020, identifies five key challenges for Tairāwhiti. How we manage and provide infrastructure can help address these challenges. We have summarised these responses in Table 3.

<b>Tairāwhi</b> ti 2050 key challenges	Significant infrastructure	Our strategic priorities	Our response
Challenge 1 - Community resilience and sustainability	<ul> <li>Climate change</li> <li>Building resilience</li> </ul>	Te Hanganga	<ul> <li>Good asset management</li> <li>Climate change planning</li> <li>Waipaoa River Flood Control Climate Change Resilience project</li> <li>Roading projects - climate change and resilience focus</li> <li>Walking and cycling projects and planning</li> <li>Water demand management</li> </ul>
Challenge 2- Community prosperity	<ul> <li>Affordability</li> <li>Supporting economic development</li> </ul>	Ngā Tikanga Āwhina Tāngata	<ul> <li>Water demand management</li> <li>Supporting freight transport</li> <li>Olympic Pool complex redevelopment</li> </ul>
Challenge 3 - Meeting the needs and aspirations of Māori	<ul> <li>Supporting economic development</li> <li>Te Taiao: meeting expectations</li> </ul>	Ngā Tikanga Āwhina Tāngata	<ul> <li>Water demand management</li> <li>Waingake restoration</li> <li>WWTP upgrades</li> <li>Mortuary waste project</li> <li>Drainwise</li> <li>Solid waste projects</li> </ul>
Challenge 4 - Protecting what we value	Te Taiao: meeting     expectations	Te Taiao	<ul> <li>Waingake restoration</li> <li>WWTP upgrades</li> <li>Drainwise</li> <li>Solid waste projects</li> </ul>
Challenge 5 - Creating connected and safe communities	<ul> <li>Growth: Supporting housing development</li> <li>Delivering the services our community needs</li> </ul>	Te Hanganga	<ul> <li>Growth planning</li> <li>Water supply to townships</li> <li>Roading projects – safety and access focus</li> <li>Walking and cycling projects and planning</li> </ul>

#### Table 3: Summary of key challenges, significant infrastructure issues and our response

### 2.2 Our significant infrastructure issues

#### Key Infrastructure issue 1

#### Te Taiao: meeting expectations

Infrastructure activities have the potential to have an adverse effect on environmental and cultural values. Mana whenua, community and central government have clearly stated expectations regarding improved management of wastewater and stormwater discharges, solid waste, and freshwater allocation. In many cases there are new or tougher regulatory requirements. This means we may have to increase the current levels of service for some of our infrastructure activities.

We hold many resource consents that allow us to carry out current and future activities. Most consents need to be replaced before they expire to ensure ongoing compliance with the relevant regulatory requirements (particularly the freshwater provisions of the Tairāwhiti Resource Management Plan). We expect new consents will have more stringent requirements to reflect Government, mana whenua and community expectations.

Estimated costs associated with replacing resource consents have been included in the forecast expenditure where this is possible. In the case of solid waste management, stormwater, water supply and wastewater discharge consents we expect additional work will be needed to ensure we comply with new environmental standards.

#### Wastewater

The Gisborne wastewater treatment plant (WWTP) resource consent requires us to install wastewater disinfection, whilst also investigating alternative wastewater management systems that reduce or remove the wastewater discharged into the ocean.

Construction on upgrades to the WWTP to install a clarifier and UV disinfection are scheduled to start in 2021 (Stage 2). This will improve the quality of wastewater discharged via the outfall and increase the current level of service. Work is also progressing on alternate use and disposal of wastewater (AUD) and removal of mortuary wastewater from the WWTP (Stage 3). This is another project which will increase the current levels of service.

#### Stormwater

In heavy rain events, stormwater from private properties enters and overloads our wastewater network, which is then subject to overflows. These wastewater overflows have negative social and environmental impacts. A resource consent application for these overflows has been submitted (in accordance with the requirements of the Tairāwhiti Resource Management Plan).

#### Solid waste management

#### Waste minimisation

We committed to three region wide waste minimisation targets in 20181:

- 20% reduction in the total waste sent to Class1 landfills by 2024
- 40% decrease in organic waste by 2024 (kerbside collections)
- 20% increase in recycling by 2024

Our progress toward meeting the targets has been variable.

The total volume of waste collected and sent to landfill has decreased by 9% since 2018, but the average amount collected per resident is still higher than our target of 285 kg/annum. Commercial volumes have decreased significantly – nearly 20% less waste was collected since 2018.

The amount the community recycles has not increased since 2018 – this is partially due to restrictions on plastics that can be recycled and reduced recycling capacity during the COVID-19 lockdown period.

#### Landfill management

The majority of waste from Tairāwhiti is processed at the Gisborne Resource Recovery Transfer Station and transferred to a Class 1 landfill in Tirohia (near Paeroa, in the Waikato). There are resilience questions about transportation of waste to another district for long term disposal.

There is only one council-owned landfill disposal facility in Tairāwhiti - the Waiapu landfill in Ruatoria. This services East Coast communities. The Waiapu landfill consents expire in 2025 and its future

<sup>&</sup>lt;sup>1</sup> Gisborne District Council Waste Management and Minimisation Plan 2018-2024

operation is uncertain. A Waiapu Advisory Group has been formed and consultation underway to determine the best solution for the community.

Paokahu landfill closed in 2002. We manage the site, which is located on whenua Māori owned by Paokahu Trust. The trustees have been concerned for many years about the impact of the closed landfill on the environment and mauri of the surrounding waterways. We hold resource consents to manage the ongoing effects arising from the landfill on the environment. These expire in 2032.

There are eight other closed landfills sites around the region that were constructed before the Resource Management Act 1991 was in place and appropriate management standards were developed. Some of these closed landfills are vulnerable to erosion from rivers and the sea, which can uncover rubbish and result in contamination of the environment. The risk of erosion is increased due to climate change.

#### **Green Infrastructure**

The way we provide infrastructure can contribute to the protection and enhancement of our environment and biodiversity. For example, through use of Green infrastructure<sup>2</sup>. Green infrastructure can have many forms, such as:

- A widened and replanted stream bank that helps to manage floodwater.
- A permeable paved path that reduces the amount of stormwater entering the piped system.
- A row of street trees or a whole urban forest.
- A green roof or vertical wall.
- A rain garden.

Response	LTP Capital expenditure	Impact	2031 onwards
General Review the Engineering Code of Practice (CoP) to incorporate new regulatory requirements, updated climate change implications. To go Māgri	\$0.1m	Infrastructure is designed and constructed according to best practice and in a way that contributes to community outcomes. The review of the CoP can align with and feed into the TRMP review project.	
and promote use of green infrastructure and low impact design principles.		Mainly operational expenditure, but may be increased financial cost to council and developers	
Regenerate natural defences and treatment		with updated Code of Practice.	
systems (for example, dunes and wetlands).		Natural defences protect people and places and also contribute to other values (such as biodiversity, amenity and cultural values). Looking after these natural assets will enhance the level of protection from natural hazards. \$0.1m has been budgeted for dune	

Table 4: How we will manage our infrastructure to meet expectations – the most likely scenario and future considerations

• provide services to people and communities, such as stormwater or flood management or climate change adaptation.

<sup>&</sup>lt;sup>2</sup> Green Infrastructure is a natural or semi-natural area, feature or process, including engineered systems that mimic natural processes and:

<sup>•</sup> provide for aspects of ecosystem health or resilience, such as maintaining or improving the quality of water, air or soil, and habitats to promote biodiversity; and

Response	LTP Capital expenditure	Impact	2031 onwards
		restoration and management.	
Stormwater Drainwise - an ongoing programme of stormwater upgrades on public and private land Develop and implement Integrated Catchment Management Plans (ICMP).	\$9.7m	Continued implementation of the Drainwise programme will reduce inflow and infiltration of stormwater into the wastewater network. This will reduce wastewater overflows due to wet weather. \$4.3m capital expenditure is forecast for work on private property and \$5.4m will be spent upgrading the stormwater network in priority catchments. The first ICMPs will be completed by 2025. This will provide us with a better understanding of the impact of stormwater on water quality and we can start to prioritise and implement actions to improve water quality. There will implications for both capital and operating expenses. An initial budget of \$0.2m has been provided to progress improvements in the 2021 LTP	A wide range of stormwater treatment options could be identified through the ICMP, such as the replacement of piped infrastructure with swales and the installation of stormwater detention and treatment areas. A wide range of costs are possible, depending on the options identified. There may be future implications for both capital and operating expenses.
Wastewater Upgrade treatment of Gisborne City wastewater – solid removal and UV disinfection. Design (and subsequently implement) land-based disposal for Gisborne city wastewater – including wetland treatment. Removal of mortuary waste.	\$35m	Improved coastal water quality and restoration of mauri over time. Consent conditions met. Higher standard of treatment means reduced risk of health impacts. \$31.3m is included in the 2021 LTP to complete the treatment upgrade. Removal of mortuary waste from the WWTP is a precursor for progressing alternative use of treated wastewater. \$0.2m is forecast to progress this mahi.	Implement land-based disposal for Gisborne wastewater. The cost is likely to be \$10-\$20m. We expect to receive some external funding to support this innovative project.

Response	LTP Capital expenditure	Impact	2031 onwards
Progress land-based disposal of wastewater at Te Karaka WWTP.		Land-based disposal of wastewater is consistent with the cultural values of mana whenua. We intend to start the detailed design work for land-based disposal of Gisborne wastewater in year 9. \$2.6m has been budgeted for this preliminary work. About \$1m has been allocated to progress land-based disposal at Te Karaka.	
Solid waste Resource recovery network- Investigate and develop a region-wide resource recovery/social enterprise Closed landfill risk assessment and remediation project Paokahu closed landfill management Waiapu landfill – future management	\$1.3m Funding is available from the Ministry for the Environment (MfE) for exploring resource recovery options.	disposal at Te Karaka. An overall reduction in waste sent to landfill will have increased benefits to the environment. Reduced costs of waste disposal to land by increasing the diversion of waste to recycling. Also contributing to local economic development, and providing much needed employment and training opportunities for youth and those that are currently unemployed. No capital expenditure is currently budgeted to develop a region-wide resource recovery centre. Funding may be available from MfE via the Waste Minimisation Fund to support this response. Community engagement on the future of the Waiapu landfill will ensure the best option is selected. Money (\$0.5m) has been budgeted to provide for future works needed to deliver the chosen option. The closed landfill management work has a \$0.6m budget. This project will address potential risks from erosion and leachates. This is particularly important for landfills near waterways in an effort to minimise the risk of an issue such as Fox River. The Paokahu Landfill, which is acknowledged as having an environmental impact on the Awapuni lagoon waterways, will be a focus to minimise impacts and support tangata whenua aspirations for restoring the area for future generations. \$0.2m capital expenditure has been forecast.	There may be additional requirements arising from decisions made on the future of the Waiapu landfill, and once the Paokahu landfill consents expire in 2032.

Response	LTP Capital expenditure	Impact	2031 onwards
Water supply Waingake transformation programme	\$17.9m	Restoration of land that has cultural value and contributes to resilience of the water supply network (Waingake). Supports mana whenua in the exercise of their kaitiaki responsibilities and also creates training and job opportunities for rangatahi.	
Total investment	\$64m	Our infrastructure is delivered	in a way that protects and biodiversity

#### Key Infrastructure issue 2

#### Ngā Tikanga Āwhina Tāngata: delivering the services our community needs

#### Water supply

The majority of water used in areas outside the municipal supply is sourced from roof collection. The water quality of water sourced from roofs and stored by households is often poor due to biological contamination from wind-born organic matter and birds.

We know that there will be new and more stringent requirements for safe drinking water. Compliance with safe drinking water isn't a significant issue for the municipal water treatment and the city water supply, but there may be implications for community facilities that have water tanks or other sources of drinking water that do not come from the treated supply. We also expect that there will be requests from smaller townships for support to provide more secure drinking water.

#### **Community facilities**

Some of our community facilities are ageing and no longer fit for purpose. Many older community buildings require investment to address hazards such as asbestos or seismic risk, and to ensure they are fit-for-purpose for changing community needs. This is a particular issue for sports and recreation facilities.

#### Safer Roads

Narrow roads, limited alternatives and driver behaviours increase personal risk and contribute to unacceptable levels of death and serious injuries on our transport network. While our transport system has relatively low levels of total deaths and serious injuries (DSI) compared to other regions, it performs poorly in terms of DSI per capita.

Table 5: How we will manage our infrastructure to deliver the right services to our communities – the most likely scenario and future considerations

Response	LTP Capital expenditure (\$m)	Impact	2031 onwards
Sports and recreation facilities Implement the 30-year Communities Facilities Strategy via a two-phase programme, and in partnership with Trust Tairāwhiti and Sport Gisborne Tairāwhiti. A Tairāwhiti Sports Facilities Business Case has been developed with input from the Tairāwhiti Sports Collective. This will be used to support requests for external funding.	\$3.9m	This phased approach will address short- term functional projects (\$0.4m has been budgeted for sportsground upgrades and renewals) and a long-term aspirational project (phase 2). Seed funding of \$3.5m has been budgeted to help attract external investment. The network of sporting facilities is enhanced over time to meet community expectations and improve public indoor sports court facility availability. Investment supported by stakeholders and central Government. Progressive development programme over 10-15 years.	Whether to support the long- term aspirational project (phase 2) will be a future capital expenditure decision.
Major upgrade to the Olympic Pool Complex	\$44.5m	Upgrades largely funded by central government. Significantly improved functionality resulting in an improved recreation experience and improved water safety. Community participation rates are likely to rise.	
<ul> <li>Road safety interventions</li> <li>High-risk intersections</li> <li>High-risk rural roads</li> <li>School safety improvements</li> <li>Street light upgrade to LED</li> <li>Road safety interventions for walking and cycling</li> </ul>	\$4.3m	Low cost/low-risk safety improvement projects will continue across the district. Works are targeted to high-risk locations.	Additional improvements to the network to improve walking and cycling safety and promote a modal shift in the transport system (less reliance on cars).

Response	LTP Capital expenditure (\$m)	Impact	2031 onwards
Water supply upgrades to reduce the risk of contamination – backflow prevention. Improving water supply for Ruatoria and Muriwai.	\$6.1m	The planned backflow prevention project has a budget of \$2.8m. It will reduce the risk of contamination of the Gisborne municipal water supply and meet water safety requirements. Government funding is being used to improve drinking water supply options for households in Muriwai and	Additional uv treatment at Waingake water treatment plant pushed out to 2031. Compliance with drinking water standards can be met in the interim, but greater use of Waipaoa water treatment plant may be required, which has higher operational costs.
		Ruatoria.	
Total investment	\$59m	We deliver quality communities healt	services that help keep our hy and safe.

# Key infrastructure issue 3

### Climate change will impact our infrastructure

Climate change will impact how we plan and manage all our infrastructure activities. Regional hazard assessments indicate that over the next century Tairāwhiti can expect sea levels to rise, more droughts, more intense storms, less rainfall and increased wind. Some infrastructure will need upgrading to cope with more extreme weather events, and require repairs or replacement following more intense storms and further investment may be required in stopbanks to protect communities and productive land. This will have ongoing cost implications for both capital and operational expenditure and in some situations, the viability of infrastructure may be threatened.

How we design, build and operate our infrastructure can support climate change mitigation and adaptation. For example, some construction methods have a larger carbon footprint than others and where we locate new infrastructure can affect how vulnerable it is to climate change impacts. One of our priorities is to invest in infrastructure that is able to adapt to change.

The first national climate change risk assessment<sup>3</sup> will inform development of a national adaptation plan, which will be released by August 2022. Nationally, the risk to infrastructure is relatively high, particularly the risk relating to water supply, buildings, landfills, and wastewater and stormwater systems. The risk to potable water supply is the top-rated risk (in terms of urgency to act). We expect that the national adaptation plan will focus on the highest rated risks, and we will need to demonstrate how we are managing risks to our infrastructure.

<sup>&</sup>lt;sup>3</sup> Released in August 2020

#### Water supply

Climate change is expected to result in higher temperatures and more hot days. Rainfall patterns will also change – we expect it to become drier in spring and summer and wetter in autumn and winter. This means there will be increased demand for water in the hotter months to irrigate land and for domestic use, but less water available in waterways.

Te Arai River and the wider Waipaoa catchment are already under considerable water allocation pressure. The lack of secure and stable water supplies for our rural settlements and industry on the Poverty Bay Flats constrains economic development and community health. Climate change and further development will increase the demand for freshwater and place more pressure on our waterways.

The existing authorisation to take water from Te Arai River for the municipal water supply expires in 2026. This authorisation was granted prior to the Resource Management Act. A new consent for the Te Arai water take is likely to be subject to more stringent regulatory measures. Managing the impact of these requirements on our ability to operate the water supply service requires careful planning.

Investment in our water supply infrastructure has been forecast based on the assumption that improved demand management will become increasingly important from 2026 to address climate change, resilience, residential growth and to meet expectations regarding freshwater management.

We intend to continue with the approach outlined in the 2018 Infrastructure Strategy:

- Use of education campaigns and water restrictions ongoing
- Use of Waipaoa Treatment plant for base supply implemented, increased operational cost of about \$100,000 a year
- Increasing flows to the city (a decision for the 2021 LTP see section 4.3.)
- Reinstate and/or upgrade the Sang Dam (a decision for the 2021 LTP see section 4.3)
- Introduction of residential water metering (a decision for the 2021 LTP see section 4.3)
- Additional water source (a future project)

#### **Urban stormwater**

Climate change is likely to reduce the level of service (that is the effectiveness) of stormwater and drainage infrastructure due to the possibility of increased intensity storms and because raising sea levels will raise ground water levels and decrease hydraulic gradients. In the future, the frequency of storm events and damage to the network could potentially increase with climate change. Sea water may also flow up pipes and leak onto parks and roads.

#### Wastewater

We expect that climate change will lead to more intense and prolonged droughts. This can reduce the flow of wastewater through the network and increase the concentration of ammonia and other contaminants. This could mean:

- More blocked pipes
- Corrosion and leaks
- Less effective treatment of wastewater
- Safety issues for maintenance staff

Changes to rainfall may also lead to more wastewater overflows if more stormwater enters the wastewater system in heavy rainfall events.

#### Roading

Coastal roads will also become more vulnerable as the rising sea level drives shoreline retreats and increases the risk of coastal flooding. We also expect more land erosion and slips due to changing rainfall patterns; this is likely to have greater impacts on rural roads, with poor geology.

Hotter temperatures (25°C and over) are likely to make roads 'melt' more often and increase maintenance costs. This occurs when the bitumen below the chipseal melts and rises to the road surface.

#### Land, Rivers and Coastal

Climate change will increase the risk posed by coastal hazards, which include erosion, inundation and flooding. This will impact infrastructure, buildings and the natural environment.

Climate change may reduce the levels of service currently provided by our river and drainage schemes. We may need to undertake maintenance and renewals more often, upgrade assets or build new protection structures. The demand for protection and adaptation work, whether hard or soft protection or managed retreat, is expected to increase. Funding these actions is a growing issue for Tairāwhiti and nationally.

We made changes to the Waipaoa River Flood Control Scheme upgrade in 2019 to better address climate change impacts. This included increasing the design height of the stopbank to 2 metres in some places (the earlier design height was up to 1 metre) and other improvements to address geotechnical issues, seepage and improve flood-gate design. These changes increased the cost of the project compared to the 2018 LTP and 2018 Infrastructure Strategy projections.

#### **Community Facilities**

We are responsible for a wide range of community facilities. Significant climate change issues for these assets include:

- Current coastal erosion becoming worse and new erosion sites developing, which could damage community facilities such as playgrounds, walkways carparks, and sports fields.
- Storm surge, coastal flooding and higher groundwater levels making reserves and facilities unsafe for use due to boggy ground or surface ponding.
- Saltwater intrusion leading to turf and vegetation decline.
- Buildings may become unsuitable for use over time.

We expect we will need more shade and shelters in outdoor community spaces as temperatures increase. We also expect changes to the type and distribution of pest species and diseases. This will put additional pressure on our green spaces and street trees, which are already affected by weeds and pests.

Table 6: How we will manage our infrastructure to respond to climate change – the most likely scenario and future considerations

Response	LTP Capital Expenditure (\$m)	Impact	2013 onwards
<ul> <li>Climate change regional risk assessment and adaptation planning</li> <li>In years 1-3, our focus will be on research and planning, actions taken will include:</li> <li>A Climate Change Risk Assessment for the region.</li> <li>Development of a regional adaptation plan for climate change.</li> <li>Across years 4-10, the focus will be on adaptation plan implementation, including:</li> <li>Participating in national climate change programmes.</li> <li>Incorporating Climate Change impacts into infrastructure planning and design.</li> <li>Progressing climate change adaptation projects.</li> </ul>	Operational expenditure in the first instance.	More robust climate change planning will help us identify where and what infrastructure is most vulnerable to cumulative climate change impacts and enable investment to be targeted to highest risk infrastructure. This will reduce the risk of maladaptation to climate change and increase the resilience of infrastructure. Robust planning ensures investment decisions are evidence based and future proofed as far as possible. Investment in research and development of a policy response to climate change also supports collaboration with mana whanau and significant stakeholders and development of an integrated climate response for our rohe. We expect that capital investment in a regional adaptation response to climate change will be an important consideration for the 2024 LTP and Infrastructure Strategy. Participating in national programmes will ensure we are able to compare nationally the extent and value of local government owned infrastructure exposed to sea level rise.	Future capital expenditure could include upgrading, relocating, or removing some infrastructure. New climate change adaptation projects implemented on a priority basis as funding becomes available. Some new projects may occur earlier than 2031.
<ul> <li>Climate change mitigation planning</li> <li>Over the next three years our focus will be on developing a regional and/or organisational climate change mitigation plan.</li> <li>In years 4-10, we will focus on implementation of mitigation plan actions such as:</li> <li>Urban form and transport planning supports alternatives to car-use (cycling and walkway projects are identified under Issue 5).</li> <li>Incorporating climate change mitigation into infrastructure planning and design.</li> </ul>	Operational expenditure in the first instance	Urban form and transport planning supports reductions in private vehicle travel and average trip length, which in turn reduces carbon emissions. Development of a climate change mitigation plan, and associated guidance, will enable asset managers to consider the carbon footprint of activities such as construction and reduce emissions associated with infrastructure construction and operation.	Future capital expenditure could include projects that support decarbonising Council operations.
<ul><li>Land, rivers, coastal</li><li>Upgrade the Waipaoa flood control scheme to</li></ul>	\$33.6m	The Waipaoa flood protection scheme protects over \$1 billion of assets. The	Potential upgrades to other protection schemes to take into account impacts of

Response	LTP Capital Expenditure (\$m)	Impact	2013 onwards
<ul> <li>take into account the impacts of climate change on performance.</li> <li>Regenerate natural defences and treatment systems (for example, dunes and wetlands).</li> </ul>		upgrades will provide increased flood protection to the Poverty Bay Flats that takes into account the impacts of climate change. We have allocated additional expenditure compared to the 2018 LT P in order to complete construction by 2030. Natural defences protect people and places and also contribute to other values (such as biodiversity, amenity and cultural values). Looking after these natural assets will enhance ability to adapt to climate change impacts.	climate change. Upgrading other flood and/or erosion protection schemes will provide greater protection to assets but may also have negative impacts on environmental or cultural values.
Community facilities Relocate assets from coastal margins and rationalise coastal accessways.	Primarily operational costs	Proactive relocation of coastal assets such as picnic tables, playgrounds, and public toilets to more appropriate long-term locations provides certainty for the community and limits the need for emergency works or damage to assets.	
<ul> <li>Water supply</li> <li>Water demand management</li> <li>Implement a suite of actions to manage increased demand on Gisborne City water supply sources. Over the next 10 years the focus will be on:</li> <li>Ongoing education and awareness raising.</li> <li>Use of water restrictions if necessary.</li> <li>Reinstating the Sang Dam storage capacity.</li> <li>Introduction of domestic water metering and potentially charging to reduce peak water use.</li> <li>In the longer term we intend to investigate and develop an alternative water source.</li> <li>We will also reduce Council's own business demands on water.</li> </ul>	\$4.5m	Planning for increased pressure on Gisborne City water supply sources, including as a result of climate change, means we are able to manage water supply so that supply continues to meet demand except in exceptional circumstances. Metering water use, with the option of charging on the basis of consumption, will change behaviour and reduce demand. We have budgeted \$2.5m to progress this initiative. Reinstating the Sang Dam increases resilience to cope with dry weather events and decreases the likelihood of water restrictions, which have economic impacts. It also reduces reliance on river water sources during low flows. The forecast cost is \$2m. A regional water security programme may be an action that arises from the regional risk assessment and associated planning.	Developing a new water source and associated storage may have significant environmental, social and cultural impacts but will also provide security of supply and meet future demand. In the future, a more comprehensive approach to water security that addresses townships and rural land uses has the potential for significant regional benefits.
Total investment	\$38m	We invest in existing and future focus on adapting to climate impact that our activities have	e infrastructure needs, with a change and mitigating the e on carbon emissions.

More detailed information on the climate change adaptation and mitigation actions we plan to undertake for each asset group can be found in section 4.

### Key infrastructure issue 4 Building resilience: our infrastructure is vulnerable

Resilience is the ability to cope with and recover from adverse events, for example, if a road slip takes out a critical water main to a township. We can make our assets more resilient by having in place a programme of proactive renewals and maintenance works, which means assets, are in good condition. Building resilience also means we are more able to adapt to the impacts of climate change.

Resilience is not just about hard infrastructure, but also social resilience, staff retention, resourcing, and succession planning to ensure Council has the skills and resources to respond to an event. This is a significant issue for Council as it is difficult to attract and retain skilled staff to ensure business continuity of core infrastructure.

Council is planning for improvements to infrastructure resilience in the event of natural hazards and during times of maintenance or repair to ensure business continuity for Council and its residents and businesses. The road network is vulnerable to closure during adverse events and a lack of alternative routes results in economic and social disruption. Similarly, Gisborne has limited water storage, and if impacted by an event, this could have significant consequences.

Our options for managing infrastructure resilience revolve around the level of risk that the community is willing to accept. High-risk options, such as doing nothing, do not represent good asset management practice. Although 'doing nothing' would not increase our costs in the short term it will result in a decline in the condition of our assets and the level of service provided and would increase the risk of failure of, or damage to, our assets. Doing nothing will almost certainly result in increasing costs, possibly significantly, in the longer term.

Improving the resilience of all our assets is a lower risk approach as it will limit the impact of shock and stresses when adverse events do hit, but this can be expensive in the short-term due to upfront costs.

#### Focus area: Critical assets

The failure or under-performance of critical infrastructure (such as a wastewater treatment plan) is more likely to have a significant financial, environment, cultural and social costs that failure of a small pipe. However, the likelihood of critical assets failing is usually low provided they are maintained.

In Tairāwhiti, our critical assets are:

- Arterial roads, primary collectors, inter-regional routes and access roads to critical community infrastructure (such as water treatment plants).
- Stormwater: large-diameter pipelines and major pump stations.
- Wastewater: wastewater treatment plants, major pump stations, and large-diameter pipelines.
- Water supply: Mangapoike dams, water treatment plants, major water pumping stations, water reservoirs, Waingake bulk water main and large-diameter pipelines.
- Waipaoa and Te Karaka stopbanks.

We are moving from an age-based renewal strategy to one based on condition and risk (asset criticality and probability of failure).

Our renewals programme prioritises high risk assets. We plan to renew critical assets with a short remaining useful life over the next 10 years and undertake condition assessments on critical assets with a longer estimated remaining life (for example, the Waingake water supply pipeline). Renewal programmes can be brought forward (or pushed out) depending on the result of the condition assessments.

More information on the condition of our infrastructure can be found in section 1.6 and Appendix 1.

#### Water supply

Most of the time, municipal water is readily available, and capacity is adequate to service our current and immediately foreseeable demands. However, we do experience issues during summertime droughts, when the amount of water available does not match peak demand.

The storage capacity of the Mangapoike water supply dams has been reduced by 5% due to slumping. There are no other major water storage arrangements in the region.

The current lack of storage reduces resilience to cope with dry weather events and increases the likelihood of water restrictions. It creates greater reliance on river water sources, for which there are competing uses and values. Regulatory changes, climate change and population growth will make it harder to meet demand from current core water supply sources.

Resilience could also be increased by renewing the trunk main network across the city.

Providing a second pipeline from Waingake water treatment plant to the city is not a feasible method to increase resilience due to the significant cost implications and high likelihood that the pipeline would be subject to the same natural hazards as the current pipeline.

#### Focus area: Flood Risk

Flooding is the most frequently experienced natural hazard in the region and the likelihood of a major flood occurring in any year is high. The other natural hazards occur less frequently but have the potential to cause significant adverse effects and pose a risk to people and property.

A comprehensive review of how we manage flood risk has been undertaken since 2018. This included assessment of:

- Council's critical flood protection infrastructure, concrete floodwalls, bridges and the Tauwhatanui detention dam.
- Waipaoa River Flood Control Scheme and climate change impacts.

The review of protection infrastructure found that:

- The Tauwhatanui Dam had reduced flood detention capacity of about 50% due to silt deposition.
- The overall condition of floodwalls in Ormond township is good. Upgrades are planned to raise and widen these stopbanks to take into account climate change impacts.
- The overall condition of Tikitiki floodwall is very good. Minor improvements were recommended to strengthen the floodwall.

The capacity of the Tauwhatanui Detention Dam was, reinstated and parts of the revetment on the Taruheru and Turanganui Rivers replaced in the 2020/21 financial year.

As mentioned under issue 2 climate change, we made changes to the Waipaoa River Flood Control Scheme upgrade in 2019 to address climate change impacts.

We also have development controls in the Tairāwhiti Resource Management Plan to direct where development can happen, in turn determining where infrastructure is required. We will be undertaking a major update of these development controls, which will consider flooding and other natural hazards.

#### Focus area: Roading

A lack of system redundancy and susceptibility of the network to damage due to unstable terrain and the impacts of natural hazards (and climate change) increases the risk of losing community connectivity and impacting the economy.

#### Table 7: How we will build resilience - the most likely scenario and future considerations

Response	LTP Capital Expenditure	Impact	2031 Onwards
Land, rivers and coastal Flood risk improvement and climate change adaptation plans: • Patutahi township • Ormond township Review level of service for Te Karaka for control scheme Maintain other protection infrastructure: • Taruheru River Improvement Scheme • Te Araroa Flood Control Scheme • River erosion control schemes • Wainui Beach coastal protection Also see Waipaoa River Flood Control Climate Change Resilience project (included under Issue 3).	\$3.6m (excludes Waipaoa stopbank upgrades)	Scheduled maintenance of protection scheme will ensure that the current Level of service and risk management is maintained. The planned upgrades (flood risk improvement plans) will provide increased flood protection to communities that takes into account the impacts of climate change.	Consider whether further upgrades to other protection schemes are needed to take into account impacts of climate change. Upgrading other protection schemes will provide greater protection to assets, but may also have negative impacts on social, environmental or cultural values. This is especially true in the coastal environment and areas of cultural significance.
Risk-based planning Second generation Tairāwhiti Resource Management Plan – natural hazard provisions. Asset Management - critical asset condition assessments. Business continuity planning (back-up plans in the event of failure or compromise). Resilience included in reviews of risk management frameworks.	Operational expenditure in the first instance.	Knowing which infrastructure is most important allows us to manage risk well. A structured condition assessment process will validate and refine assumptions about condition and useful lives. By identifying our critical infrastructure and its condition, we can invest in renewals where it is needed most and at the right level. This avoids over investing in renewing assets that have little consequence of failure. Events that may impact the ability of for each of the critical assets are identified and planned for to limit their high impact on the community.	

Response	LTP Capital Expenditure	Impact	2031 Onwards
Asset Management practices Renewals strategy and programme.	Operational expenditure in the first instance.	Capital cost associated with renewals programme, discussed in section 4.10.	
Continued improvements to Asset Management practices to reduce the risk of asset failure.		Asset renewal and maintenance forecasts are based on the current information about the condition and the	
Commissioning research on natural hazards and climate change.		expected remaining useful life of infrastructure assets. The accuracy of asset data	
Asset managers actively participate in CDEM Lifelines planning and activities.		has a direct impact on the accuracy of renewals and maintenance forecasts and uncertainties around these costings.	
<b>Roading response</b> Local roads Route Security project.	\$28m	Completing the high priority resilience projects that form the Route Security project and other improvements	
Road resilience and climate change adaptation programme.		included in the road resilience and climate change adaptation	
Waiapu resilience and climate change adaptation project.		emergency maintenance costs and the amount of road cautions and closures.	
East cape route security project.		This will contribute to delivering a more consistent level of service on the target road corridors and mean roads are better able to remain operational during and after natural	
		Security project (\$3.7m) and East cape route security project (\$10m) are fully funded from the National Land Transport Fund (NLTF). The resilience programme (\$7.3m) is funded by GDC and the NLTF.	
		The Waiapu project (\$6.9m budget) will provide more reliable access to the community north of Kaiinanga Hill, Ruatoria. This will improve social connectivity and assist economic development.	
		Additional expenditure would allow additional vulnerabilities in the roading network to be addressed; however, this would also mean a significant increase in the forecast budget which impacts on affordability (rates and debt).	

Response	LTP Capital Expenditure	Impact	2031 Onwards
Water supply Identify an alternative water storage for Gisborne.	Future capital expenditure decision	Potential to maintain water supply to Gisborne during a disaster or event. Also means we are better placed to adapt to the impacts of climate change on water supply. See Issue 3 Climate change.	Developing a new water source and associated storage may have significant environmental, social and cultural impacts but will also provide security of supply and meet future demand.
Funding emergency works Emergency roading repair fund.	Operational expenditure	Insurance is used where this is deemed to be the most cost-effective approach to provide financial resilience	
Prudent management of debt means we have capacity to borrow money for emergency works.		Some assets cannot be insured, such as roads. Operational budget of about \$2m is set aside for	
A range of insurance cover for assets.	-	emergency roading works. However, this is not always sufficient.	
Total investment	\$32m	Our response to resilience will service if an event should hap infrastructure to be identified minimise impacts on the com throughout the district. It also change adaptation response	help us to manage a level of open and enable critical and a response known to munity and access contributes to our climate e.

## Key infrastructure issue 5 Growth: providing infrastructure that supports housing development

The National Policy Statement for Urban Development 2020 requires us to provide sufficient capacity in our infrastructure networks to meet the diverse demands of our communities over the short, medium and long-term.

Gisborne city has experienced population growth since 2018 and the population is set to increase by over 6,000 in the next 30 years<sup>4</sup>. There is a shortage of about 400 houses<sup>5</sup> at the moment, and that is predicted to increase at current building rates. We also know that the houses that are being built are not meeting the needs of all parts of the community. Demand for smaller and more affordable dwellings is expected to increase<sup>6</sup>.

Increased population will mean higher peak stormwater and wastewater flows and contaminants to manage and increased demand for drinking water. We also need to make sure that people can get around the city and to schools, work and other destinations safely and in a way that supports our commitment to climate change mitigation.

There is a risk that infrastructure planning focuses on greenfield development because it involves new infrastructure. It is important that infrastructure capacity is provided to accommodate the projected increased housing density and housing preferences are monitored to ensure that any changes inform future planning.

<sup>&</sup>lt;sup>4</sup> Thomas Consulting Medium Growth Forecast.

<sup>&</sup>lt;sup>5</sup> Tairāwhiti Rau Tipu Rau Ora - COVID-19 Pandemic Response and Recovery Plan 2020

<sup>&</sup>lt;sup>6</sup> Environmental Scan 2020

#### Greenfield development

The reticulated services boundary established in 2013 means the location of new greenfield urban development is known. This means there is a high level of certainty about the location of new infrastructure to service greenfield growth. However, development cannot proceed until network infrastructure is provided.

Development goes in cycles and demand can vary according to a range of factors, many of which are out of Council's control. One factor we can control is the timing of new infrastructure. Having 'shovel-ready' land, where land is zoned, and network infrastructure is available can be a strong incentive for new development. This requires us to put infrastructure in place in advance of development, which comes at a cost.

While that cost is ultimately recovered at a later date (via rates or development contributions), there is a risk that we provide the infrastructure too early and face increased holding costs, or too late and discourage new development. Matching the capacity of new infrastructure with the likely activities that will occur in greenfield areas, particularly for new industrial development, can also be challenging. Oversizing infrastructure is inefficient, while undersizing means the city could miss development opportunities.

#### Redevelopment of existing urban areas

Tairāwhiti 2050 signals the community desire for more brownfield development; however, the capacity of network infrastructure (particurlarly wastewater) is already constraining the ability to provide more housing in some residential areas. This limits the ability to provide for affordable housing in close proximity to existing amenities and services and may also limit the development of business land.

The assumption is that over the next three-years, most new houses will be infill or brownfield developments in the existing urban area and the balance rural-lifestyle development. Significant development at Taruheru and other greenfield sites cannot proceed until new infrastructure is in place.

#### Active Transport and access challenges

Ongoing challenges of access and competing modes of transport make it difficult to provide sustainable and inclusive transport options.

We have made good progress with off-road walking and cycling facilities, including completion of the Wainui Stage 2 link in 2019 and generally have good footpath coverage. However, we need to consider how we treat and prioritise space for pedestrians and cyclists at pinch points, intersections and crossings within existing transport corridors, particularly as existing urban areas are intensified. Street design, way finding and planning need to allow for the space and safety needs of cyclists and pedestrians. Table 8: How we will manage our infrastructure to support housing development – the most likely scenario and future considerations

Response	LTP Capital expenditure (\$m)	Impact	2024 onwards
<ul> <li>Growth planning</li> <li>Have a clear strategic framework that directs where growth will occur and align infrastructure planning with this direction.</li> <li>Support redevelopment/upzoning by provision of infrastructure and corresponding changes to the TRMP (such as structure planning).</li> </ul>	Operational expenditure required.	Current RMA planning for growth is largely limited to the Taruheru Block. Proceeding with infrastructure projects in this area will provide additional development ready land; however, this will not be sufficient to meet medium- long term demand or the current demand for community housing.	A strong focus on growth planning in the first 1-2 years of the LTP (aligned with the TRMP review) will inform infrastructure decisions needed in the next LTP, such as actions needed to increase current infrastructure capacity and where/whether the reticulated network should be extended.
Taruheru growth projects – see <b>table 9</b> .	\$18m	Updated cost estimates indicate that the cost of providing development infrastructure at Taruheru may be significantly more than forecast for the 2018 LTP. This changes to the growth projects allow for increased construction costs, additional emergency storage in wastewater designs and new roading projects included for years 9 and 10.	
Other urban growth projects	\$5.6m	Increased capacity in the urban wastewater and stormwater network to provide for growth.	
Water supply Increasing water supply flow to Gisborne City.	\$1.8m	Increasing water supply flows will reduce the times when demand exceeds supply. Capital investment is needed at treatment plants to increase the volumes of treated water, plus an additional booster pump to increase flows into the city. This option best ensures the potential to service residential growth and any additional industry or new reticulated areas.	Whether and when to provide municipal water supply to additional communities, and implications for the current system, will be considered as part of the growth planning project.
Response	LTP Capital expenditure (\$m)	Impact	2024 onwards
---	-------------------------------	--	--
<ul> <li>Access projects - improving walking &amp; cycling options</li> <li>Childers Road widening</li> <li>Minor improvements</li> <li>Taruheru River Walking and Cycleway</li> <li>Uawa Walking and Cycleway</li> <li>Developing a Tairāwhiti Walking and Cycling Network Plan</li> </ul>	\$12m	Two new walking and cycleways will be created – Taruheru (total budget of \$7.4m) and Uawa (total budget of \$0.8m – this is operational expenditure). In addition, around \$0.5m a year (\$4.6m in total) is budgeted for minor improvements to the network to improve current walking and cycling routes. \$0.4m is included in the 2021 LTP to start Childers Road widening	Majority of Childers Road project expenditure (\$2.6m) is in year 11.
		About \$0.9m operational expenditure is budgeted to undertake development of a Tairāwhiti Walking and Cycling Network Plan. This will include detailed design plans and route prioritisation. These projects reduce reliance on the car as a means of transport. This reduces congestion and carbon emissions and offers	
		increased mobility for people who are unable or unwilling to drive a car. Significant contribution to city liveability scores. Health benefits associated	
		with increased use of active transport.	
Total investment	\$37m	Growth planning over the nex decision-making and budget meantime, we will progress inf Taruheru Block, improvements transport network and increas city.	t three years will inform for the 2024 LTP. In the rastructure development at to the existing active e water supply flows to the

# Development Capacity - Significant Capital Expenditure Decision - 2021

#### Providing infrastructure at Taruheru to support development of land for housing

The Taruheru Block is our largest area of undeveloped residential land. We use a structure plan and rules in the Tairāwhiti Resource Management Plan to help to coordinate infrastructure across multiple properties.

We plan to provide the infrastructure projects in Table 9 to support development of the block. These will be funded using development contributions and the national land transport fund (for roading projects).

Two roading projects have been completed and are not listed – Ruth Street capacity upgrade and the road link between Potae Avenue and Nelson Street. Some water and wastewater projects were not undertaken as quickly as forecast in the 2018 LTP because no large-scale development was planned or occurring. Due to the current demand for housing and corresponding increase in house prices, we expect this situation will change in the near future. In some instances, the costs have increased significantly compared to the 2018 LTP as we now have a better idea of the extent of work needed. For example, additional storage has been incorporated at pump stations to reduce the risk of wastewater overflows and new roading projects have been added to address anticipated access and efficiency issues at key intersections, as a result of additional traffic movements. In part, these roading projects are now affordable due to the availability of national land transport programme funding.

Projects		2021 LTP timeframes	2021 LTP costs
Roading & footpaths	Taruheru – improvements to surrounding area	Years 6-9	\$1,668,150
	New bridge - Nelson Road to Main Road (Makaraka)	Years 7-8	\$2,892,500
	New road link – Nelson to Main Road (Makaraka)	Years 7-8	\$1,619,800
	Cameron Road and other Taruheru Block links	Years 5-10	\$888,370
Wastewater	Campion Road pump station and rising main	Years 5-7	\$3,964,025
	Moss Road pump station and rising main	Years 6-7	\$1,420,430
	Cameron Road pump station and rising main	Years 7-8	\$1,372,774
Water	Staged programme of improvements including ring-maining around the block (year 5) and contribution to water reticulation network	Years 5-10	\$1,897,678
Stormwater	Stormwater infrastructure to be confirmed through structure plan	Years 2-3	\$1,087,443
Reserves	Taruheru Reserve improvements	Years 3-6	\$374,202
Reserves	Land purchases – Taruheru Block	Year 2	\$446,409
Total			About \$18m

#### Table 9: Capital Projects to support Taruheru Block Development

# Key infrastructure issue 6 Supporting economic growth

Our economy is, heavily structured around primary industry, which is sensitive to external factors such as the capability of the roading network, flooding and droughts and the availability of water resource.

Ongoing investment in core infrastructure (such as transport, water and wastewater) will be required to support economic growth and development, for example a significant increase in high-value tourism, domestic wood processing at Matawhero, honey processing or medicinal cannabis production.

**Example:** About 250 hectares of land zoned industrial at Matawhero is vacant or used for cropping. Trust Tairāwhiti is promoting investment in wood processing in the region and has identified Matawhero as a potential location for additional wood processing facilities.

Development of this land may place additional demands on our roading and three waters infrastructure and raise expectations with regard to flood management.

Conversely, land use change associated with development can impact our infrastructure and reduce the levels of service our residents and ratepayers expect.

Investment included in the 2021 LTP supports roading, active transport, township upgrades and water security. Other projects were considered but not funded in the 2021 LTP due to affordability

constraints. These are additional infrastructure projects to support CBD revitalisation, additional investment in community facilities to support development of an authentic East Coast road journey and expanding Tairāwhiti Navigations. Additional projects (such as CBD revitalisation) may be progressed, in consultation with the community, if external funding becomes available.

# Roading

Parts of the transport system are not meeting expected levels of service, which limits opportunities for improved economic and community connectivity. For example, 70 of the region's 101 bridges on roads used by forestry are not High Productivity Motor Vehicle (HPMV) capable. Strengthening these bridges is costly. It is also not affordable to maintain sealed roads on some parts of the network.

Forestry is the largest industry in Tairāwhiti and still growing. Projected volumes of forestry harvest in Tairāwhiti are still increasing, which will increase the number of heavy vehicle movements on the local road network.

A 2019 review of regional log availability (Forme Forest Industry Consultants, 2019) estimates that the total harvest will average about 3.50 – 3.90 million cubic metres per year between 2019 and 2028, providing infrastructure meets demands and there is a competitive market. Volumes are not expected to decrease until 2039-2043.

We face challenges around managing the impacts of forestry and logging, including the impact of heavy vehicles on local, often unsealed roads and conflict between vulnerable road users and heavy vehicles when freight routes pass through town centres.

## Water security

The availability and quality of water constrains our economic development. This is a particular issue for whenua Māori. Across the Turanga (Poverty Bay) flats, most water resources are over or fully allocated with little capacity for additional irrigation available. Demand for water for crop irrigation on the Poverty Bay Flats remains strong and is expected to increase. With climate change and increased demand, more frequent water restrictions are likely, which has implications for social well-being, industry and economy.

Table 10: How we will manage our infrastructure to support economic growth – the most likely scenario and future considerations

Response	LTP Capital expenditure (\$m)	Impact
<ul> <li>Develop a water security and resilience programme that considers:</li> <li>Current and projected water availability and demand</li> <li>Current and proposed water storage and water supply work</li> <li>Managed aquifer recharge</li> <li>Use of recycled water (treated wastewater)</li> <li>Freshwater planning and Te Mana o Te Wai</li> <li>Impacts of climate change</li> <li>Three waters reform (where relevant).</li> </ul>	Operational expenditure	Water security and resilience is fundamental to the economic future and productivity of the Poverty Bay Flats and beyond. The water security and resilience programme will consider the range of interconnected opportunities such as MAR and use of recycled water, changes to freshwater limits and allocation frameworks, water storage, development of whenua Maori, and land use change to high-water crops. Climate change implications will also be a key consideration.
<ul> <li>Investigating and implementing options to improve the availability of water for Irrigation and commercial use:</li> <li>Develop a tool kit resource to help businesses plan to invest in water-capture-and-reuse, or water-capture and-on-sell processes for non-potable purposes.</li> <li>Use of treated wastewater for irrigation.</li> </ul>	Operational expenditure	Developing a commercial use for wastewater treated to a high standard will alleviate pressure on current freshwater resources and provide a driver to reduce (or remove) wastewater discharges via the ocean outfall. This is consistent with the clearly stated views of mana whenua. Receipt of external funding will enable this project to be accelerated.
Targeted investment in transport upgrades to support industry, particularly freight movement – such as 50max bridge and culvert upgrades.	\$7.1m	Upgrading bridges to cater for heavier loads will reduce costs for the forestry industry and other sectors that rely on heavy vehicles to transport goods (such as agriculture and horticulture). The planned capital investment is 100% funded by central government via the PGF and National Land Transport Fund (NLTF), which limits impacts on ratepayers. Ongoing maintenance costs are funded by ratepayers and the NLTF. Forestry pays a higher differential than other users to account for the additional wear and tear caused by logging trucks using the roading network. This differential was increased in the 2021 Revenue and Financing Policy review.
Assess potential land use change and impacts on infrastructure as part of the review of the Tairāwhiti Resource Management Plan.	Operational expenditure	Ensure that the future impacts of zoning changes are considered and incorporated in asset management planning, as well as funding mechanisms to support upgrades to existing infrastructure.
Total investment		\$7m

# Key Infrastructure issue 7 Affordability

The infrastructure we own represents significant historic investment and a significant investment in the future. Providing infrastructure is our biggest area of activity. The majority of our funding is spent on planned infrastructure projects and programmes in order to meet agreed levels of service.

Our infrastructure is ageing, and we need to make significant investment in three waters (drinking water, wastewater and stormwater), land transport and other infrastructure during the next 30 years to manage the effects of climate change and other challenges and meet the expectations and needs of our communities.

Older assets may also no longer be fit for purpose - they may no longer meet the needs of users, provide for adaptation to climate change, be legislatively compliant or they may contain technology that is no longer supported. These older assets may not be easy to adapt to the changing future needs of the community – additional capacity and increased resilience cannot be simply added to most assets.

The upgrade or addition of new assets to improve resilience or to support growth in the region and other service level demands, will add further to our costs. Deferring or reducing expenditure on assets now, will increase our cost burden in the future and increase the risk of asset failure and shortening the life of the asset.

As Gisborne city grows and ages, there is an increasing amount of infrastructure to renew. The current generation must pay for the renewal of all previously established infrastructure. Future generations will pay for the renewal of all previously established infrastructure and any new infrastructure yet to be established.

The way we develop new infrastructure to support the growth of the city will affect the amount of renewals we face in the future. For example, brownfield redevelopment and making use of existing infrastructure by changing planning rules can be more efficient than new greenfield infrastructure and expanding existing networks.

The proportion of the population aged over 65 is projected to increase more rapidly than other age groups. This has an impact on affordability, as those on fixed incomes (such as retirees) are generally more impacted by rates increases. Although employment levels are increasing in Tairāwhiti, salaries remain lower than other regions and house prices have risen significantly, which impacts the ability of some residents to pay rates.

# Ageing infrastructure - keeping up with renewals is expensive

Some of the region's assets will reach the end of their forecast life during the term of this strategy. As an asset nears the end of its life, there is an increased chance of asset failure resulting in reduced levels of service. Costs tend to escalate towards the end of an asset's life, as repairs and maintenance activity increases to keep the asset in service.

Renewal or replacement of ageing assets is an issue for most asset groups; however, the renewals with the most significant financial impact during the term of this strategy are roading assets.

Despite increased expenditure on roading in the 2018 LTP and additional investment from central government via the PGF, investment has still fallen short of what is needed to maintain the entirety of the roading network to expected levels of service. About 80% of the proposed capital expenditure for roading and footpaths relates to maintaining the existing road network – primarily road renewals and pavement maintenance. However, if optimal asset amendment was adopted,

the estimated roading maintenance and renewal requirements would be about \$160 million more than has been included in the 2021-2031 LTP forecast (across capital and operational expenditure). This is not affordable for Council or Waka Kotahi.

More information on our approach to renewals is contained in section 4.10.

The key affordability pressures we face are:

- Roading network renewing assets and supporting economic growth.
- Upgrading ageing sports and recreation facilities.
- Urban infrastructure to support residential growth.
- Investment in the resilience of our asset groups and services, so that the region is better able to withstand and recover from major shocks and stresses and adapt to climate change.
- Upgrades to three waters infrastructure to meet current commitments, changing expectations and new requirements.

## Table 11: How we will manage our infrastructure within our financial limits - the most likely scenario

Response	Impact
<ul> <li>Financial Strategy</li> <li>Increasing the debt limit to 130% of revenue.</li> <li>Identify alternative funding sources available.</li> <li>The timing and scope of projects have been optimised.</li> </ul>	Increasing the current debt limit allows us to respond to expectations from central government and our communities by investing in renewals and upgrades to key infrastructure (such as wastewater), whilst keeping our liabilities at a financially prudent level.
	A broad spread of funding sources outside of rates and loans will enable us to maintain current levels of service delivery without unacceptable impacts on ratepayers.
	Optimising the timing of projects allows us to balance cost pressures, limit the rates increase, and maintain a healthy balance sheet.
<ul> <li>Service delivery</li> <li>Review levels of service and community feedback to identify whether Council is over delivering in any areas</li> </ul>	Changing service delivery, which could include a change in levels of service, can reduce operational costs and the capital costs associated with renewing infrastructure.
<ul> <li>Explore different forms of service delivery.</li> </ul>	Community consultation will be required before a decision to change any existing levels of service is made. This will ensure that potential impacts on residents and businesses are understood and taken into account.
<ul> <li>Partnerships</li> <li>Build stronger relationships with Waka Kotahi, Kāinga Ora and other agencies.</li> </ul>	Enables Waka Kotahi to understand the importance of the subsidy for the delivery of services and Council can better understand the allocation of subsidy process and signal potential impacts early on.
	Advocate to government for funding support for infrastructure to service growth and alternative funding sources.
	Ensure efficient delivery and joint funding opportunities.
<ul> <li>Asset management</li> <li>Continue to improve asset management planning</li> <li>Limit extension of infrastructure unless we are confident future generations can afford renewals</li> </ul>	Asset renewal and maintenance forecasts are based on the current information about the condition and the expected remaining useful life of infrastructure assets. The accuracy of asset data has a direct impact on the accuracy of renewals and maintenance forecasts and uncertainties around these costings.
	Significant work remains to capture information about some asset classes. Information on the condition of our asset base will improve over the life of the LTP, which will make our asset renewal and maintenance forecasts more robust.
<ul> <li>Roading</li> <li>Renewal budgets of \$12.5m to \$16.2m per year (on average \$14.0m per year). Roading network is maintained to similar levels to 2018-2028 LTP, including the cost of inflation to overall costs.</li> <li>Reprioritise investment so more is spent on road drainage and less on pavement renewals.</li> </ul>	The strategy for years 1-3 is to slow overall pavement deterioration and target resources at building and maintaining resilience within the network. Actions will be implemented to maintain safe access across the network at the lowest cost. Assets that are starting to deteriorate will have intervention strategies to increase pavement life expectancy and reduce whole of life costs. Ongoing monitoring of the network will be important to ensure intervention (repairs and renewal) occurs before assets fail, otherwise we will incur higher costs in the future.
	This approach reflects the significant PGF investment in the unsealed network and will improve overall road condition and increase the benefit return on investment over the long-term.
	In the long-term, the overall network condition will decrease in performance and there will be an increase in severity of pavement defects. In targeted sections, it will be increasingly viable to revert sealed section to un-sealed as the maintenance and renewal costs become increasingly unaffordable.
Three Waters Renewals budget reflects good asset management renewal practices (risk-based approach).	Sufficient budget is available to undertake the recommended renewals for Three Waters assets. Renewals are prioritised using a risk-based approach and we will increase our use of condition assessments. This will maintain the agreed level of service and provides some resilience.

Council's response to affordability will help it to deliver infrastructure and appropriate levels of service in a way that maximises alternative funding sources to deliver value to ratepayers. It will help Council to understand community priorities in the planning and funding of its infrastructure.

# 2.3 External Factors

There are external factors that will impact how we deliver infrastructure in the future. Although these factors are generally beyond our control, it is important we monitor and respond to changes to ensure our infrastructure plans take advantage of new opportunities and remain fit for purpose.

The external factors are:

- Climate change see discussion under key infrastructure issue 3
- COVID-19
- Three waters reform
- Other changes to legislation and national direction
- Macro-economic and global political factors that may affect input prices, migration and the availability of resources

# **Response to COVID-19**

Economic forecasts suggest that the Tairāwhiti economy will be relatively resilient to medium-long term impacts of COVID-19. However, in the short-term, there will be impacts on central and local government income (and ability to invest in infrastructure) and some ratepayers may find it harder to pay their rates.

Waka Kotahi has identified that maintaining safe and reliable transport connections to Eastland Port and to Hawke's Bay and Bay of Plenty will be critical to supporting the region's economic recovery.

Rau Tipu Rau Ora sets out the plan and actions to support Tairāwhiti as we recover from the effects of COVID-19. It draws on the community outcomes and aspirations articulated in Tairāwhiti 2050 and the economic aspirations and priorities in the Tairāwhiti Economic Action Plan, but also identifies some new priorities.

Key initiatives of direct relevance to the Infrastructure Strategy are:

- New and affordable homes develop a housing taskforce and programme to build 400 new and affordable homes in our region in conjunction with Kāinga Ora, local iwi, building suppliers and developers. This may have implications for infrastructure (particularly wastewater). In the first instance, we expect operational cost implications as staff time, will be needed to support and facilitate this programme and undertake the growth planning required to inform the TRMP review and infrastructure planning.
- Tourism focus whilst Council is not listed as a partner, the actions seeking to grow tourism along the East Coast may have future implications in terms of expectations regarding the services provided such as play-spaces, public conveniences, signage, streetscape/amenity, summer camping facilities and roading. This could have future operational and capital expenditure implications. We have included the following capital projects in the 2021 LTP: township upgrades (\$7m) and Tokomaru Wharf toilet (\$0.2m). Any new projects will require community consultation, and if there are financial implications these will be considered during future Annual Plan or LTP processes.
- Nature-based employment projects in partnership with iwi, conservation organisations and local agri-business. Our showcase piece is the revegetation project at Waingake, planned to

protect the city's water pipeline, but also creating jobs and stimulating the local economy. The capital investment planned for the 2021 LTP is just under \$18m.

• Water security – development of a regional water storage scheme and investment in three waters services for townships.

Government provided funding to two of our infrastructure projects via the COVID-19 Response and Recovery Fund:

- Olympic Pool Complex.
- Waipaoa River Flood Control Climate Change Resilience project.

Another \$11m has been provided through the Three Waters post-COVID-19 stimulus package. This funding will be spent on the following projects:

- \$7.5m towards the Wastewater Treatment Plant Upgrade.
- \$250k for developing the options for the water amalgamation and governance structures.
- \$3.3m option for implementation of water supply at Ruatoria physical works and Muriwai top-up supply.

### Three Waters reform programme

We are in the initial stages of the Three Waters reform programme. In July 2020, a standalone Crown entity Taumata Arowai was created to regulate drinking water and provide oversight and advice on wastewater and stormwater management. Taumata Arowai will not become fully operational until enactment of the Water Services Bill.

The initial focus of the Water Services Bill is on drinking water. Wastewater and stormwater functions will not come into effect until 2023. The Bill proposes to remove the reasonableness provisions in the Health Act, which means affordability will no longer be a reason for not undertaking work required to meet the Drinking Water Standards. A range of comprehensive regulatory tools is also being considered.

Water safety plans will need to transition into the new regime within the first year. Assuming the Bill is passed into law, our plans will need to be reviewed and updated by 30 June 2022.

Along with every other eligible council in New Zealand, we have signed up to the first stage of the Three Waters Reform programme that Government is progressing at pace. We signed a Memorandum of Understanding and a Delivery Plan has been approved by the Department of Internal Affairs. The first half of the stage one funding (\$5.5 million plus GST) has been received.

Given the current uncertainty, we have planned based on the status quo for the 2021 LTP and Infrastructure Strategy. We expect this will change for the 2024 LTP and Infrastructure Strategy.

An emerging issue is the extent to which our smaller rural and coastal communities are willing or able to pay for the increased costs associated with receiving an increased level of service, for example if we provide an augmented drinking water top-up service.

# Changing legislation and national direction

Legislative changes, National Policy Statements, National Environmental Standards, and changes to the rules in the Tairāwhiti Resource Management Plan may require significant changes to the way we plan, manage and fund our infrastructure. Proposals are currently being developed or considered by Government that may directly impact:

- Water supply
- Wastewater
- Stormwater
- Waste management

We are keeping a watching brief on legislative, policy and regulator change that impact on our core assets to ensure we understand and can plan for changes that impact on the way we deliver our infrastructure.

Council's response to legislation change will enable it to understand timing implications for change and prioritise its responses. It will enable Council to understand the potential impacts on asset and financial modelling and prioritise funding. It will ensure that Council identifies the critical components of its infrastructure networks and prioritises renewals. It will also enable Council to have strong relationships with key government departments and industry groups to ensure that it has the opportunity to communicate potential impacts on the district and identify alternative options to help inform legislative and policy direction.

#### Table 12: Summary of our response to legislative changes

Response	Impact
Plan and budget on the basis of increased costs to meet legislative change. Routinely review service delivery models.	Early financial modelling of potential cost scenarios will better enable Council to understand the potential impacts on rates and if necessary, identify alternative funding sources to manage these costs.
	Ensures renewals planning and budgets factor in in increased compliance costs.
	Enables early engagement with the community around costs and potential impacts on levels of service.
Manage relationships with key industry partners and government departments.	This will help Council to ensure up to date information is used to inform early planning. Relationships will better enable Council to ensure it is able to communicate potential impacts on the
	district and its ratepayers early on and help inform the development of legislation and policy as it relates to smaller rural councils.

# 2.3.4 Technological Advancements

Technology can have a large impact on the type and timing of infrastructure required. It can also be used, to help deliver services differently and alter what infrastructure is required.

Managing infrastructure systems in a smarter way could reduce the need to construct new assets in the face of increasing demand. Also, technology can increase the effective capacity of our infrastructure, reduce maintenance and operating costs and improve reliability and safety.

New technology may increase the demand for certain infrastructure, redefine how we use infrastructure, or even lead to an entirely new infrastructure system. This would need to be supported by an accessible and sustainable charging infrastructure system.

Council's planning for technological change is driven through:

• New technologies being incorporated into relevant Activity Management Plans as part of their 3-yearly review.

# Wāhanga 3: Ngā whakatau hiranga o te hanganga

# Section 3: Significant Infrastructure Decisions

We are only required to identify significant decisions about capital expenditure. However, we have taken a wider approach and listed decisions that may be significant for other reasons, such as the level of public interest or impacts on individuals or communities.

Section 1 describes our progress implementing the significant decisions we made as part of the 2018 LTP process.

We have also thought about future decisions we will need to make about the management of our infrastructure. We have identified a greater number of decisions in the short term than the long term because we become less confident the further we look into the future.

Information about the principal options and the scale of the capital costs is summarised. Refer to sections 2 and 4 for more information. The Regional Land Transport Plan (RLTP) contains more detail on the roading and footpath projects.

NLTF = National Land Transport Fund

PGF = Provincial Growth Fund

# 3.1. Key decisions made as part of developing the 2021-2031 Long Term Plan and 2021 Regional Land Transport Plan

Table 13: Decisions made as part of developing the 2021 Long Term Plan and 2021 Regional Land Transport Plan

Key Decision	Comment	Capital cost for 2021 LTP (10-year costs unless specified)	Significant Capital Investment Decision?
Roading and footpaths			
What to invest and over how long to improve suitability of roads for heavy vehicles.	This was addressed via the business cases prepared to access external funding. The majority of work is complete and was externally funded by the PGF and NLTF. Some 50max bridge and culvert upgrades are outstanding and will be funded by GDC and the NLTF.	\$7.1m Funded by GDC/NLTF	Yes
Road safety projects	Projects that contribute toward achieving Road to Zero including school safety projects, speed management implementation, and intersection improvements). LED street light upgrades.	\$9.2m Funded by GDC/NLTF	No, reflects central government priority

Key Decision	Comment Capital co 2021 LTP (10-year co		Significant Capital Investment Decision?
		uniess specified)	
Resilience and climate change adaptation projects	Route security projects Priority projects identified by Business Case.	\$3.7m funded by NLTF	No, but high public interest
	Waiapu resilience and climate change adaptation	\$6.9m funded by GDC/NLTF	No, but high public interest
	Resilience and climate change adaptation improvements	\$7.3m funded by GDC/NLTF	No, but high public interest
	East Cape route security project	\$10m funded by NLTF	No, but high public interest
Approach to renewals for the roading network	We have adopted a renewals budget that is similar to the 2018 LTP; however, investment is reprioritised so more is spent on road drainage and less on pavement renewals.	/e have adopted a renewals budget that is milar to the 2018 LTP; however, investment is prioritised so more is spent on road drainage nd less on pavement renewals.	
Access projects – improving walking & cycling options	Childers Road widening	\$3.0m (in years 10 and 11) Funded by GDC/NLTF	High public interest
	Minor improvements	\$4.6m Funded by GDC/NLTF	-
	Taruheru Cycleway project	\$7.4m Funded by GDC/NLTF	
	Uawa Cycleway project	\$0.8m Funded by GDC/NLTF	
	Tairāwhiti Walking and Cycling Network Plan	\$0.9m Funded by GDC/NLTF	
Wastewater			
What Te Karaka wastewater treatment and disposal option to progress.	A constructed wastewater wetland on land around the existing oxidation pond will be progressed from 2023.	\$1.0m* Funded by GDC	No
When to progress Stage 3 of the Gisborne WWTP upgrade	Progress a land-based disposal system (wetland) from 2028 onwards. Planned completion date is 2034.	\$2.6m Additional expenditure of \$20-30m required after 2031* Funded by GDC/external grants	Yes
Mortuary Drain Waste Field	Capital works to remove mortuary waste from the main wastewater stream will be progressed in 2022.	\$0.2m Funded by GDC	Not significant expenditure but of high significance to mana whenua.

\*Forecast budgets and will be refined and consulted on as part of future LTP processes, along with implications for operating expenses and rates

Key Decision	Comment		Significant Capital Investment Decision?
Water supply			
Whether to reinstate the Sang Dam to its original storage capacity/ increased capacity.	Reinstate original dam capacity in 2025-2027.	\$2.0m Funded by GDC	Yes
Whether to progress water metering and charging	Progress residential water metering from 2028. A decision on charging will be made in future LTP.	\$2.5m Funded by GDC	Yes
Other options to manage demand	Increase flows to the city by installing a new booster station.	\$1.8m Funded by GDC	Yes
When to install UV treatment at Waingake water treatment plant	UV treatment will be installed in year 11. Drinking water standards will be maintained in the interim – higher use of Waipaoa water may be required.	\$1.3m (in year 11) Funded by GDC	
Waingake Restoration project	Progressive programme of reversion of land in the water supply catchment to native forest, using managed reversion.	\$17.9m Funded by GDC/external grants	Yes
Stormwater			
Implementation of Integrated stormwater catchment plans.	Small budget to undertake capital works to improve water quality.	\$0.2m Funded by GDC	No, but water quality is of high importance to the community and mana whenua
Land, Rivers and Coastal			
Construction timeframe for the Waipaoa River Flood Control Scheme climate change resilience upgrades	Complete construction by 2030. This means that debt will increase during the 2021 LTP but remain within financial limits. This approach limits costs due to inflation.	\$33.6m Funded by GDC/COVID-19 recovery stimulus grant	Yes
Solid waste			
Historic landfill remediation	Budget to undertake remediation and protection works	\$0.6m Funded by GDC	No, but high interest to mana whenua and the community
Waiapu landfill	Landfill consents expire in 2025 – budget allowed to implement chosen option.	\$0.5m Funded by GDC	No, but high interest to mana whenua and the community. Consultation on the future of the facility is ongoing.
Paokahu closed landfill	Works to improve landfill management	\$0.1m Funded by GDC	No, but high significance to mana whenua
Housing development			
Growth projects at Taruheru Block	Infrastructure projects that support residential development of the Taruheru Block.	\$18m Funded by GDC/NLTF	Yes

# 3.2 Future significant infrastructure decisions

Table 14: Significant infrastructure decisions we expect to make in the future

Key Decision	Indicative Timeframe	Principal Options	Scale of capital costs	Significant Capital Investment Decision?
Council's involvement in the Managed Aquifer Recharge (MAR) Project	2024 LTP	Various options ranging from Council having a regulatory role, to Council designing, building, operating and regulating a MAR scheme.	\$1m to tens of \$m.	Yes
Development of the charging policy for metered water, in order to encourage a reduction in demand.	2024 LTP	Whether to charge; charge by volume; charge high users above allocated volume; and many other variations.	Operational cost of developing options for Council and community to consider	No
Further actions to reduce wastewater overflows	2024 LTP	Various options for consideration, which will be guided by outcome of the current resource consent process.	\$1m to tens of \$m.	Yes
Additional development infrastructure needed to support residential growth	2024 LTP	Various options for consideration: Increase existing capacity (interceptor upgrades, larger pipe, new or upgraded pump stations); extend the current network; timing and funding of growth-related projects.	Tens of \$m.	Yes
Review of Water and Sanitary Services. Services to be provided to support rural communities access safe and affordable water. Water and wastewater services to be provided to Wainui and Makaraka.	Year 7 (2027/2028)	Public water sources and reticulation schemes – various options for reticulation; education and information support; financial or management support for private systems. Options will be informed by the outcomes of the Three Waters reform programme.	Generally, tens of \$ thousands but with reticulation options costing up to tens of \$m for some communities.	Yes
Further actions to reduce the environmental impact of stormwater discharges	Year 11-21 (2031/2032)	Various treatment options possible.	\$1m to tens of \$m.	Yes

Key Decision	Indicative Timeframe	Principal Options	Scale of capital costs	Significant Capital Investment Decision?
Whether to progress capital upgrades to meet demand at peak times (increase water flows into the city /additional storage).	Years 8-22 (2028-2043)	Do nothing; water treatment plant and reticulation upgrades; additional reservoir.	\$10- 15m	Yes
Whether to progress an additional water source for the municipal water supply (with the potential for this also to be used for irrigation).	Years 21-25 (2042-2046)	Do nothing/delay; new dam; potential to combine with irrigation scheme.	Tens of \$m	Yes.
Whether to pursue additional capital works to protect communities from coastal hazards, particularly coastal flooding and tsunami.	Years 13-27 (2034-2048)	Do nothing; coastal flooding and tsunami barriers; evacuation structures.	Tens of \$m	Yes

# Wāhanga 4: Tō Tātau Mahere Hanganga

# Section 4: Our Infrastructure Plan

This section provides an overview of Council's infrastructure assets and how, we intend to manage them over the next 30 years.

# 4.1 Most likely scenario for managing our infrastructure

This strategy provides an overview of the most likely scenario for the management of our infrastructure. This scenario has been developed by:

- Including the funded capital and operating budget forecasts from the 2021-2031 LTP.
- Identifying projects through development of the LTP that are unable to fit within the financial provisions set by the Financial Strategy. These projects are assumed, to be required in the future and this is reflected in the Infrastructure Strategy.
- Using the significant forecasting assumptions contained in Appendix 2 of this strategy.
- Using the assumptions for levels of service, demand and renewals outlined in Appendix 3 of this strategy.
- The preferred options for the significant capital decisions summarised in section 3 of this strategy are included in the LTP budget (where applicable).
- The estimates are consistent with the most likely scenarios identified for each significant infrastructure issue.

The plans and forecasts for the first three years have the most detail and confidence as the greatest amount of planning has taken place. The investments identified in years four to ten are an outline and have a reasonable degree of confidence.

# Responding to changing standards

Recent experience and future forecasts indicate that costs associated with complying with required standards are sizeable and significantly more than inflation. This is particularly the case in relation to:

- Renewal of resource consents and compliance with TRMP and national resource management direction
- Drinking water standards
- Three waters reform

There are both capital and operating impacts from increasing compliance. The budget forecasts in the LTP and timing and scale of significant decisions in this Strategy have been, built on current legislation and known changes to standards that are expected. There has been no allowance for standards, that will change where there is currently no indication about the implications of the new standards.

# Planning and forecasting beyond 2031

The forecasts beyond 2031 (year 10) are indicative estimates and will be developed further as more information is obtained. There is a high likelihood that these estimates will change over time to reflect:

• Changes in assumed growth rates

- Changes to standards and compliance requirements
- New technologies and options for provision of infrastructure
- New models for the funding and delivery of infrastructure (these may include the Council not funding and/or owning infrastructure)
- Greater certainty about the nature and timing of the projects that are required
- Affordability and ability of Council and contractors to deliver the programme

We will consider the appropriate approach to funding and managing infrastructure as part of developing future LTP.

# 4.2 Overview of forecast expenditure

## Capital expenditure

Capital expenditure is what we spend on upgrading, renewing, or building new assets. The estimated requirement for capital investment over the next 30 years has been prepared and is shown in figures 4 and 5. How this investment affects current levels of service is shown in figure 5.

#### Figure 4: The captial expenditure we have forecast for each asset group for the next 10 years.



#### What we plan to spend on our infrastructure over the next 10 years (inflated)

The forecast expenditure is higher than historical expenditure, especially in the first two years. The most significant driver of this additional expenditure is the investment needed to redevelop the Olympic Pool complex and complete the Gisborne wastewater, treatment plant upgrade. The majority of the Olympic Pool project and some of the wastewater upgrade project, is being funded through COVID-19 recovery funding. Both these projects increase the levels of service we provide to the community.

Figure 5: The capital expenditure we have forecast for each asset group for from 2032 (year 11) onwards. We expect these will change in future LTP as we develop more detail on future capital projects and how much they will cost.



What we plan to spend on our infrastructure in years 11-30 (inflated)

Figure 6: Amount of captial expenditure forecast to be spent on maintaining or increasing the current level of service, or extending current services to new users (growth)



How what we plan to spend affects levels of service

Expenditure on three waters is higher than forecast in the 2018 LTP. This is because we have increased our renewals budget by about 12.5% to ensure we maintain the current level of service and address the developing backlog of renewals, which primarily relate to water and wastewater pipes.

As in previous years, a considerable investment is needed every year to maintain the existing roading network. We also plan to undertake further upgrades to bridges so they can be used by heavy vehicles. This work is funded by the national land transport fund.

In the 2032-2036 period there will be significant capital investment required. This is due to stage 3 of the Gisborne wastewater treatment plant upgrade, which will include land-based disposal and increase current levels of service.

The significant spike in 2042-2046 reflects the planned investment in planning, implementing and securing a third water supply source. This is to respond to growth in demand and the impacts of climate change. The timing and costs are subject to change following further investigation, assessment of options and consultation with mana whenua and the community. We will consult the community on how to fund the cost associated with such a significant project. It is likely costs will be spread over more than one financial year. We anticipate this consultation will be undertaken as part of developing the 2030 LTP, or earlier if the right information is available.

Where there is an increase in expenditure to provide for growth in years 2027-2030, there is also an increase in growth related revenue (through Development Contributions from developers and new ratepayers). This helps pay for growth and creates some additional capacity for borrowing.

## Paying for our infrastructure

Our Financial Strategy has been updated during development of the 2021-2031 LTP. The Financial Strategy has a 10-year horizon. It helps Council and the community understand the long-term financial impacts and sustainability of our budget and plans, and the impact on debt and rates.

We intend to fund our capital expenditure using a mix of debt, depreciation reserves, grants and subsidies, development contributions, the National Land Transport Fund (roading projects only) and revenue from harvesting plantation forest (Pamoa).



#### Figure 7: 2021-2031 LTP - sources of funding for capital expenditure on infrastructure.

Our current debt limit is 100% of revenue. Over the next three years, we will increase our maximum net-debt to revenue limit to 130%. This increase allows us to increase investment in core infrastructure which is needed to ensure we maintain our assets and meet community and Government expectations.

Debt is forecast to peak in 2026 (year 5 of the 2021 LTP) at \$143m. Infrastructure Strategy drivers for the higher level of debt are the Waipaoa River Flood Control Climate Change Resilience project and the Waingake Restoration project.

The estimated capital expenditure has been used to assess the potential effect on the Council's net-debt to revenue ratio and the financial strategy debt limit. This has been prepared using the following assumptions:

- Capital and operating expenditure in Years 1-10 is as included in the LTP.
- Net-debt is set at a limit of 130% (as in the LTP budget).
- Rates increases as in the LTP (up to 6.5% per year in Years 1-3 and up to 5% for seven years for existing ratepayers).



#### Figure 8: 2021-2031 LTP - forecast debt as a percentage of forecast revenue.

Beyond the next ten years, the financial estimates indicate that there will be increased demands for capital expenditure. This is driven by:

#### • Significant expenditure to provide for growth, particularly securing an additional water source.

- Significant expenditure to renew and upgrade ageing assets that are reaching the end of their useful life and meet more stringent standards.
- Allocation made for projects and programmes that have not been included in the 2021-31 LTP but are likely to be required in the future – these include installation of UV treatment at Waingake water treatment plant and progressing land disposal of wastewater from Gisborne WWTP.

## **Operating expenditure**

Operating expenditure is what we spend to keep our infrastructure activities and services running. This includes costs we have direct control over, such as staff costs, professional services and maintenance works, and other costs we cannot control, such as interest, overhead charges and depreciation. The estimated requirement for operating expenditure over the next 30 years has been prepared and is shown in figure 9.

The forecasts for the first ten years are from the 2021-2031 LTP and longer-term estimates have been based on applying inflation and estimated growth factors.

Figure 9: Annual projected operational expenditure for all infrastructure activities (inflated)



#### Expected infrastructure operating costs (inflated)

Overall, the forecast expenditure is similar to historical expenditure, but there is some variation across the asset groups. This is discussed under each asset group.

# 4.3 Water supply infrastructure

We are responsible for the treatment, storage, distribution and management of the city's water supply.

The Waingake and Waipaoa water treatment plants source water from Te Arai River, the Mangapoike Dams, and Waipaoa River and treat it to provide a high standard of drinking water. The treated water is pumped to reservoirs from where it is distributed through a network to meet the needs of residential and commercial/industrial properties in Gisborne City, Makaraka and Manutuke.

We also take water from shallow bores and use this to top-up the water supply for communities in Te Karaka and Whatatutu, which mainly use rainwater.

Our water supply system is made up of four treatment plants, six reservoirs and over 280km of associated pipe network. Overall water supply assets are either, in good condition or renewal is planned. The Waingake raw water pipeline was refurbished in 2019, and there is an ongoing renewal programme for other pipes nearing the end of their useful life – most of these are asbestos cement and cast-iron pipes. Slumping of part of the Sang Dam wall means it is only filled to 50% of its capacity. This reduces the combined capacity of the Mangapoike dams by about 5%.

Waingake (Pamoa Forest) is a strategic asset that allows us to provide greater security to the water supply by ensuring land use around the main water supply line is appropriate. The decision to replant up to 70% of the current planation forest in indigenous vegetation post-harvest has co-benefits for biodiversity, cultural and amenity values.

Water supply	Source	Treatment Plants	Length of reticulation	Service	Population served
Gisborne city and Manutuke	Mangapoike dams, Te Arai River, Waipaoa River	Waingake Waipaoa	274.5 km	Municipal supply	31,700
Te Karaka	Shallow bores	Te Karaka	6.1 km	Top-up to rainwater	500
Whatatutu	Shallow bores	Whatatutu	2.7 km	Top-up to rainwater	280

#### Table 15: Overview of water assets

Depreciated replacement cost (30 June 2020)

\$106m

### Water treatment

The Waingake water supply was originally installed in the early 1900s. A significant expansion of the network occurred between the 1950s and 1980s and the Waingake water treatment plant was upgraded in the early 1990s after the damage caused by Cyclone Bola in 1988. This is still the main water treatment plant.

The Waingake treatment plant uses water from the Mangapoike Dams (Clapcott, Williams and Sang) and Te Arai River. Water from Te Arai provides about 34% of the City's total annual water demand. It is the single water source during the low demand season, but during the high to peak demand season most water is taken from the Mangapoike Dams.

The Waipaoa water treatment plant was constructed in the early 1990s as a secondary water supply. In 2018, we begun to use Waipaoa water as a base supply in late spring/early summer, in order to conserve dam water and avoid river takes from Te Arai during low flows. It currently provides less than 1% of the annual demand but there is likely to be growing reliance on the Waipaoa source. This will increase operational costs as more pumping is required and Waipaoa River water requires more treatment than water sourced from the Waingake catchment. An increase in operational costs of about \$100,000 a year is expected.

An application to replace the current consent to take water from the Waipaoa River (which expires in July 2021) was submitted in May 2021. As the amount of water we can take from the river was reviewed and reduced in 2016 to meet, the requirements of the Tairāwhiti Resource Management Plan we are not anticipating any significant change to the amount of water we can take from the river.

The combined sustainable peak treatment capability of the two water treatment plants is about 25 million litres per day. During summer, peak demand has been over 30 million litres per day and on days of peak demand a large portion of the demand for water is met from reservoir storage. Water Demand Management Plans have been in place since 2016. Our intended approach to water demand management is discussed in section 2.2 in relation to climate change.

The existing authorisation for the Te Arai water take expires in 2026 and the consenting process will consider what amount of water allowed can be abstracted and still retain important river values. Te Arai is of cultural significance to Rongowhakaata and is subject to a Statutory Acknowledgement. The gifting of the name —Te Arai te Uru relates to the arrival of the Takitimu waka. When Takitimu landed in Turanganui a Kiwa the sacred tipua (spiritual guardian) Te Arai Te Uru was released into the waters of the Te Arai River where it remains to this day.

### Water storage

The city has six reservoirs, providing a total of 38,300 m<sup>3</sup> million litres storage. Water storage equivalent to peak demand per day is required for emergency purposes. However, as the city grows and demand increases, additional reservoir storage may be required for emergency purposes and water supply during peak periods. We will undertake consultation with mana whenua and the community before making decisions. We anticipate this will occur as part of developing the 2030 LTP, or earlier if the right information is available.

## Water distribution

Treated water is pumped from the Waingake treatment plant to the reservoirs and users through about 275km of pipe network. As expected in any urban centre, the network is made up of various pipe materials of different ages, which results in some water loss through leakages. The leakage in Gisborne is estimated to be about 14.5% of water that is treated, which is similar or better than most New Zealand water supplies.

## Waingake Transformation Programme

Waingake was purchased in 1989 to provide long-term security to the Mangapoike dams and Waingake water supply pipeline. The area has about 1,100 ha of commercial pine forest and 500 ha of native vegetation.

In 2018, we decided to transition about 70% of the pine forest into native vegetation through planting and natural reversion. This will further safeguard the water supply pipeline and water supply catchment whilst also providing cultural, biodiversity and amenity benefits.

Waingake is within the ancestral lands of Ngai Tāmanuhiri, and we are progressing the project in partnership with Maraetaha Incorporated (supported by Ngai Tāmanuhiri).

## What do we plan to spend on our water supply assets?

#### Capital expenditure

We have estimated the capital needs for our water supply infrastructure and Waingake restoration project over the next 30 years. This is shown in figures 10, 11 and 13. The first 10 year's forecast capital expenditure is included in the 2021-31 LTP.

Over the next 10 years, 76% (or \$23.4m) of capital expenditure on water supply infrastructure relates to maintaining and renewing existing assets. We will reinstate the Sang Dam in years four and five of the LTP and progress pipeline renewals over the life of the LTP and beyond. Investment to support residential growth is forecast to commence in 2026.

Just under \$3.3m funding from Tranche 1 of the Government's Three Waters Reform Programme has been allocated to provide a top up water supply for Muriwai and develop a bulk water supply point for Ruatoria. These projects will increase the current level of service and will be completed in year one of the LTP.

Investment in our water supply infrastructure has been forecast based on the assumption that improved demand management will become increasingly important from 2026 to address climate change, resilience, residential growth and meet expectations regarding freshwater management. A stronger focus on demand management begins in 2026 with the introduction of residential water metering and works to improve water flows to the city.



#### Figure 10: Projected capital expenditure for the next 10 years - water supply (inflated)

#### Figure 11: Projected capital expenditure for years 11-30 – water supply (inflated)



#### Water Supply Capital Forecast (Inflated)

Over the next 30 years, about 43% of forecast expenditure is on growth and 53% on maintaining existing levels of service. Significant expenditure on growth is forecast for 2042-2046. This is when we expect to progress an alternative water supply and/or storage options.

About \$1m is forecast for 2032 to install UV treatment at Waingake water treatment plant. Until this occurs, we will ensure water quality standards are met by supplementing the supply using water from Waipaoa Treatment plant, which does have UV treatment.

Figure 12: Water supply – funding sources for forecast capital expenditure



Investment in Waingake is to increase levels of service and assumes external funding of about a third through grants.

#### Figure 13: Projected capital expenditure – Waingake Restoration (inflated)



#### Waingake Capital Forecast (Inflated)

#### Figure 14: Waingake Restoration - funding sources for forecast capital expenditure



#### How we will fund the Waingake restoration

#### **Operational expenditure**

The next 10 year's forecast operational expenditure has been included in the 2021-31 LTP.



Figure 15: Water supply - forecast operational expenditure compared to actual expenditure for the last four years

Operational expenditure is forecast to increase from 2022 onwards. This allows for increased costs associated with compliance with new standards, critical asset condition assessments, and resourcing necessary for projects such as the Waingake (Te Arai) River water take resource consent application, water demand planning and management of residential water meters.

# Water Supply Climate Change Impact Statement

Many of the water supply projects will support climate change adaptation. Examples of capital and operational projects that will improve our resilience to natural hazards and climate change impacts are:

- Progressing cross-council adaptation and resilience planning for drinking water assets/ service provision
- Reviewing Water Safety Plans, Water Demand Strategy, Plans and operational procedures.
- Remedial work at Sang Dam
- Implementing demand management through water metering of all connections and investigating use of 'user pays'-based water charging to help reduce water demand
- Continuing our replacement and renewals programme to increase resilience.

There are no projects that specifically support climate change mitigation; however, every construction activity that takes place and the day-to-day operation of our infrastructure will contribute to greenhouse gas emissions. We will endeavour to reduce the whole-of-life emissions associated with our water supply infrastructure.

# Water Supply - Significant Capital Expenditure Decision - 2021

# Sustainable management of the Gisborne Water Supply

As part of any water take consent the Council needs to demonstrate that it is a responsible manager of the limited water resource. We have a range of initiatives and tools to help manage the increase in demand for water as the city grows. However, by 2026 the need for a further significant demand management intervention is forecast. This assumes a new consent for extraction from the Te Arai River is granted, and maximum extraction volumes maybe decreased during times of low river flows

The decision made in the 2021 LTP is to allocate funding for:

- Increased use of the Waipaoa River as a water source during periods of higher river flow (operational costs only).
- Extension of water meters to include all residential properties within Gisborne (volumetric charging to be considered in 2024 LTP).
  - Development of a charging policy for metered water, in order to encourage a reduction in demand (operational expenditure).
  - Increasing flows by adding a new pump station and water main to supply the eastern side of the city.
  - Reinstatement of the Sang Dam to its original storage capacity.
- Continuation of education initiatives for smart water use (operational expenditure).

#### Key Projects in 2021 LTP

Project	Туре	Y1-3	Y4-10
Water Demand Management - Universal Meters	Increase		\$2.5m
Sang Dam remediation	Maintain		\$2.0m
Increasing flows	Increase		\$1.8m

# Water Supply - Future Significant Capital Expenditure Decision - 2030

# **Regional water security**

As discussed above, we have agreed on a range of initiatives and tools to help manage the increase in demand for water as the city grows. However, we are not confident that existing water sources can meet long-term future demand and additional measures will be needed.

The nature of this intervention is yet to be determined and we will undertake consultation with mana whanau and the community before making decisions.

Key options for future decision-making include:

- Level of service to be provided to support rural communities so they can access safe and affordable water
- Investigation and development of alternative water sources and storage
- Use of recycled water (alternative use and disposal of wastewater)
- Use of rainwater for domestic and industrial irrigation and outdoor uses
- Installation of additional reservoirs

Other options may be identified as a result of further work and consultation.

Project	Туре	Y1-3	Y4-10	Y11-20	Y21-30
Alternative water sources	Growth				\$10m-\$100m
Recycled water	Increase		\$0.25m pa	\$1-\$10m	
Rain water	Increase		\$0.25m pa		
Additional reservoirs	Growth				\$10m-\$100m
Township supplies	Increase			\$10-\$100m	

# 4.4 Wastewater Infrastructure

We are responsible for the collection, transfer, treatment and disposal of wastewater and trade waste in the Gisborne urban area. Wastewater and trade waste are discharged from properties into a network of gravity and pressure pipelines, which take the wastewater to the treatment plant at Banks Street.

At the treatment plant, wastewater is treated before being discharged into Turanganui a Kiwa Poverty Bay.

We also provide a separate wastewater network for Te Karaka, serving about 500 people. Wastewater is treated in oxidation ponds and discharged into the Waipaoa River.

We also provide sites to dispose of septage from septic tank cleanouts at Te Araroa, Tikitiki, Ruatoria (Waiapu) and Te Puia. Work is underway to provide a new septage disposal site near Tolaga Bay to replace the Tikitiki and Te Puia and sites.

Asset group	Purpose	Quantity
Treatment Plants	The treatment plants convert wastewater into disposable effluent and solids.	2
Pump stations	Pump stations are installed at low points in the network so wastewater from these areas can be lifted to a higher point and continue its journey to the treatment plant under gravity.	45
Pipes - laterals and mains	Once wastewater leaves a property it travels in pipes to interceptors.	326 km
Manholes	Service opening which allows access for inspection, cleaning or maintenance of the public wastewater network.	2,973
Depreciated replacement co	\$92m	

The city's wastewater system consists of a single wastewater treatment plant, 40 pump stations and over 300km of connecting pipework. The system services over 15,500 households and businesses.

# Wastewater reticulation and pump stations

Wastewater is removed from commercial, industrial and residential properties via various pumping station and pipe networks to the wastewater treatment plant. The network is made up of various pipe materials and ages, which results in some water infiltration. We have a far more significant issue with stormwater infiltration from private stormwater drainage systems. The Drainwise programme is addressing this issue.

We have started an upgrade programme to achieve appropriate storage for all wastewater pump stations, which will provide improved environmental performance in the event of power or pump failure.

# Wastewater treatment

The treatment plant is a biological trickling filter plant that can receive and treat up to 33,000m<sup>3</sup> of wastewater per day.

Te Runanganui a kiwi (Poverty Bay) is the receiving environment for final treated effluent. The quality of the discharge will be improved when capital improvements to remove solids (clarification) and treat wastewater with UV disinfection are complete in 2023.

A key challenge is finding a way to dispose of the treated wastewater that doesn't involve a discharge into the sea or freshwater. In partnership with mana whenua, we are actively exploring wetland treatment options for Gisborne and Te Karaka, and whether some of the treated wastewater can be recycled and used by industry or for irrigation instead of drinking water.

# What do we plan to spend on our wastewater assets?

#### Capital expenditure

We have estimated the capital needs for our wastewater infrastructure over the next 30 years. The first 10 year's forecast capital expenditure is included in the 2021-31 LTP.

Just over forty percent of the proposed capital expenditure in the LTP relates to upgrading the Gisborne wastewater treatement plant (WWTP) to meet resource consent requirements and community expectations. Construction commenced early in 2021 and is expected to be complete in 2022.

Maintaining and renewing wastewater pipelines and other assets accounts for most other capital expenditure on wastewater in the LTP (40% or \$31.1m).

Investment to support residential growth is forecast to commence in 2027. Expenditure is primarily funded by development contributions (DCs) and relates to Taruheru Block, Wainui Road pipeline and an additional pump station to serve Aerodrome Road. A small proportion of the wastewater treatment plant upgrade project (8%) is attributed to growth, but this is not funded by DCs.

Over the next 30-years, about 42% of forecast expenditure is on increasing levels of service and 50% on maintaining existing levels of service. Additional capital works on the WWTP are forecast to begin in 2030 and continue for several years. These works relate to designing and constructing a land-based disposal system (wetland) for Gisborne's wastewater and increasing emergency storage at pump stations. Both projects will increase the level of service.

Figure 16: Projected capital expenditure – wastewater (inflated)



#### Wastewater Capital Forecast (Inflated)

How we will fund the wastewater capital programme over the next 10 years



# **Operational expenditure**

The next 10 year's forecast operational expenditure has been included in the 2021-31 LTP.

Figure 17: Wastewater - forecast operational expenditure compared to actual expenditure for the last three years



Operational expenditure is forecast to increase from 2023 onwards. This allows for increased costs associated with operating the upgraded Gisborne WWTP, increased compliance costs, critical asset condition assessments, and resourcing necessary for projects such as supporting upgrades of private laterals.

## Wastewater Climate Change Impact Statement

Wastewater projects that will support climate change adaptation and resilience include:

- WWTP upgrade, including land-based disposal using wetlands
- Condition assessments and network performance studies.
- New pump stations will be designed with additional storage to take into account the potential for more intense rainfall events.
- Investigations into alternative ways to use and dispose of treated wastewater.

There are no projects specifically focused on climate change mitigation; however, the WWTP upgrade will use new technology and design methods to decrease the carbon footprint of the plant. The current plant is one of our most significant consumers of electricity. Other projects will also contribute to emissions; however, these can be reduced through sustainable procurement, design and taking a whole-of-life approach to asset management.

# Wastewater - Significant Capital Expenditure Decision - 2021

# Improving our wastewater treatment and disposal

The current consents for the operation of the Gisborne wastewater treatment plan require upgrades to treatment. Since adopting the 2018 LTP, we have decided to implement upgrades to the Gisborne WWTP more quickly to meet community expectations. We are still considering options for disposing of some or all of the wastewater using a land-based system.

As part of this LTP, we decided to:

• Complete Phase Two upgrades to Gisborne WWTP (clarification, solid removal and UV disinfection) by 2023.

- Investigate and develop land-based disposal systems for wastewater from Gisborne and Te Karaka (such as use of wetlands).
- Construct a new septage tanker emptying facility.
- Construct a mortuary waste drainfield.

#### Key projects

Project	Туре	Y1-3	Y4-10	Y11-20
Gisborne WWTP upgrades - clarification, solid removal and UV disinfection	Increase	\$31.3m		
Septage tanker facility	Maintain	\$1.0m		
Mortuary Waste Drain Field	Increase	\$0.05m		
Gisborne WWTP upgrades - Stage 3: Wetland disposal	Increase		\$2.6m	\$20-30m*
Te Karaka Wastewater improvements and land disposal	Increase		\$1.0m	

\*Forecast budgets and will be refined and consulted on as part of future LTP processes, along with implications for operating expenses and rates

# 4.5 Urban Stormwater

We are responsible for the collection, transfer and treatment of stormwater in Gisborne, Makaraka, Wainui/Okitu and 12 rural townships.

Rainwater that flows from roofs, footpaths and roads is called stormwater and is directed to the ground or the stormwater system.

The stormwater system consists of pipes, channels, treatment devices and open watercourses, which release water into the city's streams, rivers, Te Runganui a Kiwa (Poverty Bay) and the ocean.

Nearly 95% of our stormwater assets are in the Gisborne city area, which is divided into 28 catchments. The remainder are in townships.

#### Table 17: Overview of urban stormwater assets

Asset group	Description	Quantity
Network	Pipes, manholes and connections	170 km
Other assets	Culverts, outlets and inlets, erosion protection structures, rain garden	60
Depreciated replacement cost (30 June 2020)		\$59m

Our stormwater network services a variety of land uses including:

- Residential land uses (such as private homes and driveways)
- Industrial and commercial land uses (for example, wholesale and retail outlets, depots, manufacturing sites, warehouses, workshops)
- Roads and car parks
- Community facilities (such as parks and sports areas, Gisborne Hospital, schools, and tertiary educational institutions)
- Runoff from undeveloped catchments

#### Stormwater management

The piped system is, designed to cater for a 10-year storm event, or a 10% probability of this sized rain event occurring each year.

The 'secondary' stormwater system comes into action during heavy rain events. It consists of stormwater flow paths through reserves, private properties and alongside roads. It is, designed to cater for a 100-year storm event, or a 1% probability of this sized rain event occurring each year.

Industrial and trade sites that discharge stormwater to our network must have a Stormwater Management Plan that sets out how they will operate accordance with best practice

We have limited condition data for our stormwater network. We plan to research and improve key historical asset data to support effective and reliable renewal planning and budgeting. Condition assessments may reveal the need for a renewal profile that is faster than that predicted by age.

# What do we plan to spend on our stormwater assets?

#### Capital expenditure

We have estimated the capital needs for our stormwater infrastructure over the next 30 years. The first 10 year's forecast capital expenditure is included in the 2021-31 LTP.

J Half the proposed capital expenditure in the LTP (50%) relates to maintaining and renewing existing assets.

Most of the proposed capital expenditure to increase the current level of service in years 1 to 7 relates to upgrades the stomwater network in urban catchments to address flooding issues identified by stormwater catchment modelling (planned expenditure of about \$5.4m). We also plan to to pipe some open drains in Tolaga Bay to (planned expenditure of about \$0.3m).

We will also continue with implementation of the Drainwise project on private property (planned expenditure of \$4.3m), which is prioritised on a catchment basis.

A stronger focus on water quality improvements is signalled from 2024 onwards, with the staged roll out of capital projects to treat stormwater.

Investment to support residential growth is forecast to commence in 2023. Expenditure on growth is primarily funded by development contributions and relates to the Taruheru Block. We also intend to fund future upgrades to accommodate growth by development contributions.



#### Figure 18: Projected capital expenditure – stormwater (inflated)

Figure 19: Stormwater – funding sources for forecast capital expenditure



How we will fund the capital programme over the next 10 years

### **Operational expenditure**

The next 10 year's forecast operational expenditure has been included in the 2021-31 LTP.

Figure 20: Stormwater - forecast operational expenditure compared to actual expenditure for the last three years



Actual expenditure was low in the first two years of the 2018 LTP compared to budget due to:

- Weather some stormwater costs are weather dependent
- Time taken to recruit staff
- Reprioritisation of operational expenditure across the three waters actvities

Operational expenditure has steadily increased over the first three years of the 2018-28 LTP, so that is now close to forecast expenditure. This is largely due to full staffing and a renewed focus on the stormwater network, which has meant we can take a more proactive approach to resolving stormwater issues. Costs are forecast to remain static for the 2021 LTP.

A relatively minor increase is forecast to provide for the development and ongoing maintenance of Integrated Catchment Management Plans.

## Stormwater Climate Change Impact Statement

The Drainwise programme is an important tool to mitigate the impacts of changing rainfall patterns on stormwater volumes. This programme will reduce stormwater entering the wastewater network and create additional capacity and resilience in the wastewater and stormwater networks.

Other projects that support adaptation include:

- Integrated Catchment Management Plans, which will be completed by 2025 and will address
   climate change
- Pipe renewals and upgrades will continue to account for climate change projections

We will endeavour to make emission reductions in capital projects and day-to-day operations across this activity.
## Urban Stormwater - Future Significant Capital Expenditure Decision - 2024

## Reducing the number of wastewater overflows

We have committed to ten years of continuous improvement in relation to wastewater that enters awa (river) and the moana (ocean). We intend to reduce the frequency of wastewater overflows to waterways to a maximum of two in every four years, and also reduce the volume and duration of any overflows. We are currently obtaining resource consents (as per the TRMP requirements) for wastewater overflows.

We are continuing to roll-out the Drainwise programme, but further investment in our infrastructure may be needed to meet new consent requirements and the expectations of the community. We don't know yet what the required interventions (if any) will be.

Key options for future decisions include:

- Installing additional wastewater/stormwater storage
- Installing additional stormwater treatment
- Continuing the Drainwise programme
- Extending the Drainwise programme. For example:
  - Upgrading more pumpstations
    - Taking more financial responsibility for fixing private stormwater issues impacting the wastewater network

## Urban Stormwater - Future Significant Capital Expenditure Decision - 2030

#### Meeting new standards for stormwater discharges

We need to develop Integrated Catchment Management Plans for our stormwater discharges by 1 July 2025 to meet the requirements of the Tairāwhiti Resource Management Plan. We have forecast for some expenditure during the 2021 LTP, but specific capital or operational improvements have not been identified yet.

We may need to treat some stormwater discharges in order to improve degraded water bodies such as the Taruheru River and Waikanae Stream, which could require additional expenditure beyond what is forecast in the 2021 LTP. Potential projects and priorities for action will be considered during development of the 2030 LTP.

## 4.6 Land, Rivers and Coastal

We minimise and prevent damage to land, buildings, and infrastructure caused by floods and erosion.

We do this by maintaining two flood control schemes, one river improvement scheme, and several river erosion control schemes.

We also maintain a network of open drains across private farmland to provide land drainage for parts of the Poverty Bay flats.

Council maintains the existing foredune protection infrastructure in the defined area along Wainui beach in alignment with the Wainui Beach Management Strategy.

This infrastructure grouping relates to four Council activities: flood control, river control, coastal assets and land drainage.

#### Table 18: Overview of land, river and coastal assets

Scheme	Asset	Quantity
Waipaoa River Flood Control	Stopbanks	64.4km
Scheme	Pipes	2,263m
	Floodgates	1
Te Karaka Flood Control Scheme	Stopbanks	4.3km
	Pipes	589m
Taruheru River Improvement	Stopbanks	1.6km
Scheme	Pipes	170m
Te Araroa Flood Control Scheme	Stopbanks	0.5km
River erosion control schemes	Stopbanks	5.1km
	Pipes	724m
Coastal Protection	Erosion protection structures at Wainui Beach	2.1km
Depreciated replacement cost (30 June 2020)		\$69m

Depreciated replacement cost (30 June 2020)

#### Context

The Waipaoa Flood Control Scheme was built in the 1950s and enabled horticultural development of the Turanga/Poverty Bay Flats, an area which prone to major flooding. It now protects over \$1bn of property.

The scheme was designed to protect the flats from flooding in a 200-year annual return interval (ARI) storm (0.5% chance each year), but is now estimated to provide protection in a 100 year ARI storm (1% chance each year). As the climate changes, this level of protection will decrease. We are in year 3 of a 10-year project to upgrade the stopbanks to take into account the predicted impacts of climate change on flood levels. When complete, the scheme will continue to provide protection in a 100-year ARI storm out to 2090.

The Te Karaka Scheme primarily protects the township. In 2002, the stopbanks were raised to achieve protection up to the level of a 200-year ARI storm. However, climate change will decrease this level of protection. We will be assessing the level of protection provided to Te Karaka over years 1 to 3 of the LTP.

The Turanganui/Taruheru River Scheme is mainly erosion protection structures in the Taruheru and Turanganui Rivers. We will be replacing some of these structures over the next 10 years as part of our renewals programme.

#### Coastal Protection Assets

Most of our coastal assets are at Wainui Beach. There are also some minor assets at the eastern end of Waikanae Beach.

The Wainui Beach Protection scheme includes a sloping rock revetment, rock filled gabion baskets, steel groynes and a wooden groyne. There is no defined level of protection for the scheme.

# What do we plan to spend on land drainage, flood protection, erosion management, and coastal management?

#### Capital expenditure

We have estimated the capital needs for our protection assets over the next 30 years. The first 10 year's forecast capital expenditure is included in the 2021-31 LTP.

Just over 10% of the proposed capital expenditure in the LTP (12% or \$4.6m) relates to maintaining and renewing existing assets.

The majority of forecast capital expenditure is for the Waipaoa River Flood Control Climate Change Resilience project. This project will increase the current level of service and is forecast to be completed in 2030.

The forecast spike in expenditure to increase levels of service in 2026 is a result of upgrading assets associated with the Whaakahu Stream near Patutahi.

Beyond 2030, the majority of forecast capital expenditure is on maintaining levels of service.



#### Figure 21: Projected capital expenditure - land, rivers and coastal (inflated)

#### Figure 22: Land, rivers and coastal – funding sources for forecast capital expenditure

How we will fund the capital programme over the next 10 years



#### **Operational expenditure**

The next 10 year's forecast operational expenditure has been included in the 2021-31 LTP.



Figure 23: Land, rivers and coastal - forecast operational expenditure compared to actual expenditure for the last three years

No major changes have been made to the forecast operational budgets compared to the 2018 LTP. These budgets may need adjusting in the future once the impact of outsourcing operational maintenance activities is known.

## Rivers and Land Drainage - Future Significant Capital Expenditure Decision - 2033

## Adapting/Responding to Climate Change

Climate change will decrease the level of service provided by existing flood protection and erosion control schemes due to the impact of more frequent storm events, changes in rainfall altering river flows and sea-level rise.

We have already decided to upgrade the Waipaoa Flood Control Scheme so that the stopbanks will continue to provide protection for 1 in100 year flood events.

Some options for future consideration include:

- Do nothing
- How to implement the refreshed Wainui Beach Erosion Management Strategy noting that in the long term this could include managed retreat of properties.
- Whether changes to other protection schemes are needed to take into account the impact of climate change. For example: hard protection structures; enhanced natural defences and other soft protection measures; reducing the level of protection provided to some areas or structures
- Whether new flood protection or erosion management schemes are appropriate
- Whether to investigate use of coastal flooding and/or tsunami barriers
- Whether to install tsunami evacuation structures.

Options and costs will be more fully developed as we undertake our regional climate change risk assessment and develop regional Climate Change Adaptation and Mitigation Plans.

## Land, Rivers and Coastal Climate Change Impact Statement

The long-term decisions associated with climate change adaptation are described above.

In the short term, we will support climate change adaptation through the following projects:

- The Waipaoa River Flood Control Climate Change Resilience project will take into account climate change projections until 2090.
- Implementing Wainui Beach Erosion Management Strategy and other coastal hazards management.
- Revetment renewals.
- Pump station renewals.

The routine operations of this activity do not contribute significantly to greenhouse gas emissions; however, we will endeavour to reduce the footprint during construction and subsequently the whole-of-life of our assets in this area.

## 4.7 Roads and footpaths

We provide and manage a safe and efficient transport network for Gisborne and the wider region which integrates walking, cycling, buses, private vehicles and freight.

We also manage on-street parking and Council-owned carparks.

Our services include operation and maintenance of the existing network and planning for future development. We work with the community to raise awareness of travel options and influence safe travel behaviour.

The local road network is extensive and largely located in the rural areas, where it connects sparsely populated and relatively isolated communities, and key regional producers, such as

forestry, with market destinations. The road network currently struggles to meet the competing demands of different users such as pedestrians, cyclists, cars, buses and trucks.

Over recent years there has been significant investment via the Provincial Growth Fund to meet industry needs and support regional economic development. These works include, the Rakiatane Road upgrade and bridge strengthening works. However, investment has still fallen short of what is needed to maintain the roading network to the expected levels of service.

Over the next few years the focus will be on:

- Local road route security improvements- five route corridors have been identified •
- Transport improvements to assist increased mode choice (particularly active transport) and improve safety
- Building resilience in the roading network including bridge and culvert improvements, improving drainage and planning for climate change adaptation
- 50max bridge strengthening to support freight movement.

Over the longer term, further investment is likely to be needed in road maintenance and renewals to maintain expected levels of service. Further information on renewals is contained in section 4.10.

#### Table 19: Overview of our roading and footpath assets

Asset type	Description	Quantity
Land and formation		3,192ha
Pavement	Sealed roads	877km
	Unsealed roads	1015km
	Footpaths	236km
	Carparks	3.8ha
Structures	Bridges and large culverts	397
	Retaining walls and seawalls	321
	Minor structures	128
Road drainage	Stormwater channel and	9,275 drains
	drainage	3,182 sumps
Traffic control devices	Railings	40km
	Streetlights	3,447
	Traffic facilities	2 signals, 9,223 signs
Other	Wharves	3
Depreciated Replacement value (30 June 2020)		\$1.65 billion

## Role of Waka Kotahi and the Regional Land Transport Plan

We partner with Government through Waka Kotahi (NZ Transport Agency) to deliver our land transport functions. Waka Kotahi is responsible for the state highways that run through the region and invests in our transport infrastructure and services using the National Land Transport Fund.

The Regional Land Transport Plan (RLTP) provides a strategic link between transport activities at a national level and those at the regional level.

Our regional transport committee prepares a new RLTP every six years. The information in the asset management plan informs development of the RLTP, which lists the activities we want included in the National land Transport Programme, and to be considered for national funding. Only projects that are consistent with the outcomes Government wishes to achieve will receive national funding. Many of the activities we undertake are part-funded from the National Land Transport Programme. We currently receive funding of 68% for eligible projects and activities, which means every dollar we spend generates another three dollars expenditure. This is referred to as the Financial Assistance Rate or FAR.

## What do we plan to spend on our roads and footpaths?

#### Capital expenditure

We have estimated the capital needs for our roads and footpaths over the next 30 years. The first 10 year's forecast capital expenditure is included in the 2021-31 LTP and RLTP.

About 76% of the proposed capital expenditure in the LTP relates to maintaining the existing road network – primarily road renewals and pavement maintenance. Due to affordability constraints, we have maintained renewal budgets at a similar level to the 2018 LTP (plus inflation). Our strategy in the short-term is use of risk-based asset management, with an increased focus on drainage, and resilience and climate change adaptation works.

Road improvements will continue in the short-term, largely due to the implementation of externally funded projects to improve resilience and safety.

New investment primarily relates to active transport (cycling and walking).

Increased investment to support residential growth is forecast to commence in 2026. Expenditure is primarily funded by development contributions and relates to the Taruheru Block.



#### Figure 24: Projected capital expenditure over the next 10 years - roading and footpaths (inflated)

Over the life of the Infrastructure Strategy, we expect the focus to move toward maintaining levels of service. Nearly all forecast expenditure after 2031 is on renewing existing assets.





Figure 26: Roading and footpaths - funding sources for forecast capital expenditure



#### How we will fund the capital programme over the next 10 years

Figure 27: Roading and footpaths - forecast operational expenditure compared to actual expenditure for the last three years

#### **Operational expenditure**



The next 10 year's forecast operational expenditure has been included in the 2021-31 LTP.

Actual expenditure over the past three years has been higher than forecast due to emeregency works needed to repair damage to the roading netowrk caused by weather events. Expenditure in year 1 of the 2021 LTP (2022) is higher due to to completion of works to reinstate the roading network after three heavy fainfall events in June and July 2020.

Otherwise, the forecast operational budget remains relatively static over the 10 years.

## Roading and Footpaths - Significant Capital Expenditure Decision - 2021

## What to invest and over how long to improve suitability of roads for heavy vehicles

The local road network was not designed to carry 50 tonne trucks<sup>7</sup> also referred to as "50MAX" The primary industry requiring 50MAX in Tairāwhiti is the forestry industry, which transports logs from forestry sites to Eastland Port. A long-term and sustained increase in forestry traffic is expected for 40 years and beyond.

The full cost of upgrading all parts of the local road network to enable 50MAX capability is estimated to be \$70-\$80m, which includes passing opportunities and resilience activities as well as bridge upgrades. This is not affordable.

A business case was completed in March 2020 that considered the benefits of upgrading bridges in the local road network that lack heavy vehicle capacity.

The preferred option is to upgrade 48 bridges to 50MAX. Works have been prioritised based on how likely it is that structures will be used by heavy vehicles in the short, medium and long term.

 $<sup>^{\</sup>rm 7}$  The standard truck weight is between 44 and 46 tonnes.

The recommendation made in the business case is to allocate funding to:

- Upgrade 21 bridges to 50max in the short-term
- Upgrade 17 bridges to 50max in the medium term
- Upgrade 10 bridges to 50max in the long-term

In the past, investment has been provided by the National Land Transport Fund and Provincial Growth Fund to fund these upgrades, and some of the short-term works have already been completed. The NLTF and Council will fund the work planned over the next 10 years.

#### Key Projects in 2021 LTP

Project	Туре	Y1-3	Y4-10
Upgrade bridges to 50MAX	Increase	2.0m	\$5.1m

## Roading and Footpaths Climate Change Impact Statement

Transport activities will contribute to both mitigation and adaptation. Examples of projects that support adaptation include:

- Local road route security projects will address network resilience
- Maintenance and renewals of roads and footpaths with focus on improved drainage
- Bridge strengthening projects will increase the resilience of the roading network

Projects that will support mitigation include:

- Continuing to facilitate public transport
- LED transition is due for completion in first 2 years which will reduce emissions
- Taruheru River Cycleway this project is likely to influence a mode shift from vehicles to active transport
- The Tairawhiti Walking and Cycling Network Plan will have similar impact once projects are implemented

As with other activities, construction projects and day to day operations will contribute to greenhouse gas emissions. In particular, streetlights contribute a significant proportion of our emissions through electricity use. Transition to LED bulbs will help to make this activity more sustainable.

Considering climate change impact in design and procurement will reduce emissions from other aspects of roading (such as low carbon materials) is something that this activity is taking into account.

## 4.8 Solid waste

We provide waste and recycling collection from more than 18,500 residential premises each year. This service is operated by Waste Management Limited, which also operates and manages the Gisborne Resource Recovery Transfer Station and kerbside waste collection in Gisborne, Makorori, Wainui, and Poverty Bay Flats. Ruatoria kerbside collection is completed by an independent contractor.

We manage nine transfer stations across the region, the Waiapu Landfill, and education programmes to encourage waste minimisation.

We also manage closed landfills.

#### Table 20: Overview of solid waste assets

Asset type	Description	Quantity or area
Landfills	Waiapu (open)	0.4ha
	Paokahu (closed)	20ha
Transfer Stations	Hard surfaces	3.4ha
	Fencing and gates	4.6km
Street bins	Various types	358
Depreciated Replacement value (30 June 2020)		\$2m

#### Landfill facilities

The Gisborne Resource Recovery Transfer Station (RRTS) receives waste from the Matawai, Te Karaka, Whatatutu and Tologa Bay refuse transfer stations as well as the Gisborne kerbside waste collection. All waste from the RRTS is transferred to a Class 1 landfill in Tirohia (near Paeroa, in the Waikato region).

There is only one Class 1 landfill disposal facility in the Gisborne District. The Waiapu landfill receives waste from the rural transfer stations at Tokomaru Bay, Te Puia Springs, Ruatoria, Tikitiki, and Te Araroa as well as Council's Ruatoria kerbside waste collection. The landfill consents expire in 2025 and the future operation of Waiapu Landfill is uncertain. A Waiapu Advisory Group has been formed, and consultation underway to determine the best solution for the community. If the landfill is closed, waste will be transferred to the Waikato or other facility, as already occurs for the majority of the region's waste.

#### **Closed landfills**

Paokahu landfill was the region's largest until its closure in 2002. We manage the site, which is located on whenua Māori owned by Paokahu Trust. We have been working with the Trust to improve our management of this site. We hold resource consents to manage the ongoing effects arising from the landfill on the environment. These expire in 2032.

There are eight other closed landfills, around the region that were constructed before appropriate management standards were developed. We plan to undertake an assessment of the risk associated with these landfills and implement remediation actions if needed.

## What do we plan to spend on solid waste?

#### Capital expenditure

We have estimated the capital needs for our solid waste management activities over the next 30 years. The first 10 year's forecast capital expenditure is included in the 2021-31 LTP.

All the proposed capital expenditure relates to maintaining and renewing assets, including \$0.5m to provide for future works needed to deliver the chosen option for future management of the Waiapu landfill. If the landfill is closed capping and remediation works are likely to be required, and if the landfill is kept open, work will be needed to maintain existing assets.

Over \$0.5m has been budgeted to address risks caused by historic landfills. We also plan to spend more on managing the Paokahu closed landfill.

Greater investment may be required in future LTP to implement:

- Additional recommendations from risk assessments of historic landfills.
- Decisions made on the future management of Waiapu landfill, when new consents for site maintenance (including ongoing operation if the landfill is to remain open) and aftercare are sought in 2025.

#### Figure 28: Projected capital expenditure – solid waste (inflated)



#### Figure 29: Solid waste - funding sources for forecast capital expenditure

#### Operational expenditure

The next 10 year's forecast operational expenditure has been included in the 2021-31 LTP.

How we will fund the capital programme over the next 10 years





Figure 30: Solid waste - forecast operational expenditure compared to actual expenditure for the last three years

The forecast allows for increased expenditure on cleaning public areas and collecting litter as the current service is not meeting community expectations.

When the Waiapu landfill is eventually closed, landfill costs will increase as this waste will need to be transported out of the region. About 5% of landfill waste is deposited at Waiapu. This will be reassessed for the 2024 LTP when the future of the Waiapu landfill is known. Overall, landfill costs are forecast to decrease as the volume of waste sent to landfill reduces.

## Solid Waste Climate Change Impact Statement

Solid waste activities are both at risk to climate change implications and contribute to climate change through greenhouse gas emissions. Paokahu and Waiapu landfills are the most significant contributors to our carbon footprint (excluding CCTO activities).

Projects that support adaptation include:

- Heritage landfill risk assessment and subsequent remediation work
- Works at the Waiapu and Paokahu landfills to improve consent compliance and long-term management

Projects that support mitigation include:

- New waste solutions adopted after Waiapu landfill reaches the end of its consented life have the potential to reduce emissions, such as enhanced Resource Recovery Transfer Station(s)
- Supporting the Enviroschools programme
- Supporting businesses and community groups to empower and educate on environmental awareness and waste minimisation
- Continued work with MfE on projects such as the Resource Recovery Transfer Station feasibility study
- Public engagement process to gauge the appetite for change to the day-to-day operation of solid waste (such as a change to Wheelie Bins or kitchen waste bins)

## 4.9 Community Facilities

We provide parks and open spaces, amenity gardens, street trees, public conveniences and cemeteries throughout the region and an aquatic facility in Gisborne.

Titirangi, which is co-managed with Ngāti Oneone, is an important cultural landscape and visitor attraction for the city, it also provides amenity value to the community.

Waingake is a new restoration project we are undertaking in partnership with Maraetaha Incorporation and supported by Ngai Tāmanuhiri, which will progressively increase native forest in the Pamoa forest Block. This will stabilise and protect the Waingake water supply pipeline and also restore and protect biodiversity and cultural values.

We also own and operate community and events facilities. These support and strengthen the community, encourage an active lifestyle, and promote economic growth through attracting events and visitors to the city.

These facilities help to make Gisborne a modern liveable city where its residents are able to access library and leisure opportunities and experience local and international events and performances.

The Tairāwhiti Community Facilities Strategy outlines development of a cost-effective and sustainable network of fit-for-purpose community facilities in Tairāwhiti over the next 20 plus years.

## **Recreation and amenity**

Under the Community Facilities Strategy 2018, we have an Aquatic Facilities Plan, Open Space Plan, Play Spaces Plan and Sports Facilities Plan which set the long-term direction for recreation and amenity facilities in Tairāwhiti.

We own and manage over 1,190ha of open space. This includes destination parks, neighbourhood parks, sports parks and natural areas. This is a significant portfolio given the size of our population, and our ability to maintain all current assets is limited.

We also manage the Olympic Pool Complex, a community facility first established in the 1970s. Redevelopment of the complex started in September 2020 and is due to be completed early in 2023. Government has provided funding of up to \$40m for the redevelopment through the Crown Infrastructure Partners (CIP) COVID-19 response.

In partnership with Trust Tairāwhiti and Sports Gisborne Tairāwhiti we have developed a business case for central government investment in the region's sporting facilities.

## **Cultural activities**

We provide facilities, services, public art projects and performing arts partnerships to create a sense of pride and local distinctiveness, and to reflect cultural diversity in our region and to house and support a regional museum to provide a safe repository for our taonga (treasures).

The HB Williams Memorial Library provides access to space and resources including relevant collection of materials and programmes including local histories, free internet, and a digital library, to inspire learning and civic and economic participation.

Tairāwhiti Navigations is a programme of five projects delivered together to ensure the full benefits economic, tourism, place-making and community well-being and are realised through well connected and integrated design, landscaping and stories. Most elements are complete. The Titirangi Summit (concept), Titirangi Restoration and Hawaiki Turanga (installation) projects are ongoing. Community facility assets are spread across the region on council owned land. There are a wide variety of asset types.

Table 21: Overview of community facilities assets

Asset type	Quantity	Description	
Aquatic facilities	One Olympic pool complex	50m pool, 33m recreation pool, 98m hydroslide, therapy pool, diving pool, toddler pool, offices, changing rooms and kiosk	
Art in public places	10 Graeme Mudge murals; 14 sculptures; monuments and cenotaphs	Own and maintain. Usually on public land. Trust secures funding	
Arts facilities	1 library	HB Williams Memorial Library	
	3 theatres	War Memorial Theatre	
		Lawson Field Theatre	
		Gisborne Soundshell Theatre	
	1 museum	Tairāwhiti Museum and Art Gallery and Wylie Cottage	
Cemeteries	Taruheru Cemetery and	Buildings	
	Crematorium 12 rural cemeteries (2 closed)	Amenity assets	
Parks and open spaces	Total area of 960ha	Land	
		Hardsurfaces	
		Furniture, fences, signs & services	
		25 monuments	
Playspaces	43 playspaces 13 skatebowls 8 basketball hoops		
Public conveniences	60 public toilets and 18 changing rc	ooms	
Sports facilities	30 sports parks Sports codes operate most	2 main grandstands and one smaller facility	
	facilities	91 pieces of sport equipment	
Depreciated Replacement value (3	0 June 2020)	\$93m	
Many assets area valued at market			

## What do we plan to spend on our community facilities?

#### Capital expenditure

We have estimated the capital needs for our community facilities infrastructure over the next 30 years. The first 10 year's forecast capital expenditure is included in the 2021-31 LTP.

Most of the proposed capital expenditure in the first 10 years (68% or \$44.5m) relates to redeveloping the Olympic Pool complex to meet community expectations. Construction commenced early in 2021 and is expected to be complete in 2023. This project has significant external funding. Captial expenditure of about \$3.5m is also forecast for years 1-3, which is intended to be used as seed funding to attract external investment in sports facilities in Tairāwhiti.

In total, just over 70% (or \$80m) of the proposed capital expenditure over the next 30 years relates to maintaining and renewing existing assets.

No significant capital projects (renewals, new facilities or major upgrades) are planned for years 5-10 of the LTP. This may have implications for levels of service in the long-term. Renewals are discussed further in section 4.10.



Figure 31: Projected capital expenditure – community facilities (inflated)

Figure 32: Community facilities – funding sources for forecast capital expenditure

How we will fund the capital programme over the next 10 years



*Figure 33:* Community facilities - forecast operational expenditure compared to actual expenditure for the last three years

#### **Operational expenditure**

The next 10 year's forecast operational expenditure has been included in the 2021-31 LTP.



Expenditure increases in year 2, and then remains relatively static over the remaining years. The increase to operational expenditure is forecast to allow for additional staff numbers once the redeveloped Olympic Pool complex opens.

#### **Community Facilities Climate Change Impact Statement**

This activity supports adaptation through:

- Relocating or removing park furniture and equipment including steps/stairs as required
- Dune restoration which increases resilience from coastal hazards
- Plant pest management consistent with the Regional Pest Management Plan
- Tree planting programme will regulate temperatures/provide shade
- Continued implementation of Titirangi and Kopututea restoration partnerships
- Use of native species in amenity gardens
- Makorori foreshore improvements
- Continued monitoring of existing assets and implementation of future planning
- Hazardous tree remediation
- Building assessments of Wyllie Cottage, Star of Canada and Lysnar House and implementation
   of deferred maintenance programme

Projects that support climate change mitigation include:

- Restoration and planting programmes will support carbon sequestration
- Coastal and riparian vegetation programme will reduce mowing requirements
- Consideration of provision for natural and eco burials
- Olympic Pool upgrade has the potential to reduce operational emissions if energy efficiency improved in design (construction will also produce emissions)
- Expand and strengthen library e-tools
- Support for users to upskill their digital toolkit
- Native tree regeneration support
- Implementation of the Community Facilities Strategy will endeavour to promote resilience and sustainability. All projects will work to reduce climate risk and greenhouse gas emissions

## 4.10 How we will look after our infrastructure assets?

## **Delivering the Renewals Programme**

Knowing when to replace assets and planning how to fund replacement is complex.

We use information on the expected life of an asset, its current condition and an assessment of the likely impact on the community and the environment if an asset fails (criticality) to plan when we will renew or replace infrastructure. This approach ensures that assets that are most critical for the delivery of services or pose the greatest risk through an unplanned failure are renewed at the appropriate time.

Depreciation (an operating expense) is an estimate of how fast our assets are used up (or consumed) due to use, wear and tear. Part of the rates we collect each year funds depreciation of our assets. This money is placed into reserve funds for the future renewal of assets.

When depreciation is higher than forecast capital expenditure, it can suggest we are not spending enough on the renewal or replacement of existing assets, which will have a negative impact on levels of service.

Overall, depreciation is similar to renewal expenditure. However, forecast expenditure on renewals varies between asset groups based on condition of assets, priorities and affordability. There are two asset groups were forecast expenditure on renewing assets is significantly lower than depreciation – water supply and stormwater. The reasons for this are:

- We are building funds for the replacement of expensive, long-life water supply assets (two water treatment plants and the water supply pipeline), which are not due for renewal for another 30-40 years. There is limited or no renewal expenditure needed in the early years of their life.
- Our water treatment plants have not been broken down into individual components (each with a different useful life). This will be undertaken before the 2024 LTP and may result in our renewal planning aligning more closely to depreciation.
- Our stormwater assets mostly consist of pipes (no treatment plants) and secondary flow paths also exist to help convey stormwater during periods of heavy rain. This means the network is relatively low risk compared to water and wastewater.
- There are no major performance issues in the stormwater network due to the condition of existing assets. The more significant issue is whether the performance and capacity of the existing network needs to be increased. This is being addressed via catchment modelling and planning. Upgrades are planned within the 2021 LTP to address known issues through the Drainwise programme and other catchment area upgrades. Increasing the renewals programme ahead of detailed catchment modelling could mean we replace pipes now that later need to be replaced with bigger pipes. This is inefficient and costly.
- We have forecast that there will be increasing stormwater renewal requirements from about year 36, peaking in years 46-56. We need to ensure we have sufficient funding for this future work.

It is usual that not all the potential works forecast can be afforded within available funding. The budgeting process prioritises expenditure on maintaining and renewing existing assets before creating new ones.

For each LTP we need to confirm the funding we will provide for the renewal of our existing assets.

#### Figure 34: Forecast expenditure on maintaining assets over the next thirty years



#### Forecast renewals over the next 30 years

Forecast renewals over the next 30 years



Expenditure in years 1-2 is significantly higher than later years due to the Olympic Pool redevelopment (70% of this project is classed as maintaining the asset).

## Three waters

We estimate nearly \$200m is needed over the next 30 years to ensure our stormwater, wastewater, and water assets are kept in good condition and provide the same level of service to the community.

The renewals strategy adopted for the three waters (water, wastewater and stormwater) prioritises timing of renewals and upgrades based on asset criticality (consequences of failure) and the likelihood (probability) of failure. This assessment is updated at least every three years.

The focus for the next 10 years is renewing pipework, which has a recommended forecast capital budget of about \$35m. To help limit spikes in financial requirements and to ensure a steady stream of work for contractors, the renewals programme has been 'smoothed' over the ten years; however, expenditure is still about 12.5% higher than forecast in the 2018 LTP. This is in response to a condition assessment of critical pipes, which found higher rates of deterioration than expected. Work to address this has been prioritised in years 1-3 of the LTP.

There are other maintenance and renewal activities that require capital expenditure such as renewing pump stations and plant components.

## Land, rivers and coastal

There is a modest renewal budget for these assets – about \$8m over the next 30 years. A large proportion of these assets (including storm channels, drains and much of the coastal protection works) are assumed to be managed through maintenance rather than renewal, and are not depreciated.

## Roading

We have forecast capital expenditure of about \$700m over the next 30 years to maintain our roading assets. This includes an increase in expenditure in years 14-16 on renewing roads and road surfaces.

Data suggests that historically, asset management practices were predominantly reactive after significant asset 'sweating' by undertaking minimum preventative actions. Programming focused on essential/corrective maintenance and pavement decay under the intervention threshold.

The historic approach of deferring maintenance and renewals ('sweating the asset'), coupled with increased forestry volumes, has resulted in further deterioration of asset condition, and increased the costs to repair and renew at a later date.

Over recent years there has been significant investment in the roading network, from Council and central government (via the Provincial growth Fund and National Land Transport Fund). However, investment has still fallen short of what is needed to maintain the entirety of the roading network to expected levels of service. If optimal asset management was adopted, the estimated roading maintenance and renewal requirements would be about \$160 million more than has been included in the 2021-2031 LTP forecast across both capital and operational expenditure. This is not affordable for Council or Waka Kotahi.

In the 2021 LTP, we have maintained similar maintenance and renewal budgets as the 2018 LTP, but reprioritised spending to slow overall pavement deterioration and target resources at building and maintaining resilience within the network and adapting to climate change. Recent gains made as a result of PGF investment will be maintained.

We also intend to clarify expected levels of service with our community during the life of the LTP and implement other strategies to ensure safe access across the network at the lowest cost. Options being considered include:

- Using chipseal instead of asphalt in urban areas (current policy)
- A chip seal reversion strategy in rural roads
- No new seal extensions
- Increased use of 4-wheel drive only recommendations
- In targeted sections, it may be increasingly viable to revert sealed road to unsealed if maintenance and renewal costs become unaffordable

## **Community Facilities**

There is a substantial investment in the Olympic Pool redevelopment (largely externally funded), but a modest renewal budget for all other assets means additional budget may be required in the 2027-2037 LTP if parks and open space assets are to be maintained as safe to use and meet community expectations.

A key focus is sporting and recreation facilities. There are 13 main council owned sports grounds in Tairāwhiti. These are a mixture of high, medium and low-grade fields with varying facilities (such as changing rooms and seating).

Due to high levels of use, and limited investment in the maintenance of fields and facilities, many of the sports grounds require significant investment. Similarly, the majority of changing and clubroom facilities for field sports are either non-existent or severely run down and require additional investment to keep them in operation.

A recent investigation into the condition of Tairāwhiti's sports fields identified a number capital improvement projects that could be implemented as a short-term solution. We have planned for some expenditure on upgrading sporting facilities (\$0.7m over the LTP) and are working with Trust Tairāwhiti and Sports Gisborne Tairāwhiti to develop a long-term and sustainable long-term management approach in line with the Communities Facilities Strategy 2018. We have forecast \$3.5m expenditure to act as seed funding and attract external investment. More detail can be found in the Tairāwhiti Sports Facilities Single stage business case November 2020.

Cultural facilities are generally in good condition due to recent renewals of theatres and the library. Some renewals work is planned for the museum (Star of Canada and Lysnar House), and operational work is planned to assess the future life and use of Gisborne Soundshell.

## Other renewal peaks - beyond the life of the 2021 Infrastructure Strategy

Water supply renewal requirements peak in years 30-35 (replacement of the Waingake and Waipaoa treatment plants) and 35-40 (replacement of the water supply pipeline from Waingake to Gisborne). There are also significant spikes in wastewater in years 37-40 replacement of the Gisborne wastewater treatment plant) and increasing stormwater renewal requirements from about year 36, peaking in years 46-56.

## Significant capital expenditure decision

## Replacing aging infrastructure - Decision Needed: Every 3 years

For each LTP we need to confirm the funding we will provide for the renewal of our existing assets. As part of the 2021-2031 LTP process, we decided to fund renewal of assets to the level recommended by asset managers. Key options for decisions include:

- Whether there are assets we choose not to renew in the future.
- The extent to which the forecast renewal requirements are funded in each LTP.
- The extent to which climate change will impact on the current levels of service and whether upgrades or relocation of assets is required to maintain the level of service or the level of service will decrease

#### Forecast capital expenditure on capital renewal and maintenance projects

	Years 1-10	Years 11-20	Years 21-30	Comment
Water Supply Renewals	\$23m	\$29m	\$35m	Primarily water main renewals
Wastewater Renewals	\$31m	\$26m	\$31m	Primarily wastewater pipe renewals
Stormwater Renewals	\$9m	\$6m	\$7m	Primarily stormwater pipe renewals
Roading Renewals	\$164m	\$230m	\$310	Primarily road renewals and pavement maintenance
Rivers and Land Drainage	\$5m	\$4m	-	Primarily Waipaoa River Flood Control Climate Change Resilience project
Solid waste	\$2m	\$2m	\$2m	
Community facilities	\$43m	\$16m	\$20m	Most expenditure (\$26.4m) in years 1-10 relates to the Olympic Pool redevelopment.

Financial estimates in these tables have been rounded up to nearest \$1m for values up to \$50m and nearest \$10m for values over \$50m. This reflects the uncertainty of long-term financial estimates.

## Āpitihanga 1: Tirohanga Whānui o tō tātau mōhiotanga o te hanganga

## Appendix 1: Overview of our infrastructure knowledge

Good quality infrastructure planning relies on good quality asset knowledge. We need to understand how our assets perform, understand the lifecycle costs and the risks associated with failure. Uncertainty about data for an asset can impact on our financial sustainability.

Table 22 provides a summary of our asset knowledge. This is an overall picture. Over a whole network, there are always some assets needing renewal or maintenance, and performance can vary. The ratings used in Table 22 are based on the NAMS International Infrastructure Management Manual 2015. Further explanation is included in Table 23.

Network	Value \$m DRC*	Overall Condition	Overall Performance	Data Confidence	
Roads and Footpaths	\$1,650m	3-4 Maintenance and renewals required Significant maintenance and renewal backlog developing.	3 Moderate	A Highly reliable	The asset renewal requirements are well understood, but not affordable.
Water Supply	\$106m	2-3 Minor defects and some water main renewals are required in the short- term.	2 Good	B Reliable but less reliable for older assets	Condition assessment needed for some assets – programme in place.
Urban stormwater	\$59m	2-3 Minor defects and some stormwater pipe renewals are required in the short- term.	3 Moderate	B Reliable	Condition assessment needed for some assets – programme in place.
Wastewater	\$92m	4 Assets require renewal/ upgrade Wastewater main renewals are required in the short- term. Upgrade of WWTP required (underway).	3 Moderate	B Reliable but less reliable for older assets	Condition assessment needed for some assets – programme in place.
Land, Rivers and Coastal	\$69m	4 Assets require renewal/ upgrade Upgrade of the Waipaoa River Protection Scheme required (underway).	3 Moderate	B Reliable But less reliable for older assets and coastal assets.	

#### Table 22: Summary of asset knowledge on a network basis

Network	Value \$m DRC*	Overall Condition	Overall Performance	Data Confidence	
Recreation and amenity – aquatic facilities, cemeteries, parks and open spaces, sports facilities	\$55m	4 Assets require renewal/ upgrade Olympic Pool complex requires a major upgrade (underway), shortcomings with other sporting facilities to be addressed over the longer-term.	3-4 Moderate to poor	B Reliable / C uncertain	A significant budget increase required by 2028 if parks and open space assets are to be maintained as safe to use and meet community expectations.
Recreation and amenity – play spaces, public conveniences, street trees and gardens	\$9m	2-3 Minor defects and some play spaces and public conveniences require renewal.	2-3 Good to moderate	B Reliable	Renewals are planned in the 2021 LTP, but insufficient to maintain expected levels of service in the long-term. Engagement will occur with the community before levels of service are changed.
Cultural Activities - library and theatres	\$26m	2 Minor defects Only	2 Good minor shortcomings	B Reliable	Most major assets have been recently upgraded except the Soundshell theatre.
Cultural Activities - Museum buildings, Patutahi Hall	\$3m	4 Assets require renewal/ upgrade	3-4 Moderate to poor	B Reliable / C uncertain	Community buildings are ageing, renewals planned for museum buildings in the 2021 LTP.
Solid waste	\$2m	3 Maintenance required	2 Good minor shortcomings	B Reliable / C uncertain	Programme in place to improve knowledge of historic landfills.

\*Depreciated Replacement Cost as of 30 June 2020

Table 23: Descriptors of asset knowledge adapted from the NAMS International Infrastructure Management Manual 2015

Condition	Performance	Data confidence
1 Very Good	1 Very Good	<b>A Highly reliable</b> Systematic and fully optimised data programme. Dataset accurate ± 2%.
<b>2 Minor defects only</b> Only minor maintenance works needed	2 Good	<b>B Reliable</b> Reliable data in information system with analysis and reporting. Dataset accurate ± 10%.
3 Maintenance required Maintenance needed to return the expected level of service	3 Moderate	<b>C Uncertain</b> Sufficient information to support basic analysis Dataset accurate ± 25%.
4 Assets require renewal/ upgrade	4 Poor	<b>D Very uncertain</b> Basic /incomplete information based on assumptions Dataset accurate ± 40%.
5 Very Poor Approaching unserviceable	5 Very poor	<b>E Unknown</b> No asset register

## How do we assess the condition and performance of our infrastructure?

#### Three waters (water supply, wastewater and stormwater)

The condition of our below-ground assets (pipes) is assessed using:

- Age (as proxy for condition).
- Analysis of samples from burst mains and other faults (mainly used for water supply assets).
- Analysis of samples from key pipe ages/diameters as indicators of condition (mainly water supply assets).
- A review of industry/local government useful life information.
- Condition assessments of critical wastewater assets using CCTV and other tools.

Condition has primarily been assessed using age, supplemented with a range of direct sampling and assessment tools. We have recently inspected all our most critical wastewater pipes (largely interceptors > 300mm and some older earthenware pipes) using CCTV. This has identified some poor condition interceptors requiring high priority renewals using a cure in place (CIP) lining technology.

A selection of higher risk stormwater pipes is currently being planned to be assessed using CCTV and the results used to prioritise stormwater renewals.

Water pipes condition can't be assessed using CCTV, so expensive physical pipe sampling and analysis of asbestos cement and cast-iron pipes is undertaken during maintenance procedures or when faults are fixed. If the assessment shows a significant sample of pipes of a certain type and age are in a better condition than expected, then their remaining useful life may be adjusted across the network.

We plan to undertake more direct condition assessments using CCTV, which will provide more robust condition and performance data.

Regular performance and condition inspection programmes are in place for above ground assets, such as dams, pump stations, water supply treatment plants and reservoir facilities. These include a range of tools such as engineer inspections, drone flights and surveys.

Specific condition assessments have been carried out on the marine outfall to Turanga a Kiwa Poverty Bay. These include sonar, hydrographic survey and dive inspections. These inspections show that the pipe condition is good. Further inspections are planned to ensure confidence in the ongoing performance of the outfall.

#### Performance

Real time performance for wastewater and water networks, including treatment plants, is monitored using SCADA and telemetry networks.

Overall performance is assessed by computer models for each network, and these show system constraints, problem areas and future capacity under a range of scenarios.

We also assess Requests for Service and progress against the non-financial performance measures (NFPM)<sup>8</sup> set for three waters to help identify performance and condition issues.

<sup>&</sup>lt;sup>8</sup> The Secretary for Local Government makes rules specifying non-financial performance measures for councils to use when reporting to their communities.

## **Roading and Footpaths**

Our roading contractors undertake regular inspections of the condition of the roading network. We also commission independent contractors to undertake audits and surveys of network components. Network condition measures include:

- Visual inspections where faults are noted, usually from a moving vehicle, during a periodic inspection.
- Asset inspection programmes, such as:
  - Regular programmed inspections of load-bearing and drainage structures.
  - Annual surface rating condition surveys.
  - Roughness surveys.
  - Test pit investigations.
  - Targeted strength testing to assess the network asset condition and performance.
- Safety inspections periodic drive-over inspections.
- Change in the pavement integrity index (PII) of the sealed network.
- Maintenance costs per km of the network or VKT (vehicle kilometres travelled).

Data is recorded in a centralised system which also holds other information on our assets, such as age, useful remaining life, function, risk factors, and the One Network Road Classification (ONRC) category (Access, Low Volume, Arterial, Secondary collector).

#### Performance

The strength of unsealed roads is determined using Structural Numbers (SNP) generated using a Multi-Speed Deflectometer (MSD), which provides an indication of potential network performance and indicates if roads are becoming overloaded.

The Deighton Total Infrastructure Management system (DTIMS) is used to assess sealed road performance. This is software specifically designed to use condition analysis and prediction tools to assess current and remaining future life.

We also assess Requests for Service, and progress against the non-financial performance measures (NFPM)<sup>9</sup> and levels of service set for roading and footpaths, to help identify performance and condition issues.

## Land, Rivers and Coastal

Regular performance and condition inspection programmes are in place for these assets. This includes inspection by contractors and engineering surveys. Other measures to assess condition and performance include:

- Regular engineering surveys to monitor riverbed and berm level trends which is an indicator of capacity and hydraulic performance.
- 25% of flood control scheme stopbanks are required to be formally inspected each year (around 20km / year).
- Condition assessments using CCTV and other tools of culverts through stopbanks are undertaken as required on a risk-based approach.
- Coastal assets are inspected and assessed reactively following prolonged erosion activities when beach levels are low exposing these assets.

<sup>&</sup>lt;sup>9</sup> The Secretary for Local Government makes rules specifying non-financial performance measures for councils to use when reporting to their communities.

## Solid Waste

The condition of our solid waste assets is assessed using install date and expected remaining life. This is supplemented by condition assessments of landfill sites and transfer stations by contractors.

We are moving from reactive management of some assets (bins) to an approach based on regionwide condition assessment.

## **Community facilities**

The condition of our community facility assets is assessed using install date and expected remaining life. This is supplemented by key performance data, including:

- Condition assessment data.
- Requests for Service (which help identify performance and condition issues).
- Maintenance schedules and Building Warrant of Fitness standards
- Active management of warranties and service agreements.

## How good is our infrastructure information?

We have undertaken substantial work to improve the reliability of data that underpins our asset management plans. We have reviewed our asset reliability grading system and adjusted the gradings we use to align with international standards and best practice. Most assets are now included in a consolidated asset management system. We are also developing a data improvement programme, including reviewing data research and resourcing requirements. This work will continue over the next few years.

There are still some gaps in Council's data about the condition of assets, especially for three waters assets installed early in the 20<sup>th</sup> century. Historical records for this period are not available or require considerable research to verify data.

We are committed to improving data collection and analysis for assets where the current data confidence rating is less reliable. This is shown in Table 24.

#### Table 24: Actions to improve reliability of asset data

Activity	Data gap	Data to be analysed	Value this data provides
Water supply and wastewater	Asset inventory and condition information for water supply and wastewater assets installed early in the last century. Historical records for this period are not available or require considerable research to verify data.	<ul> <li>Maintenance requirements, condition assessments and historical data that informs remaining our assessment of the life of assets.</li> <li>Examples of data we will collect or verify are: <ul> <li>Installation dates, material types and diameter for our oldest assets.</li> </ul> </li> <li>References to as- built plans.</li> <li>Other illogical or missing data.</li> <li>We will focus on critical assets first.</li> </ul>	Better data will allow better preventative maintenance and renewal programmes to be developed. Proactive maintenance can be programmed. Long term renewal requirements can be mapped out.
Soundshell	Condition assessment of community building	Maintenance requirements and condition assessment informing remaining life of the asset.	A feasibly and building assessment for life and use of this asset is planned during the 2021 LTP. Renewal requirements can be mapped out and cost-benefit analysis of maintaining the asset undertaken.
Historic landfills	Limited information on the state and environmental risk caused by historic landfills.	Maintenance and remediation requirements. Risk of historic asset deteriorating.	Risk assessment to be undertaken during 2021 LTP to prioritise maintenance and remedial works needed to reduce risk to an appropriate level.

#### Levels of uncertainty and implications

Good quality asset management relies on good quality asset knowledge. We have reliable information about the condition of our critical infrastructure, which means we are able to confidently plan for the maintenance and renewal of these assets.

The rest of our asset data reliability is generally grade B or C, although information on some older assets is less reliable. This means that the data used to forecast maintenance requirements and when renewals are needed has an uncertainty of about 10% to 25%, and that renewal and maintenance in any year could vary to this extent.

Some assets will fail before reaching the end of their expected useful life, and some will last longer. For this reason, we are moving to a risk and condition-based approach to planning renewals rather than an age-based approach. We have assumed we will be able to manage this variance within the budgets we have set by prioritising renewals each year based on risk of failure.

Table 25 provides a summary of assets for which we are less confident about our data and the implications of this uncertainty.

## Table 25: How we manage infrastructure when there is a lack of information

Asset group/sub-group	Issue	Implications and response
Above ground transport assets	ground transport assets A significant portion of the asset data is estimated.	
		Ongoing inspection and monitoring regime in place.
General	Some asset information may not be accurate or up to date.	These risks are minimal and are part of an asset management plans improvement plan
Community facility building assets	Asset condition and performance information for some community facilities Basic information is missing for some buildings.	Not a significant concern as all of these assets are above ground and can easily be inspected. Ongoing inspection regime in place.

## Āpitihanga 2 Ngā whakaaro mō te whakahaere hanganga

## Appendix 2 Assumptions about infrastructure management

This section sets out the assumptions we have used to develop the most likely scenario for management of our infrastructure assets over the next thirty years.

More detail on these assumptions is provided in the significant forecasting assumptions that accompany the 2021 LTP. More information on levels of service and growth in demand can be found in Appendix 3.

Assumption	Level of Uncertainty	Implications if incorrect	Mitigation
Capital programme and infras	structure assets		
All new infrastructure assets or significant changes to existing assets are accurately identified in the Infrastructure Strategy	Low	Forecast renewal and maintenance programmes may be inaccurate, resulting in unplanned expenditure	Asset management planning practices
The useful life of all significant assets is accurately recorded in Council's asset management plans. All significant assets are replaced at the end of their useful life unless otherwise identified in the LTP and Infrastructure Strategy.	Medium We have improved our asset data over the last three years, which allows us to better forecast the life cycle of assets. There are information gaps in some asset classes and condition/performance data is often less certain. This affects the reliability of future renewal forecasts.	Occasionally an asset will fail prior to its expected end of life, when this occurs, we either: • Carry out reactive maintenance to immediately return it to service; or • Prioritise its replacement against the planned programme and renew it accordingly. Reactive rather than proactive maintenance and renewals tend to be more expensive and cause more disruption to the community and business	Condition assessments of critical infrastructure prioritised. Council has an ongoing programme to obtain improved information on the age and condition of its assets.
Growth and Decline in Demar	nd	J	
The population of the Gisborne District will continue to grow with the growth primarily focused around the Gisborne Urban Area. A medium to high growth projection is assumed. A growth rate of 0.6% per year is assumed for the first 10 years of the 2021 LTP. This is assumed to fall to 0.3% in years 11-20, and 0.2% in years 21-30 <sup>10</sup> .	Low	If the rate of growth or change in population structure is different from what has been predicted, changes will need to be made to the timing of the growth programmes and type of infrastructure and services delivered. Increased capital and operational expenditure may be required to meet the needs of both the younger and older populations.	The three-year review of AMPs and the LTP minimises the risk of expenditure not matching growth or community requirements. Infrastructure planning considers high growth projection as a sensitivity test.

<sup>&</sup>lt;sup>10</sup> Thomas Consulting. Gisborne District Council Growth Forecasts. 2020.

Assumption	Level of Uncertainty	Implications if incorrect	Mitigation
The number of households is likely to increase at a slightly faster rate than population, as household size declines. This is likely to increase the demand for Council services.			
Non-resident demand for holiday home properties will be maintained at the current proportion of dwellings which are used as holiday homes.			
The region has a high population of people aged under 15 (23.1%) and over 65 (16.2%). The population forecasts reflect a general ageing of the population, although a recent rise in inward migration has resulted in more young people than was previously forecast.			
infrastructure an ageing population will need (such as accessibility and recreational needs), will be different to the needs of other population groups (such as the younger population).			
The increasing age of the population and the lower percentage of working age population is likely to have an impact on some residents' ability to pay for services and the types of services required.			
There will be no significant change to industrial/commercial demands on infrastructure (with the exception of the growth of heavy vehicles associated with forestry harvests).	Medium Infrastructure planning generally allows for some increase in industrial demand, but of a minor nature.	A significant change to the economy, such as a large employer choosing to locate in the region, may require Council to review and change its current activities and levels of service.	Demands of new industries/business will be quantified and an amendment to the Long- Term Plan developed if the costs or change to levels of service are significant. The TRMP review project will consider impact of zoning and land use change on infrastructure requirements.
Any changes to transport type and volume within the Gisborne District will not exceed projections.	Medium	Higher than forecast volumes of heavy traffic (such as logging trucks) would require greater road maintenance and upgrades, resulting in significant unbudgeted costs or increased deferred maintenance.	Volumes of heavy traffic are reassessed every three years.

Assumption	Level of Uncertainty	Implications if incorrect	Mitigation
Levels of Service			
Levels of service will generally be maintained at similar levels for the 10 years of the LTP. Expenditure on maintenance and renewals will be prioritised in terms of condition of assets and their criticality. Some major projects, such as the Waipaoa River Flood Control Climate Change Resilience project, Waingake restoration programme, and the Olympic Pool redevelopment, will increase the level of service after the project is completed.	Low The level of service is largely established by the infrastructure already in place. In the longer-term (beyond the life of the LTP), levels of service may be impacted by climate change.	Costs may increase requiring an increase in rates or a reduction in levels of service in other areas. Rates affordability may require a reduction in levels of service.	
Conditions of resource consents held by Council for water takes, stormwater discharges, wastewater and solid waste management will have more stringent conditions. Conditions on other types of infrastructure consents held by Council will not be significantly altered. Significant consents that will be obtained/ maintained over this period are: • Waipaoa water take for municipal supply (expires 2021) • Te Arai water take for municipal supply (expires 2026) • Waiapu landfill (expires 2025) • Te Araroa waste transfer station (expires 2025) • Te Karaka wastewater treatment plant (expires 2037, work expected before 2031) • Wastewater overflows (2026) • Paokahu landfill (expires 2032, closed landfill).	Medium We know that consent conditions are likely to change, but the extent of change is unknown until resource consent processes are complete.	Conditions required to obtain/maintain may result in higher costs than projected, and these costs will not be covered by planned funding. Inability to obtain key consents may result in Council being unable to provide key services.	Advance warning of likely changes is anticipated. Early engagement with mana whenua, stakeholders and consenting team will identify areas of change early.

Assumption	Level of Uncertainty	Implications if incorrect	Mitigation
A new consent will be granted for the Waipaoa River water take for municipal supply, and the amount of water that can be taken will not be significantly changed.	Low We have significantly progressed the new consent for the Waipaoa water take, and take and undertaken pre-application discussions with the consent authority. Assessment against the Tairāwhiti Resource Management Plan indicates that continued abstraction from the river is appropriate. The existing consent has already been reviewed and abstraction limits reduced to meet the requirements of the Tairāwhiti Resource Management Plan.	If the amount of water that can be taken is significantly reduced, Council may need to impose more frequent water restrictions and/or install UV treatment at Waingake faster than planned and funded. Inability to obtain this consent may result in Council imposing more water restrictions.	A consent decision should be received before the 2021 LTP is finalised, which will allow adjustments to forecast expenditure to be made if necessary.
Legislative and regulatory three waters reform (water, wastewater and stormwater) will require Council to undertake significant operational and regulatory changes to meet new mandatory standards, including undertaking collaborative approaches to water service delivery.	High The Three Waters reform is underway, with some legislative change having occurred and further change expected to occur within the period of the LTP. At the time of preparing this LTP, we are unable to determine how potential legislative change might impact its operation or quantify the potential financial impact.	Responding to changes in legislation and political direction is part of normal Council operations. Current budget and resourcing allocations may be insufficient to meet new standards. The more significant issue is the affordability of any required changes for ratepayers.	Legislative changes generally have transition periods for Councils to respond as necessary. The three-year review of AMPs allows asset managers to respond to changes to legislative reform.
Council will continue to deliver water, wastewater and stormwater services over the life of the 2021 LTP.	High	Amalgamation of authorities and/or new structures to manage particular classes of assets (such as a water CCO) would impact the way the assets are managed, particularly the synergies between the current infrastructure activities although the fundamental service delivered by the asset is likely to remain the same. Infrastructure challenges such as renewal, resilience, and changes in growth and demand exist regardless of the organisation that provides these services.	The three-year review of AMPs allows asset managers to respond to changes to legislative reform. The infrastructure strategy discloses the issues we expect will arise, or will be faced, in the water, stormwater and wastewater activities. This will inform future decision-making once there is more certainty on the shape of the three waters reform.

Assumption	Level of Uncertainty	Implications if incorrect	Mitigation
Other significant assumptions			
Government assistance in the event of a natural disaster will remain the same as present.	Low The national CDEM Plan was due for review in 2020. This Plan covers Government financial support to local authorities during recovery. The current plan remains in place until it is replaced.	Changes to Government the assistance for recovery of underground infrastructure may require Council to respond with changes in its insurance or other actions. No allowance has yet been made in our financial estimates.	
Natural hazards, such as floods, will cause damage to Council infrastructure. It is assumed that there will be some minor natural hazard events during the LTP period, for example flooding. It is assumed that no natural hazard or disaster causes widespread or catastrophic damage to Council infrastructure during the Infrastructure Strategy period.	Medium	Extreme weather events have the potential to cause significant damage to the District's infrastructure. In the event of a medium or larger event, Council's emergency reserves may not be adequate. Council may have to review its levels of service, its investment in facilities and infrastructure and consider exceeding limits in its Financial Strategy to support the recovery of the district.	The CDEM Group has response and recovery plans for such eventualities that include lifelines. Sufficient borrowing capacity and insurance to fund minor-moderate damage to infrastructure.
Climate change: Changes to weather patterns and impacts on the coastal environment as per the 2021 LTP significant forecasting assumptions. Climate change will have impacts on existing infrastructure assets. For some assets the level of service will reduce over time unless upgrades are made or assets are relocated or protected. Current climate change trends will be allowed for when planning infrastructure and services. Addressing the longer-term impacts of climate change on infrastructure may Council to make significant asset management changes, which will require additional resourcing.	Medium The longer-term impacts of climate change for Council infrastructure, and level of central government support and assistance is unknown and may be insufficient.	The effects of Climate Change occurring more quickly than anticipated may require Council to review and change its current activities and levels of service. This could have a significant financial impact on the community.	Provision is being made to adapt infrastructure for climate change, based on NIWA predictions for 2090, given the long life cycle of assets. If the changes are different from what is predicted, this will be assessed as they become evident.
Financial			
All asset revaluations are a best estimate based on historical asset values, national infrastructure contract rates, forecast capital expenditure, BERL inflation indices and other indices. All revaluations result in an appropriate change to revaluation reserves and the depreciation expense.	Medium	If asset values change significantly, the costs of funding depreciation may increase. Council may need to consider increasing fees and charges and/or rates to pay for the increased costs of funding depreciation. If value changes significantly, depreciation	Revaluation occurs every three years, and adjustments made every year based on construction and other cost movements.

Assumption	Level of Uncertainty	Implications if incorrect	Mitigation
Asset Replacement Cost values are set based on national rates.	Medium Due to our isolated location we tend to and pay more for infrastructure due to limited contractor competition and cartage costs. Increasing compliance costs associated with meeting Health & Safety requirements may also be passed on by contractors.	funding may be insufficient to fund asset replacement.	
Waka Kotahi Financial Assistance Rate (FAR) reduces to 66% by 2023/24 and then remains at 66%. Council's local share is affordable. Requirements and specifications for the performance of subsidised work will not alter to the extent that it impacts adversely on operating costs.	Low	Council's cost share is increased if FAR is reduced. If local share is not affordable, Council may need to consider reducing its programme of transport infrastructure investment and, levels of service may decrease as a result. Changes to the funding priorities of Waka Kotahi are outside Council control and they vary from project to project. The maximum financial impact would be the elimination of the subsidy.	Regular communication and engagement with Waka Kotahi through the Regional Transport Committee and Strategic Transport Advisory group.
Council will receive the operational and capital revenue included in the bid to the National Land Transport Fund (NLTF) <sup>11</sup> . Any variations to this will be minor and immaterial and will not impact delivery and levels of service.	High	If Council does not receive the bid amount for operational and capital expenditure: If less than 5% reduction against the bid amount, then the programme would be spread over full delivery across the network and there would be minimal impact on delivery and expected level of service. If more than 5% reduction against the bid amount, Council will need to look for alternative sources of funding, potentially reduce levels of service in some areas, and may have to reduce or delay some capital expenditure.	Regular communication and engagement with Waka Kotahi through the Regional Transport Committee and Strategic Transport Advisory group.
External funding for projects, when stated, will be realised.	Low	Difficulties obtaining funding may result in reductions or delays in the capital works programme.	

<sup>&</sup>lt;sup>11</sup> This assumption is required due to a delay in the process for this round of the NLTF process. This assumption is not normally required in Council's Infrastructure Strategy.

Assumption	Level of Uncertainty	Implications if incorrect	Mitigation
Confirmed funding contracts with central Government for infrastructure projects are not withdrawn or reduced.	Medium Government priorities may change, especially given the funding needed for COVID-19 recovery.	The likelihood of funding being removed for infrastructure projects is low as investment in infrastructure delivery is consistent with Government's COVID-19 recovery response. However, the impact would be high - some projects may not be able to proceed if funding is withdrawn or reduced. Council may need to review the external funding component of the project and the rates contribution.	Regular communication and engagement with the Provincial Development Unit.
New funding streams may become available (in response to COVID-19 or as recommended by the Productivity Commission) to assist with infrastructure delivery, climate change adaptation measures and to recognise increased responsibilities placed on local authorities by central government.	High	New funding may mean some projects can be fast- tracked or limit rates increases in future years if borrowing is reduced. The Revenue & Financing Policy allows such funding sources to be utilised. New funding streams are not available or are complex to access and require additional resourcing to manage.	
The cost per tonne for municipal landfills will increase from \$10 to: 1 July 2021 \$20 1 July 2022 \$30 1 July 2023 \$50 1 July 2024 \$60 The levy will also be expanded to include additional fill types. Council's waste is disposed of at these types of fills. This will increase construction contract costs if alternative methods of disposal or reuse are not used.	Medium The initiative does not have cross party support.	If the levy increase is not implemented in line with the current plan, then this could reduce the future costs to Council.	
Due to an increase in the waste levy there will be additional revenue available for initiatives that support waste reduction e.g. NZ-based recycling infrastructure. Council will see an		If the levy increase is not implemented in line with the current plan then this will reduce the potential revenue available for Council.	
Assumption	Level of Uncertainty	Implications if incorrect	Mitigation
--	----------------------	--	------------
Revenue from development contributions will be at or above the levels predicted in the Development Contributions Policy.	Low	If the number of new properties paying development contributions is less than forecast over the funding life of assets, then the revenue will not be sufficient to fund the growth component of the capital programme.	
		The altered timing will impact on Council's cash flows and may necessitate changes to planned borrowing. Increased debt being held by Council may impact on debt limits under the Financial Strategy. Either a rates increase or levels of service decrease may be required as a result.	
		Planned projects to increase network capacity to support growth may not be needed and would not occur.	

# Āpitihanga 3:

### Ngā whakaaro mō ngā Ratonga Kōeketanga me te Whakarahinga Whakatipu

### Appendix 3:

# Assumptions about Levels of Service and Growth in Demand

#### Levels of Service

This section sets out the assumptions about the level of service our infrastructure will provide. We have used these assumptions to develop the most likely scenario for management of our infrastructure assets over the next thirty years.

#### Growth

We forecast the infrastructure required to provide for growth by analysing:

- Population projections.
- Hydrological network and process modelling.
- Capacity reviews at water and wastewater treatment plants.
- Strategic infrastructure requirements determined through structure planning.
- Engagement with government agencies and mana whenua on future infrastructure requirements
- Developing integrated catchment management plans (ICMPs) which will identify issues and propose best practicable solutions for growth on a catchment basis.

#### Population projections

Gisborne is currently experiencing a period of higher than forecast population growth. This means we need to review the impact of updated growth forecasts on our infrastructure requirements and develop further options to provide for growth.



#### Population forecasts for Gisborne District

We have assumed that the population of the Gisborne District will continue to grow with the growth primarily focused around the Gisborne Urban Area. A medium to high growth projection is assumed.<sup>12</sup>

Under this assumption, the population will grow to around 53,200 by 2031 and 55,800 by 2051 (Thomas Consulting 2020 Update Medium). We have also assumed that most of the district's population (nearly 80%) will live in the Gisborne urban area. By comparison, the population forecasting used to support the 2018 LTP suggested a district population of 49,806 by 2031.

We also expect the demand for housing or accommodation for seasonal workers to continue and potentially grow. Worker accommodation is one of the priorities identified in the Gisborne Housing Strategy developed by Manaaki Tairāwhiti<sup>13</sup>.

Population growth and demand for more housing has implications for our infrastructure and delivery of community services affecting both capital and operational expenditure.

Updating the Tairāwhiti Resource Management Plan (TRMP) is one of our priorities for the 2021 LTP. We expect effort to be placed on planning for growth via the TRMP project rather than new capital works projects aside from those already planned in relation to development of the Taruheru greenfield site. This will ensure that infrastructure growth projects align with the strategic direction, and rules contained in the new TRMP.

#### Water supply

Our water supply infrastructure provides households and businesses with a safe, high quality and sustainable water supply.

#### Levels of Service

In general, we are planning to keep our service levels the same. In order to maintain the current service levels, we are planning to spend more than has been spent in recent years on water supply infrastructure to replace assets – the focus for the first 10 years of the Infrastructure Strategy is on reinstating the Sang Dam and replacing asbestos cement pipes.

A significant change to the level of service are two projects funded via the Three Waters post-COVID-19 stimulus package:

- Muriwai pipeline and reticulation top-up water supply to rainwater tanks on individual properties.
- Ruatoria water supply- development of a bulk water supply point.

These projects help address long-standing concerns about the security and safety of water supplies available to communities in townships not connected to the municipal water supply. We anticipate these will be completed before the year 1 of the LTP.

Investment is being made to improve our management of water safety risks based on the Water Safety Plans. This includes residential backflow prevention and UV treatment at Waingake water treatment plan and will increase the level of service.

In terms of demand management, we have assumed that water residential metering will be rolled out over the next 10 years to enable better monitoring, management and understanding of residential water use

<sup>&</sup>lt;sup>12</sup> Thomas Consulting. Gisborne District Council Growth Forecasts. 2020. Stats NZ. Subnational population estimates: At 30 June 2020. https://www.stats.govt.nz/information-releases/subnational-population-estimates-at-30-june-2020 13 Eaqub, Shamubeel and Lees, Kirdan. The Gisborne Housing Strategy 2019 – prepared for Manaaki Tairāwhiti and Trust Tairāwhiti

With this additional investment our assets will be more resilient, and water will be treated to a higher standard. Residents and businesses can continue to expect:

- water that is safe to drink
- a well-maintained water network
- a timely response if there is a problem with the water supply
- a quality service
- sufficient water supply capacity to meet demand.

#### Growth in Demand

Key water supply infrastructure assets we anticipate will be needed to provide for growth include:

- Network extensions for greenfield growth areas the current focus is on the Taruheru Block. New areas may be added as a result of the TRMP project
- Specific network capacity improvements within the existing network (such as new booster stations)
- Integration of new infrastructure built by developers into our networks
- Capacity and quality upgrades to our water treatment plants
- Investigation of new reservoirs to support growth
- Extending the reticulated network
- Investigation of a new water supply source

#### Wastewater

Our wastewater activity provides Gisborne, Te Karaka and the western industrial area with a reliable wastewater service that protects people's health and the health of our waterways. We also provide four septate disposal sites in the rural area. Wastewater is provided in a way which meets the requirements under the Local Government Act, Health Act and resource consent conditions.

#### Levels of service

There are currently some levels of service gaps around trade waste capacity and pump stations that overflow during wet weather. The budgets set in the LTP and this Infrastructure Strategy will address some of these issues. We are also planning to spend more on replacing assets.

We have already made a significant investment to upgrade the level of treatment at the Gisborne wastewater treatment plant so that the plant is operated in accordance with our resource consent conditions. Further investment is included in the LTP and Infrastructure Strategy to continue this process and develop land-based disposal options for wastewater from the Gisborne and Te Karaka wastewater treatment plants.

With this level of investment, our assets will be more resilient, and wastewater will be treated to a higher standard. Residents and businesses can continue to expect:

- The wastewater system is adequately designed and maintained
- The wastewater system is managed in a way that minimises impact on the environment
- A timely response if there is a problem with wastewater system
- A quality service

#### Growth in demand

Key wastewater infrastructure assets we anticipate will be, needed to provide for growth include:

- Network extensions for greenfield growth areas the current focus is on the Taruheru Block. New areas may be added as a result of the TRMP project
- Specific network capacity improvements within the existing network (such as new or upgraded pump stations). An assessment of the wastewater network capacity has identified potential constraints to development. More detailed growth planning undertaking as part of the TRMP review will help prioritise network improvements for the 2024 and 2027 LTP
- Integration of new infrastructure built by developers into our networks
- Capacity and quality upgrades to our wastewater treatment plants
- Extending the reticulated network

#### Stormwater

Our stormwater network protects people, dwellings and properties from flooding in a way that protects the environment and public health.

#### Levels of Service

Inflow and infiltration of stormwater into the wastewater network causes overflows of wastewater on private property and overloads the wastewater pumpstations, causing overflows into waterways. The Drainwise programme is designed to reduce the amount of stormwater directly entering the wastewater system by 85% and addresses public and private infrastructure. A model of the wastewater system<sup>14</sup> has been used to prioritise works. The highest priority catchments are Kaiti and Whataupoko. These are the areas least able to cope with the amount of stormwater entering the wastewater network.

Stormwater catchment modelling has identified urban catchments where there is a higher risk of flooding. This means that the primary stormwater network is not capable of carrying a minimum of a 1 in 10-year flood. This modelling is supported by reported events. Areas of concern are located in the Graham/Delatour, Whataupoko, Elgin, central business district (CBD) and Te Hapara catchments.

We are planning to spend more on replacing and upgrading stormwater assets so we can maintain the same levels of service for stormwater within the existing city over the period of the Infrastructure Strategy whilst addressing areas more likely to experience flooding issues and the high levels of stormwater entering the wastewater system through the Drainwise programme.

Over the life of the Infrastructure Strategy, we expect further investment to be made in improving the quality of stormwater discharged into waterways and the sea.

Over the next three years, catchment management plans will be prepared for stormwater catchments in the urban area. These will be guiding documents for future management and development of the stormwater network and will help ensure the community can continue to expect that:

- the stormwater system is adequately designed and managed
- the stormwater system is managed in a way that minimises impact on the environment
- a timely response if there is a flooding event
- a quality service.

<sup>&</sup>lt;sup>14</sup> Gisborne Wastewater Network Model Updates and Upgrades (BECA 16 November 2017)

#### Growth in demand

Key stormwater infrastructure assets we anticipate will be needed to provide for growth include:

- Network extensions for greenfield growth areas the focus for the next 10 years is on the Taruheru block
- Specific network capacity improvements within the existing network (such as new swales or increased pipe sizes)
- Integration of new infrastructure built by developers into our networks.
- Extending the stormwater network

#### **Roading and Footpaths**

We provide a safe and efficient transport network for Gisborne and the wider region which integrates walking, cycling, buses, private vehicles and freight.

#### Levels of Service

There are currently some levels of service gaps around satisfaction with roads and response times to service requests. Deterioration modelling and forward work plans show that the current level of funding will not meet the expected levels of service, and we cannot afford to increase investment in the short-term to close this gap. We are taking a risk-based asset management approach.

Resources will be targeted to building and maintaining resilience within the network and adapting to climate change. We are also developing a strategy to maintain safe access across the network at the lowest cost. If additional investment is not made during the life of the Infrastructure Strategy, we expect that some low-volume sealed roads will revert to unsealed, and more of the network may be subject to a recommendation to use four-wheel drive vehicles.

We have also seen a gradual increase in the number of reported deaths and serious injuries over the last 10 years. We are working to improve the safety of the network through intersection safety upgrades and speed management, bridge strengthening, upgrading key routes and enhancing our active transport network. It is hoped that is will decrease the number of fatalities and serious injury crashes on local roads in Tairāwhiti

Resident satisfaction has improved for cycleways and footpaths and we have now developed a long-term (10 year) city-wide cycling network plan.

Over-time, residents will be able to expect:

- A roading network that provides for safe access options
- Affordable and accessible transport options that balance the needs of all users
- The roading network is designed and managed for safe use with low crash and injury rates
- A timely response if there is a problem with roads or footpath
- A quality service

#### Growth in demand

Primarily, growth in demand will be managed through provision and facilitation of modal choice, such as ongoing development of public transport, cycling and walking options. We have now developed a long-term (10 year) city-wide cycling network plan to help increase cycling and walking options and reduce car reliance in the urban area.

New roads and supporting transport infrastructure will be required to enable greenfield development areas. The current focus is on the Taruheru Block. In the order of 400-800 new houses are expected to be constructed at this location, depending on housing density. One new house is assumed to equal about 10 extra traffic movements a day.

In addition to the roading projects already completed to serve existing development, the following projects are planned to address access and efficiency issues and provide better travel options, including active transport choices:

- Main Road (Makaraka) to Nelson Road road link
- Main Road (Makaraka) to Nelson Road new bridge
- Supporting infrastructure for the surrounding area: lighting, footpath and cycleway improvements

#### Land, Rivers and Coastal

We minimise and prevent damage to land, buildings, and infrastructure caused by floods and erosion.

#### Levels of Service

We are undertaking a major project to increase the level of service provided by the Waipaoa River Flood Control Scheme. This should be completed in 2031. We intend to confirm the current level of service delivered by the Te Karaka stopbanks (in years 1-3) and consult the community on findings. We will consider increasing levels of service if the community is willing to fund improvements.

No major projects are planned to increase levels of service in drainage areas. The focus will be on maintaining existing schemes.

With this level of investment, our assets will be more resilient, and the Poverty Bay Flats will be protected to a standard that takes into account the impacts of climate change. Residents and businesses can continue to expect:

- We will minimise flood risk and coastal erosion to ensure communities are safe and prepared.
- We will manage the effects of coastal erosion and the drainage of rivers and streams to minimise flood risk.

#### Growth in demand

No projects or programmes are planned to respond to growth demands.

#### Solid Waste

#### Levels of Service

We are planning to maintain the same levels of service for solid waste management within the existing urban areas over the period of the Infrastructure Strategy. We are increasing operational expenditure on cleaning public areas and litter bin collection as we are not meeting current customer satisfaction targets for this service.

We expect will be an increased focus from central government on waste streams and recycling across councils. In the future, this may require operational and capital expenditure changes to comply within short timeframes. We are working with the Ministry for the Environment to improve the operation of existing transfer stations and develop a feasibility study to support an application to fund a regional Resource Recovery Centre. If those measures are successful, we assume we will see an increased level of recycling and waste minimisation.

Overall, the community can continue to expect:

- Solid waste facilities are adequate and available to the community, including regular kerbside collection services and transfer stations.
- Communities are kept clean public bins emptied regularly, and litter removed
- Waste is diverted from the landfill via waste minimisation methods

- No adverse effects on the environment or human health from the Paokahu and Waiapu landfills
- Increased awareness of issues surrounding heritage landfills

#### Growth in demand

There are no forecast growth projects. However, growth in demand will be considered as part of developing the business case for the regional Resource Recovery Centre.

#### **Community Facilities - Recreation and Amenity**

#### Levels of Service

Major investment in the aquatic centre is underway to increase the current level of service and customer experience.

There are currently some levels of service gaps around satisfaction with parks and reserves, public conveniences and street trees. This is a result of consistent underinvestment in operational expenditure. The budgets set in the LTP and this Infrastructure Strategy will address some of these issues.

We have planned for some minor changes to service levels over the life of the Infrastructure Strategy:

- Improve the quality of our playgrounds over the next 30 years for a better play experience. The number of neighbourhood playgrounds may be reduced over this period
- Improve the quality of public conveniences over the next 30 years and change the location and type of services to reflect community needs. The number of public conveniences may be reduced over this period
- Increase expenditure on planned street tree maintenance and street tree planting renewal programme to reduce the number of customer complaints and service requests relating to trees

There is a more significant performance gap around our sporting facilities. A condition assessment of outdoor grounds found that work is required on nearly all sports facilities to bring the playing areas and supporting infrastructure up to an acceptable standard. In addition, many facilities are single-use and lack the flexibility required by the community.

As part of implementing the Communities Facilities Strategy 2018, we have worked with Sports Gisborne Tairāwhiti and trust Tairāwhiti to develop a preferred response to address these issues and maintain an appropriate level of service<sup>15</sup>. This is a long-term approach, expected to be implemented over 20 years or more. Implementation will require external investment and support.

The preferred response is to progress four strategic sporting hubs:

#### Table 26: Strategic sporting hubs proposed for Tairāwhiti

Sport and Recreation Hub	Preferred Location
Indoor and court sports hub	Childers Road Reserve
Outdoor and field sports hub	Gisborne Golf Park
River sports hub	Anzac Park and Marina Reserve
East Coast regional hub	Whakarua Park, Ruatoria

<sup>&</sup>lt;sup>15</sup> Trust Tairāwhiti, Sports Gisborne Tairāwhiti & Gisborne District Council. Tairāwhiti Sports Facilities Single stage business case – November 2020

In the short-term, we will progress field upgrades and other smaller projects, subject to receiving regional funding support.

In general, residents will continue to be able to expect:

- a network of accessible parks and open spaces for recreation and green space throughout the region
- cemeteries with high amenity values, and accurate information about who has been buried there
- clean and accessible public toilets and changing rooms
- an Olympic Pool facility that is well visited, enjoyed, and safe to use
- progressive development of a network of fit-for-purpose sport and recreation facilities.

#### Growth in demand

The value of green spaces and natural local areas was heightened during the first level 4 and level 3 containment measures period (23 March 2020 – 12 May 2020). Local outdoor recreation facilities are likely to see increased demand from residents. These serve as 'third places' for people in a world where the work and home intersection is changing. Council is the key provider of this service in Tairāwhiti and has a high level of open space and reserve land per capita.

We intend to provide additional reserve space to service the Taruheru Block development.

#### **Community Facilities – Cultural Activities**

The cultural infrastructure covered in this strategy helps to make Gisborne a highly liveable city.

This Strategy has been prepared on the assumption the service levels are maintained to the current standard. Residents will continue to be able to expect:

- Cultural facilities that are accessible to Tairāwhiti residents and visitors.
- Regular and varied programmes, events and exhibitions at cultural facilities.
- Cultural facilities that are fit for purpose, clean and safe.

#### Growth in demand

The current infrastructure is adequate to meet the needs of a larger population, and we plan to increase use of existing facilities rather than add new assets.



# He Tauira Kaupapa Here Pūtea Whakawhanake Development Contributions Policy

This policy identifies growth-related infrastructure work as well as the charges that expect to be recovered from developers to support that work.



## Contents

1	Wha	at is a Development Contributions Policy	4
2	Ove	erview of the DCP and Process	. 10
	2.1	Purpose and Principles of Development Contributions	. 10
	2.2	History	. 11
	2.3	How Infrastructure Growth Funding is Allocated	. 11
	2.4	Activities for Funding Capital Expenditure of Growth	. 11
	2.5	When a Development Contribution is Required	. 12
	2.6	Limitations to the Application of Development Contributions	. 12
	2.7	Relationship to Resource Management Act	. 13
3	Visio	on, strategy and council assumptions	. 14
	3.1.	1 Council Role	. 14
	3.1.2	2 Development Contribution Areas	. 14
	3.1.3	3 Development types and units of demand.	. 15
	3.1.4	Planning Horizons and the Period Covered by this Policy	. 16
	3.1.	5 Projecting Growth	. 16
	3.1.	6 Other Assumptions	. 18
	3.1.	7 Best Available Knowledge	. 18
	3.2	Capital expenditure council expects to incur as a result of growth	. 18
	3.3	Capital Expenditure Council has already Invested in Anticipation of Development	. 20
	3.4	Unit of Demand	. 20
	3.5	Schedules forecast Values	. 20
4	Asse	essment of development contributions	. 21
	4.1	Commencement	. 21
	4.2	Delegation of assessments	. 21
	4.3	Applications assessed	. 21
	4.4	Activities for which development contributions are assessed	. 22
	4.5	Formula for calculating contributions	. 22
	4.6	Catchments	. 23
	4.7	Assessment of HUES on the basis of multipliers	. 23
	4.8	Schedules to Development Contributions Policy:	. 24
	4.9	Additional rules relating to assessment on the basis of multipliers	. 25
	4.10	Special Assessments of HUEs on the basis of actual or anticipated demand	. 26
	4.11	Reductions	. 27

	4.12	Re	emissions	28	
	4.13	Re	eassessment of a development	28	
	4.14	Money or land			
	4.15	De	evelopment agreement	29	
	4.16	Pa	ayment Due Dates	29	
	4.17	En	nforcement Powers	30	
	4.18	Re	efunds	30	
	4.19	Pc	ostponements	30	
	4.20	Re	econsideration Process	30	
	4.21	Ot	ther Matters	31	
5	Expl	lan	ation of the method for developing the schedule of charges	32	
	5.1	Re	elevant provisions in the Local Government Act 2002	32	
	5.2	Th	e Capital Works Programme	32	
	5.3	Ur	nit of Demand	33	
	5.4	M	easurements to determine Units of Demand for Activities	34	
	5.4.1	1	Water Supply	35	
	5.4.2	2	Wastewater	36	
	5.4.3	3	Stormwater	37	
	5.4.4	4	Reserves and other Community Infrastructure	38	
	5.4.5	5	Land Transport	39	
	5.5	As	ssessment of growth model	39	
	5.6	Ke	ey risks/effects associated with growth projections	40	
	5.7	ld	entification of growth expenditure and funding mechanisms	40	
	5.8	С	ost Allocation	41	
	5.9	Са	atchments	42	
	5.10	Fu	Inding Model	42	
	5.11	Αç	ggregation of the contribution	43	
6	Revi	iew	of the policy and revision of the schedule	44	
	6.1	Re	eview of Policy	44	
	6.2	Re	evision of the schedule of contributions	44	
7	Glos	ssai	ry of terms	45	

He Tauira Kaupapa Here Pūtea Whakawhanake Development Contributions Policy

# 1 What is a Development Contributions Policy

In June 2008, the council adopted a Development Contributions Policy (DCP) to fund the total cost of capital expenditure directly related to growth that results in the Council having to provide additional Community Infrastructure, Network Infrastructure and Park & Reserves. Council has the power to do this under the Local Government Act 2002 (LGA). The DCP has been updated as part of each Long Term Plan process every three years, the last being in June 2018.

The DCP seeks to establish a transparent, consistent, equitable and efficient basis for recovering the longer term costs from those persons undertaking developments that cause the need for additional capital investment in public infrastructure.

Gisborne District Council (Council), like many Councils across New Zealand, is experiencing increased growth pressures from both residential and non-residential development. Council has determined that the funding of new assets or assets of increased capacity to meet demand created by new development should be recovered by way of development contributions from those benefiting from the infrastructure.

This DCP comes into effect on 1 July 2021.

#### Summary of Changes in this Policy

A review of the current DCP has highlighted the need to:

- 1. Be more transparent on the assumptions and basis for setting charges,
- 2. Be more specific in responding to the requirements set out in the Local Government Act 2002 (LGA),
- 3. Add sections on units of demand and the rationale for the Policy settings
- 4. Reflect better the relatively modest scale of growth in Gisborne versus larger metro centres by reducing the complexity of the non-residential categories and measures, and
- 5. Tidy up the references and structure of the DCP.

Council has reviewed the growth model, the land use categories for non-residential developments, and the measures used to define each Household Unit Equivalent (HUE).

#### **Changes in Forecast Growth**

Growth in Gisborne District, and in the Gisborne Urban Area (GUA) in particular, has seen a significant jump in the last three years since the 2018 DCP was adopted. This is evident in the Statistics NZ 2018 Census results, and their estimate of population as at June 2019 and June 2020.

Average house prices have increased by 94% and rental costs are up 33% in the last four years. There has yet to be a surge in new house building as there is a shortage of available sections. Population growth has resulted in a housing crisis as demand exceeds supply. Council is expecting a significant increase in infill subdivisions in response to this demand as land owners respond to the pricing signals. The yield of greenfield subdivisions is also expected to significantly increase as average residential section sizes are becoming smaller. This increases the number of houses built on each block of land. This will be driven by the market demand as well as the review of the Tairāwhiti Resource Management Plan over the next few years. Council is forecasting moderate to strong population growth for the GUA<sup>1</sup> currently at 1 - 2% a year, easing to annual growth of 0.5 – 1% from 2021 to 2031. This is significantly faster growth than previously expected. The effect of this is higher growth of HUEs expected in this DCP compared to the previous version. Growth outside of the GUA is forecast to be slow and continues to support the exclusion of coastal townships for the areas that are included in the DCP.

	GUA - As at June				
	2018	2019	2021	2026	2031
Population					
2018 DCP forecast	36,359	36,528	36,890	37,849	38,861
Statistics NZ actual and estimates	37,786	38,366			
Forecasts 2021 LTP and DCP			38,509	40,199	41,479
Households – Occupied and Unoccupied					
2018 DCP forecast	13,102	13,185	13,358	13,798	14,236
Forecasts 2021 LTP and DCP	13,548	13,630	13,860	14,700	15,480
Additional households above 2018 Forecasts	446	445	502	902	1,244
Total forecast increase in Households from 2021 - cumulative				840	1,620

#### Table 1: Forecast Population and Household numbers in the GUA

<sup>&</sup>lt;sup>1</sup> The GUA includes some areas that are not currently within the reticulated services boundary, and this Policy does not imply that all the GUA is entitled to be connected in the future. The GUA area is used for forecasting purposes and in 2018 97% of households in the GUA were connected to the wastewater network.

The updated forecasts imply an increase in residential households in the GUA from 2021 to 2031 of 1,620. This compares to a forecast increase of 878 households in the 2018 DCP. While this will reduce the infrastructure cost per additional household there will be an impact on the networks in existing residential areas from greater density.

The 1,620 additional households will not translate to 1,620 HUE charges. There are some adjustments that need to be allowed for to reflect the type of households forecast, while some 'households' will be part of the non-residential development forecasts (Rest homes). More one-bedroom units are expected to be built for public housing and in response to an ageing population. Together this reduces the forecast residential household increase to 1,410 in terms of forecast residential development contribution charges.

These forecasts will result in Council needing to undertake more analysis of the existing networks to determine the impacts – particularly the impacts from infill. Council will closely monitor the actual growth in households over the next few years. As part of the next review of the DCP in 2023/24 Council will consider whether the DCP should separate greenfield areas from infill after more detailed modelling of the three waters networks.

The detailed forecasts of non-residential gross floor areas (GFA) have been assumed to continue as included in the 2018 DCP. These developments are sporadic and hard to forecast. Council has seen considerable increase in commercial developments over the last two years. Council will monitor these developments to see if the increased population continue to result in more commercial developments.

#### **Changes in the Non-residential Categories**

Currently the DCP has 14 categories for non-residential development. This has resulted in administrative difficulties and the need to define and update the research to support the categories. Council is proposing to reduce the categories to 8 (plus residential) by combining the categories that have similar impacts on infrastructure. These are defined in the Glossary (Section 6).

It is not practical for Council to set out categories that completely match all the many types of onresidential developments that can occur in the GUA. Council also retains the right in the DCP to have a proposed development considered as a special assessment. This occurs when Council considers that the development has an impact on infrastructure that significantly differs from the set categories and standard assessed HUE's (e.g. a large meat processing plant). Developers have the right to request a reconsideration of the Council assessment, and there is an objection process as set out in the LGA.

Land Use Type – Non-Residential Developments				
Current 2018 Categories	Proposed Categories 2021 DCP			
Community Infrastructure				
Education	Community Services			
Health - Community Services				
Residential Services	Visitor Accommodation, Rest homes and			
Visitor Accommodation	other Residential Services			
Agriculture / Forestry	Warehousing ( Agriculture and Forestry			
Warehousing	Warehousing / Agriculture and Folestry			
Commercial (excl Retail)	Commercial / Office			
Retail > 4,000m2	Potail			
Retail <4,000m2				
Restaurants / Cafes / Bars				
Restaurants / Cafes / Bars takeaways	Restaurants / Cafes / Bars / takeaways			
Heavy Manufacturing	Industrial			
Other Industry - Servicing	Other Industry - Servicing			

#### Table 2: Proposed changes to the categories of non-residential developments

The ratios used to calculate HUE's for non-residential have been revised to reflect recent GDC data and the standard New Zealand approach. This has generally resulted in a reduction in the HUE ratios used for Transport (but not all) relative to the 2018 DCP.

# Table 3: Non- Residential – per 100m2 Gross Floor Area and other measures of Demand

Category	HUE Measure	Transport	Water	Wastewater	Stormwater
Community Services	100m2 GFA	1.34	0.30	0.30	0.29
Visitor Accommodation, Rest homes and other Residential Services	Per unit or bed	0.4	0.30	0.30	0.29 per 100m2 GFA
Warehousing / Agriculture and Forestry	100m2 GFA	0.25	0.16	0.16	0.29
Commercial / Office	100m2 GFA	0.76	0.30	0.30	0.29
Retail	100m2 GFA	1.60	0.20	0.20	0.29
Restaurants / Cafes / Bars and takeaways	100m2 GFA	1.90	1.3	1.3	0.29
Industrial	100m2 GFA	0.8	0.4	0.4	0.29
Other Industry - Servicing	100m2 GFA	0.9	0.3	0.3	0.29

#### Summary of Development Contribution Charges Proposed

A summary of the schedule of charges by type of development are outlined below: (all figures are exclusive of GST)

#### Table 4: Comparison between 2018 DCs and proposed 2021 DCs by activity

Type of Development – Applies to development within the Gisborne Urban Area (see maps Appendix 2)	2018 DC Schedule of Charges	Proposed 1 July 2021 Schedule of Charges
Residential per HUE	Contribution per HUE (\$)	
Gisborne Urban Area – as defined by the maps in Appendix 2	(GST Exclusive)	
Activity		
Transport	\$1,518	\$1,857
Water	\$2,576	\$983
Wastewater	\$3,136	\$5,086
Stormwater	\$1,273	\$1,616
Reserves	\$228	\$376
Total	\$8,731	\$9,918

#### Introduction

Development contributions are the fees payable to Council for capital expenditure planned to be provided, or already constructed, for additional community facilities (such as stormwater, roads, reserves and public amenities) required to service growth. These contributions may be required on resource consents (subdivision and land use) and / or building consents or service connections in situations where the development will have additional impact on infrastructure.

This Policy applies when you subdivide land, build, alter or expand a non-residential building, or may apply when you change the use of an existing building. The extent of the Development Contribution required will depend on the type, size and location of the development.

The legislation that sets out how Council operates and prepares a Policy is the Local Government Act 2002 (LGA). Council considers how it funds the required infrastructure as part of the overall preparation of the Long Term Plan. Council must weigh up where benefits and costs should lie as any reduction in the proportion of development contribution charges to pay for growth will have to be paid by existing ratepayers.

- Section 1 sets out the overview of the DCP and the process.
- Section 2 sets out the Vision and Strategy of Council, the key assumptions, and how this relates to Council goals and other policies.
- Section 3 sets out how the charges are calculated and the categories of land use development, the administration procedures, the Schedule of Charges and the process for objections and reconsiderations.
- Section 4 sets out how the charges have been developed, the methodology behind the allocation of costs to each type of development.

- Section 5 covers how the Policy is reviewed.
- Section 6 is the Glossary with key definitions of terms in the Policy.

The appendices to the policy contain further detail about development and implementation of the policy.

Appendix 1 includes the specific projects that development contribution chargers are funding,

Appendix 2 shows the development contribution catchment maps.

Appendix 3 sets out examples of charges that would apply to different types of developments.

Appendix 4 sets out the analysis of benefits that underpin the development contributions charges (as required by Section 101(3) LGA.

Appendix 5 – How development contributions have been calculated referenced against LGA requirements.

### 2 Overview of the DCP and Process

#### 2.1 Purpose and Principles of Development Contributions

The purpose of the DCP is to ensure that reserves and infrastructure capital expenditure is funded by those parts of the community who benefit from that expenditure. Those responsible for creating growth within our district, whether through subdivision, building, new service connections or a change in land use, are being asked to pay a fair share of the resulting additional infrastructure cost incurred by council.

DCs are intended to enable Council to recover from developers a fair, equitable and proportionate portion of the total cost of capital expenditure necessary to service growth over the long term. DCs can be levied if the effect of a development or developments requires the Council to provide new or upgraded infrastructure.

This DCP sets out the DCs payable by developers, how and when they are to be calculated and paid, and a summary of the methodology and the rationale used in calculating the level of contribution required.

The purpose of this policy is to:

- a) enable Council to provide infrastructure and facilities to cater for growth, in a timely fashion and affordable for ratepayers;
- b) to provide the framework for Council to charge DCs for residential and non-residential development in the District to fund capital expenditure for network infrastructure, reserve land and community infrastructure.
- c) provide predictability and certainty to stakeholders on how infrastructure for growth is to be funded, and establishing a transparent, consistent and equitable basis for recovering DC from developers;
- d) to recover from developers a fair, equitable and proportionate portion of the total costs of the capital expenditure to service growth over the longer term.

This DCP has been developed to be consistent with the purpose of the DC provisions as stated in section 197AA of the Local Government Act 2002 (LGA). In preparing the DCP Council has had regard to and taken into account the DC principles in section 197AB of the LGA. These have been used by Council to ensure the DCs charged are fair and reasonable, as well as lawful.

Section 102 of the LGA requires the Council to have a policy on Development and/or Financial Contributions as part of its funding and financial policies in its LTP. Sections 106 and 201 of the LGA set out the required contents of this DCP. This policy must be reviewed at least every three years.

The process for Council to develop DC charges is set out below. The DCP has a considerable amount of planning and analysis that underpins the charges set by Council.

Growth	Plan	Cost	Fund	Charges
<ul> <li>Growth</li> <li>Projections</li> </ul>	<ul> <li>Infrastructure modelling</li> </ul>	<ul> <li>Project Costing and Options</li> </ul>	<ul> <li>Funding Decisions</li> </ul>	Development     Charge     calculation

Growth	Plan	Cost	Fund	Charges
<ul> <li>Analysis of</li> </ul>	based on	<ul> <li>Calculation of</li> </ul>	<ul> <li>Calculating</li> </ul>	<ul> <li>Calculating the</li> </ul>
census data to	growth	expected	growth costs	development
estimate future	projections to	capital	and	contribution
growth rates	determine	expenditure	determining	charge by
and allocate	future	costs for the	funding	allocating
growth	infrastructure	infrastructure	methods in	growth costs
projections to	requirements	projects. Total	accordance	
broad		capital	with Council's	
geographical		expenditure	Revenue and	
areas within		includes past	Financing	
Gisborne District		investment	Policy and	
		and includes	Local	
		cost of capital.	Government	
			Act	
			requirements	

#### 2.2 History

Council's first DCP was adopted in June 2008. Council had previously funded the growth related costs of development via financial contributions (FCs) under the Resource Management Act 1991 (RMA), and through rates. The DCP was subsequently revised during each 10-Year Plan cycle in 2009, 2012, 2015 and 2018. These policies were amended to reflect different growth forecasts, legislation changes, standards of infrastructure, experience in implementing the DCP and changing Council policies.

This 2021 review has been developed as part of the 2021 Long Term Plan (LTP) process and is based on the Council's capital expenditure programme as set out in the LTP.

#### 2.3 How Infrastructure Growth Funding is Allocated

DCs are driven by the infrastructure projects required to meet service demands related to growth. These projects are designed to meet the forecast levels of service as stated in the LTP.

Council has reviewed the proportion of infrastructure growth costs that will be funded from DCs. Council has determined DCs are the appropriate funding source to fund 100% of the growth related costs. Where there is a level of service or renewal component this proportion of the capital cost is funded from rates and loans. In particular, see the analysis contained in Appendix 4.

The total cost of forecast capital projects is set out in Appendix 1. Funding part of these costs through rates would otherwise result in an unfair burden being placed on the existing ratepayer community. Growth related infrastructure costs (\$25.1 million) make up just 5.1% of GDC's total planned capital expenditure of \$493.2 million for the 10 years of the 2021 – 31 LTP. Of that only \$16.6 million is being funded through development contributions (inflation adjusted), the balance is mainly through grants from NZTA.

#### 2.4 Activities for Funding Capital Expenditure of Growth

Council activities for which DCs will be used to fund growth related capital expenditure are:

a) Network infrastructure for stormwater, wastewater, water supply, transport;

- b) Reserve land acquisition and development for parks and open space (including Esplanade Reserves);
- c) Community infrastructure (currently assessed as nil)

#### 2.5 When a Development Contribution is Required

Under Sections 198 and 199 of the LGA Council will apply a development contribution, including GST, for developments generating increased reserves, network or community infrastructure demands upon the granting of:

- 1. A resource consent,
- 2. A building consent,
- 3. An authorisation for a service connection.

As a general rule, DCs will be assessed, and any requirement for payment of contributions advised, at the earliest opportunity. This is generally at the subdivision consent stage.

Council considers that the subdivision consent stage is normally the most appropriate stage to take a development contribution for residential developments for the following reasons:

- Practicality of implementation
- Economies of scale in implementation costs
- Best available knowledge for projections and allocating budgets

In the absence of subdivision, Council will apply DCs at the building consent or service connection stage where additional units of demand are created by additions to land or buildings.

A DC is required in relation to a development when:

- A particular subdivision, construction of a building, land use or work generates a demand for reserves, network infrastructure, or community infrastructure.
- The development (either alone or in combination with another development) requires new or additional assets or assets of increased capacity (reserves or infrastructure).

The effect of a development in terms of impact on these assets includes the cumulative effect that a development may have in combination with another development. A DCP also enables Council to require a development contribution that is used to pay, in full or in part, for capital expenditure already incurred by the Council to provide infrastructure to service expected growth.

The Council has a preferred approach to require payment for assessed DC charges at the time of assessment. For non-residential subdivisions one or more HUEs would be payable at the resource consent stage. Future developments on that subdivided land would be reassessed at a building consent stage and any additional DCs required from that development would be invoiced at that stage.

Council does have the ability to defer/postpone DC requirements, where allowed for in this Policy and considered appropriate. The processes detailing these issues are set out in Section 3.3 and 3.20.

#### 2.6 Limitations to the Application of Development Contributions

Development which does not either in itself or in combination with other developments generate additional demand for community facilities will not be liable to pay a DC.

Council will also not require a DC for network infrastructure, reserves or community infrastructure in the following cases:

• Where it has, under Section 108(2)(a) of the Resource Management Act 1991 (RMA), imposed a condition on a resource consent in relation to the same development for the same purpose; or

- Where the Council has already required a DC for the same purpose or the same building work (so long as there is no change in scale and intensity);
- Where agreed with the Council the developer will fund or otherwise provide for the same reserve, network infrastructure, or community infrastructure; or
- Where the territorial authority has received or will receive sufficient funding from a third party to fund particular infrastructure.

#### 2.7 Relationship to Resource Management Act

DCs under the LGA are in addition to, and separate from, financial contributions under the RMA. Council intends to use DCs under the DCP as its main means of funding infrastructure required as a result of growth over and above the works and services that may be required as conditions of subdivision or resource consent.

Council may require a Financial Contribution, as a condition of consent, in accordance with any relevant rule in the District Plan under the RMA. Financial Contributions cannot be applied as a condition of consent where a DC has been required for the same purpose on the same development.

Financial Contribution provisions are detailed in the Tairāwhiti Resource Management Plan: Section C2.1.9 Financial Contributions. This includes provisions for requiring:

- Reserve contributions (including Esplanade Reserves);
- Utility sites (for infrastructure, i.e. pumping stations, reservoirs);
- New roads or accessways;
- Upgrading and/or widening existing roads (including formed and unformed legal roads);
- Water, sewer and stormwater capital contributions;
- Water, sewer and stormwater reticulation within the development and also for extending reticulation to service the development.

Council will also still have the authority to require works or services on new developments to avoid, remedy and mitigate the environmental effects of proposed developments through resource consent conditions or in accordance with any relevant rule in the District Plan. DCs are for the acquisition, installation or expansion of assets over and above the works and services that may be required as a condition of consent.

For the smaller urban areas outside of the GUA, Council as service provider may require capital contributions through fees and charges for properties who apply to connect to township water or wastewater services.

# 3 Vision, strategy and council assumptions

The Council outlines its Vision, Strategy and Council outcomes in the LTP. Linkages to the DCP are discussed in Appendix 4. DCs are an integral part of enabling Council to achieve the proposed vision of **Tairāwhiti rising. It all starts here.** 

Gisborne is the main location for urban growth. Council has developed Tairāwhiti 2050, a Spatial Plan that was adopted in 2020. This confirms the planned expansion of the Gisborne Urban Area (GUA) to include the Riversdale area (Taruheru Block). This Spatial Plan is the adopted urban growth strategy for the District and has informed the infrastructure planning and schedule of costings for this DCP.

The wastewater treatment plant is planned for a major upgrade in 2021 /22 and this investment will generally benefit all the ratepayers in the GUA and these costs will be funded from rates. There is also provision for an additional Biological Trickling filter and ancillary equipment to support growth.

This Policy provides the means by which the Council may seek DCs from new development where the effect of that development, either alone or in combination, requires the Council to incur capital expenditure to provide services and infrastructure.

#### 2.1 Significant assumptions of the Development Contributions Policy

#### 3.1.1 Council Role

Council is assuming that it will act as the lead agency to ensure existing core infrastructure requiring upgrading is available to service growth developments in the District. Where new infrastructure is required only within a development it is the responsibility of the Developer to provide, with the option of vesting the new assets to Council provided they meet Councils standards.

There is the potential for major developments, where agreed with Council through a development agreement, for developers to take the lead role. In this instance Council may contribute to a development where additional capacity is required to service adjacent developments to ensure other developments are not constrained. Council's role will be assessed at each review of the LTP and DCP every three years. There is also the possibility of the 3 waters sector being removed from Council responsibility as part of a government led review. This DCP and the GDC LTP assumes that the current structures and responsibilities will remain as they are.

The Council ensures, on behalf of current and future residents and ratepayers, that land development is carried out in a manner that results in acceptable outcomes in terms of aesthetics, environmental impacts and service standards.

#### 3.1.2 Development Contribution Areas

For the purposes of DCs, the area shown as the GUA for each infrastructure asset type is the only area that development contribution charges apply. Growth in the Gisborne District is occurring mainly in this area and additional infrastructure is required to meet this demand. The GUA varies between activities based on activity **service catchments**. (Refer to Maps in Appendix 2 of this policy and further explanation in Appendix 4).

The Council has determined that the identified service catchments in the GUA are appropriate for the activities due to (at a high level) the impact of growth being independent of where the growth occurs, the benefits of the capital projects apply to specific locations and the GUA as a whole (by generating additional capacity, as one example) and for reasons of practicality in all of the circumstances.

T = I= I =			<b>I</b>			2024	
lable	5: Areas	covered	Dy	pro	posea	2021	DCP

Area	Activities for which Development Contributions will be Charged					
Gisborne Urban Area	Land Transport, Reserves and other Community Infrastructure, Water, Wastewater and Stormwater					

For clarity the council considers that for stormwater activities, a development not only creates a demand for infrastructure within the hydrological catchment it is located in, but also creates demand (by the growth community within the development) for stormwater management and flood protection over a wider area.

The coastal townships north of Gisborne have little growth currently and infrastructure capacity is available. There is no growth related infrastructure investment planned in the 10 year period. Council will reassess demand and capacity in these coastal townships as part of the 2024 review.

#### 3.1.3 Development types and units of demand.

In meeting its requirements under Schedule 13(2) of the LGA 2002 to attribute units of demand to particular developments or types of development on a consistent and equitable basis, the council has considered:

- a) the impact of residential services (rest homes) compared to individual residential dwellings,
- b) the need to separate residential and non-residential activities because of the different demands they place on activities of the council,
- c) the range of non-residential development types and impacts on infrastructure,
- d) the complexity of trying to make the Policy account for every different development type,
- e) the availability of data to support differential unit of demand factors for various types of development.

The Council considers that:

- a) there is data currently available to identify some average demand factors for a limited number of non-residential development types,
- b) using broad averages for a limited number of development types is sufficient to approximate the range of development likely to occur in Gisborne,
- c) as determined by Council staff, a special assessment can be used where a development results in an impact on infrastructure significantly different from that envisaged in this policy (generally +/- 50% of the average demand for services for that category).

#### 3.1.4 Planning Horizons and the Period Covered by this Policy

A 10-year timeframe has been used as a basis for forecasting growth and applying a development contribution. Benefits will be distributed over that timeframe with averaging to avoid the effects of lumpy<sup>2</sup> infrastructure works within any given year on DCs.

This timeframe aligns to the period included in the LTP. Council has detailed planning and costings for infrastructure networks for this 10 year period.

Development beyond this timeframe will involve additional growth related infrastructure services that have not yet been fully costed. These longer term infrastructure requirements to service growth, and the additional households enabled, will be included in future DCPs.

#### 3.1.5 Projecting Growth

The Council is planning for new development that is occurring in the GUA. This places demands on the Council to provide a range of new and upgraded infrastructure.

The successful application of the DCP is dependent on population projections and the Council adopted spatial allocation of growth within the District. These projections are required to inform infrastructure planning and to reduce the investment risks to Council as to the population growth and its location accurately of future growth of the District.

The DCP uses the growth projections as set out in the Forecasting Assumptions section of the LTP. These forecasts are based on the medium growth scenario from Thomas Consulting. Gisborne is currently experiencing a surge in population growth that is resulting in moderate household growth as a result of positive immigration and solid economic growth. This is a significant change in trend that is putting increasing pressure on infrastructure. The Covid-19 pandemic has caused additional population gains as more people return to Gisborne, and there are less opportunities for existing residents to migrate elsewhere.

Forecasts will be updated as part of each LTP process based on actual growth, Statistics NZ forecasts and annual population estimates. District growth has been split into GUA and the balance of the district. The forecasts are informed by the Spatial and Urban Growth Strategy, Tairāwhiti Resource Management Plan, Council Asset Management Plans and actual historic developments. The impact of non-residential development varies depending on economic conditions and specific developments.

This DCP applies an assessment of the demand for services generated by each non-residential development to determine the number of HUEs for Water, Wastewater, Transport and Stormwater. A summary table of the key forecasts is shown below. Council is forecasting moderate household growth of 0.6% a year to 2021, increasing to 0.8% a year from 2021 - 2031.

<sup>&</sup>lt;sup>2</sup> Lumpy infrastructure is where in any given year there are large sums assigned due to the discrete nature of the development work

	2018	2021	2031	Additional HUEs 2021 to 2031
	Households	Households	Households	Households
	(HUEs)	(HUEs)	(HUEs)	(HUEs)
Gisborne Urban Area Residential	13,548	13,860	15,480	1,620
Gisborne District Balance	5,100	5,138	5,218	80
Gisborne District	18,648	18,998	20,698	1,700
Adjustments for HUE Revenue				
Less Residential Services in Non-residential forecasts below			200	1,420
Less lots already subdivided			30	1,390
Less dwellings < 60m2 not in Rest homes (Charged 0.5 HUE)			80	1,310

#### Table 6: Forecast Household Unit Equivalent numbers

#### **Non-Residential Growth**

Council carried out detailed growth forecasts of non-residential gross floor areas for the GUA in 2017. These forecasts have been assessed as still being suitable for this DCP. While population and household growth is forecast to be much stronger than previously forecast, the current impacts with Covid-19 means that non-residential growth is not expected to increase to the same extent. Given the level of uncertainty Council has decided to include the existing non-residential forecasts as a basis for assessing likely additional HUEs.

#### Table 7: Non-residential Gross Floor Area forecasts

	2018 Gross Floor Area (GFA)	2021 GFA	2031 GFA	change in GFA 2021 to 2031	Additional HUE's 10 year total
Gisborne Urban Area	860,783	867,199	906,439	39,240	Transport – 454
Non - Residential					Water – 197 Wastewater – 197
					Stormwater - 234

Total forecast increase in HUE's in the GUA 2021 to 2031 = 1,410 – 1,764. Adjustments were made to reflect that residential rest homes are included in the non-residential calculations. Also accounted for is the expected number of small dwellings <60m2 currently charged at 0.5 HUE, and the number of lots already subdivided but not yet developed.

#### 3.1.6 Other Assumptions

- Timing of expenditure the timing of specific projects is likely to vary over time as they are reliant on actual growth rates, the cost of providing infrastructure, demand for greenfield housing, the state of the economy, developer profit margins and many other economic and societal factors that Council has little control over. Council is carefully monitoring the actual level of development and aims to be just ahead of service demands on infrastructure, where it is cost efficient to do so.
- Method of service delivery when Council is providing infrastructure Council uses both in-house staff and external consultants to fund, design and manage the provision of core infrastructure needed to service forecast growth. Construction is usually done through a tender process by the private sector. This is currently assessed as the most efficient model for delivery. Council will reassess this assumption at least every six years as part of meeting the requirements of section 17A of the LGA.
- Third party funding availability Council is assuming that there will be no third party funding for growth related infrastructure projects. If alternative funding for these projects does become available, from Development Agreements or government / regional grants, Council will amend the schedule and reduce total funding required through DCs. Funding by NZTA for Roading, footpaths and walkways / cycleways is set through the three-yearly work programme and is reflected in this DCP.
- Debt servicing From time to time Council DC activity reserves may be in deficit. This occurs if the required infrastructure is more expensive than the balance of DC revenue already collected. Council will loan fund any required work at this point. Future DC revenue will pay off the loan, including interest. The interest rate charged will be at the average Council rate at that time.

#### 3.1.7 Best Available Knowledge

This DCP is based on the best available knowledge that Council has at the time of adoption. The Project expenditure schedule in Appendix 1 is consistent with the adopted LTP but may be updated each year and the DCP will be reviewed every three years. As time passes discrepancies may emerge between historic Council documents and the updated schedule in Appendix 1. For DC purposes the Schedule will prevail.

#### 3.2 Capital expenditure council expects to incur as a result of growth

Council has estimated the extent of growth within the Gisborne Urban Area (GUA) and the capital expenditure necessary to meet the demands of the growth. Each capital project is identified as level of service (Rates funded) or growth (DC funded). The total growth costs for each activity covered by this DCP are then divided by the number of additional HUEs in each activity, including the non-residential component. This results in DC charges by activity for each additional HUE.

The total estimated capital expenditure Council expects to incur, as a result of growth, to meet increased demand, is summarised below in Table 3. Note that the estimated expenditure includes an allowance for professional services, including investigations, option assessment, detailed design and construction management.

In determining the total estimated growth component to be funded by DCs, careful consideration was given to those matters listed under sections 101(3) and 106 of the LGA for each individual activity (network infrastructure or community facility). Key considerations included:

- The nature and operation of the activity;
- An analysis of who will benefit from the planned capital expenditure work; and
- An analysis of who will cause the need for the planned capital expenditure work.

# Table 8: Summary of 10 year LTP estimated Council capital expenditure by fundingtype to June 2031

Inflated capital expenditure - includes historical capital expenditure funded from Development Contributions.

Activity	Growth related expenditure pre July 2021 to be funded (DC Reserve Accounts as at Dec 2020)	Total estimated Capital Expenditure Work	Renewals	Total Level of Service Component	Total Estimated Growth Component	Total Estimated to be Funded by Development Contributions by June 2031*
	\$ Million – Infl	ation adjustec	1		\$ Million in \$2020/21	
Water	-\$0.33	\$30.9	\$23.4	\$4.8	\$2.2	\$1.5
Wastewater	+\$0.79 (surplus)	\$77.7	\$31.1	\$34.3	\$10.6	\$7.7
Stormwater	-\$0.75	\$17.1	\$8.5	\$6.2	\$2.1	\$2.5
Transport	+\$0.02 (surplus)	\$216.3	\$164.0	\$45.2	\$6.2	\$3.3
Parks, Reserves and other Community Infrastructure	+\$0.29 (surplus)	\$67.9	\$45.2	\$21.9	\$0.8	\$0.5
Other	n/a	\$83.4	\$25.3	\$58.1	-	-
Total Infrastructure	+\$0.02	\$493.2	\$297.4	\$170.6	\$21.9	\$15.4

A more detailed description of each activity, the funding approach taken for each activity and justification for the funding approach taken for each activity is included in Section 4 and Appendix 4 of this Policy.

The level of service component of Council's identified infrastructure works, relates to increasing the level of infrastructure provision due to higher public expectation, environmental or statutory obligations e.g. environmental standards for water quality or technological improvements. Asset Management Plans for each activity define the relevant level of service to be delivered for that activity.

Where the infrastructure works to service growth also result in an increase in the level of service to the wider community, then the value of the improved service is treated separately. This is noted as Total Level of Service Component in Table 8. Renewal of all assets is also identified separately and makes up the largest proportion of capital expenditure. Levels of service increases and renewals are not funded through DCs.

# **3.3** Capital Expenditure Council has already Invested in Anticipation of Development

DCs will also be required to meet the cost of capital expenditure for growth already incurred over the past five years, but have not yet been funded. This applies only where Council has previously made the decision to carry out the work on the basis that it is to be fully or partly funded by future DCs. Council has a legal requirement to use the funds within 10 years for the purpose they were taken for.

#### 3.4 Unit of Demand

A unit of demand is a Household Unit Equivalent (HUE), the average demand for infrastructure services created by one additional house lot developed. A DC for network infrastructure is required where additional units of demand are created. A HUE is equivalent to one residential lot containing one residential unit. All residential lots are assumed to contain one HUE as this is efficient, equitable and appropriate. While actual demand will vary between households the different impacts on infrastructure is assessed as minor.

It is assumed that these demand levels will remain the same for the forecast period. Reviews of the DCP will consider the relativities between residential and non-residential developments.

#### 3.5 Schedules forecast Values

#### All capital expenditure schedules in this policy are exclusive of GST.

The schedules are in 2021 dollars. Schedules can be updated annually to ensure relevance and transparency. The DC charge applied in future years will be adjusted for inflation using the Statistics New Zealand Producers Price Index Outputs for Construction (**PPI**) as at 30 June each year.

# 4 Assessment of development contributions

#### 4.1 Commencement

Relevant applications (as set out in section 2.3) made on or after **1 July 2021** are subject to assessment for development contributions under this policy. Applications made on or after **1 July 2008** and before **1 July 2021** will be subject to assessment under the relevant previous policies. Applications for resource consent may also be subject to assessment for financial contributions under the Tairāwhiti Resource Management Plan.

#### 4.2 Delegation of assessments

Assessments will be made by an officer of Council. Reconsideration of assessments, as described in 3.21 of this Policy, will be undertaken by Building Services staff (Environmental Services and Protection Hub).

Decisions about whether to enter into development agreements, and on what terms, will be made jointly by the Director Community Lifelines and Director Environmental Services and Protection.

Decisions about waiving or remitting the costs that would otherwise be recoverable in respect of objections will be made by the Director Environmental Services and Protection.

Decisions about remitting development contributions will be made by either the Director Lifelines or the Director Environmental Services and Protection.

Any decision Council has delegated to a Council officer under this policy may be escalated to that officer's manager.

#### 4.3 Applications assessed

Council will assess the following types of applications to determine whether development contributions are required under this policy:

- a) Applications for subdivision resource consent under the Resource Management Act 1991 (RMA).
- b) Applications for land-use resource consent under the RMA, or for building consent or a Certificate of Acceptance under the Building Act 2004 (Building Act) where the consent/certificate is associated with:
  - i. the creation of new residential dwellings (including relocation of existing houses) on a site
  - ii. the creation of new buildings or extension of the gross floor area of buildings
  - iii. the change in use of a building
  - iv. an increase in the design occupants of a visitor accommodation or residential services activity
  - v. an increase in the area of impervious surfaces.
- c) Applications for service connection including water, wastewater, trade waste and stormwater.

The assessment will be made against the first consent application lodged for a development and a reassessment made on every subsequent consent application.

The Council will assess subdivision for a non-residential development as a minimum of 1 additional HUE per activity per allotment. The development will be reassessed if there is a subsequent building consent or service connection.

When Council takes a development contribution at subdivision consent stage, the expected principle nature of activities authorised by any existing land use consent for the site and/or, in the underlying Zoning, will determine the type of development contribution payable.

The Council may choose to defer the assessment of land use consents if there are special circumstances. For clarity Council will usually charge a minimum of 1 additional HUE per activity per allotment at the subdivision stage.

Each reassessment will take into account the number of units of demand previously assessed and determine whether the development still generates the same number of units of demand.

#### Note:

- 1. Council will not defer assessment of development contributions for residential development.
- Development Contribution fees will not be deferred for industrial subdivisions and one or more HUE are payable at resource consent stage with the balance payable at building consent stage when the full scope becomes apparent.
- 3. Designations are not assessed, but the development may be assessed at building consent stage.
- 4. Applications for works necessitated by a condition of a consent are not exempt from development contributions.

Step 1	Catchment Area	Establish what catchment area the 'development' lies (Appendix 2)
Step 2	Number of HUE's	Establish the number of HUES created by the 'development' (Section 3.7)
Step 3	Number of HUE's Credit	Establish per activity the 'credits' applicable to the parcel of land (Section 3.11)
Step 4	Number of HUE's payable	Calculate the increase in HUE's
Step 5	Charge per HUE	Establish the development contribution per HUE for that particular catchment area as per Schedule of Charges (Section 3.8 and Appendix 1)
Step 6	Amount of DC's payable	Calculate the development contributions payable

#### Process for assessing Development Contributions payable:

#### 4.4 Activities for which development contributions are assessed

Applications will be assessed for contributions for five different activities:

- Reserves;
- Transport;
- Water supply;
- Wastewater;
- Stormwater.

#### 4.5 Formula for calculating contributions

Contributions (C) for reserves, transport, water supply, wastewater and stormwater will be calculated according to the following formula:

C = H x R

Where:

H = Number of Household Unit Equivalents (HUEs) or units of demand calculated in accordance with section 3.7 to 3.10 less any credits calculated in accordance with section 3.11; and R = The applicable rate per HUE for the type of contribution (activity) and the catchment associated with the development (refer to Appendix 2).

#### 4.6 Catchments

The catchments for charging each type of contribution are set out in Appendix 2, and the rationale further explained in Appendix 4. If for any reason a development or service connection request falls outside the catchment for water, wastewater or stormwater and is still served by the network infrastructure, then the calculation of contributions shall be as if the development or service connection was located within the catchment.

#### 4.7 Assessment of HUES on the basis of multipliers

Subject to Sections 3.9 and 3.10, the number of HUEs associated with a development will generally be assessed on the basis of the standard multipliers set out below, less any credits provided for in 3.11.

a) Residential Developments

Activity for Which Contributions Assessed	Unit of Measure	Multiplier (HUE/Unit of Measure)	
All	Allotment or 1st dwelling on an allotment	1 - (allotments and dwelling units of 60m or more gross floor area).	
		0.5 - (dwelling units less than 60m2 gross floor area).	
All	Every second and subsequent dwelling unit on an allotment.	1 - (60m2 or more gross floor area). Every second and subsequent dwelling unit on an allotment.	
		0.5 - (less than 60m2 gross floor area).	

#### Table 9 – HUE Multipliers for residential developments

#### b) Non-residential Developments

#### Table 10 - HUE multipliers for non-residential developments

Land Use type non-residential		Draft HUE Ratios – Residential = 1				
Suggested Categories	Suggested Measure	Transport	Water	Wastewater	Stormwater	Reserves
Community Services	100m2 GFA	1.34	0.30	0.30		nil
Visitor Accommodation and Residential Services	Per unit / room	0.4 room / unit	0.30	0.30		nil
Warehousing / Agriculture / Forestry	100m2 GFA + outdoor storage	0.25	0.16	0.16		nil
Commercial / Office	100m2 GFA	0.76	0.30	0.30	0.29	nil
Retail	100m2 GFA	1.60	0.20	0.20		nil
Restaurants / Cafes / Bars / Takeaways	100m2 GFA	1.90	1.30	1.30		nil
Industrial	100m2 GFA	0.80	0.40	0.40		nil
Other Industry - Servicing	100m2 GFA	0.90	0.30	0.30		nil

#### 4.8 Schedules to Development Contributions Policy:

#### a. Events that may give rise to a requirement for development contributions

The following events may give rise to a requirement for development contributions determined in accordance with Section 3.3 of this Policy and charged at the rates per HUE set out in Tables 11 and 12 under 3.8b. below:

#### Subdivisions:

Granting of Subdivision Resource Consents under the RMA.

#### Land use Consents and Building Consents:

Granting of a land use resource consent under the RMA; or a Building Consent or Certificate of Compliance under the Building Act 2004 may give rise to a requirement for development contributions under this policy where the consent/certificate is associated with:

#### Residential:

Creation of new dwellings (including relocation of existing houses) on a site

#### Non residential:

- creation of new buildings or extension of the gross floor area of buildings
- a change in use of a building
- an increase in the design occupants of a visitor accommodation or residential services activity
- an increase in the amount of impervious surfaces.

#### Service connection:

Granting of a service connection for Water, Wastewater, Trade Waste or Stormwater may give rise to a requirement for development contributions under this policy.

#### b. Development contributions payable

The development contributions payable for parks and open spaces, land transport, water supply, wastewater, stormwater per HUE and catchment are set out in the following table.

Activity	Catchment Area	Contribution per HUE (\$) (GST Exclusive)
Transport	Gisborne Urban Area (Land Transport and Reserves)	\$1,857
Water	Gisborne Urban Area (Water)	\$983
Wastewater	Gisborne Urban Area (Wastewater)	\$5,086
Stormwater	Gisborne Urban Area (Stormwater)	\$1,616
Reserves	Gisborne Urban Area (Land Transport and Reserves)	\$376
Total		\$9,918

#### Table 11 - DC charges for a HUE by activity

#### 4.9 Additional rules relating to assessment on the basis of multipliers

Each application is assessed as a residential development, non-residential development, or a mixture. Mixed developments are assessed under the provisions that apply to both residential and non-residential developments for the applicable parts of the development.

Units of demand will only be assessed for water or wastewater if a connection to the network is or will be available.

Allotments subject to an amalgamation condition, or that will be subject to an amalgamation condition, shall be considered as one allotment for the purpose of calculating HUEs.

For the avoidance of doubt, dwelling units of less than 60m2 gross floor area that are classified as minor dwelling units under the Tairawhiti Resource Management Plan will be assessed as half a unit of demand.

Non-residential developments will generally be classified as a single development type, i.e. the one that best represents the dominant or primary activities associated with the development; and ancillary activities will not be considered separately. However, where a development has distinct parts, Council may, in its discretion, consider these parts separately. For example, the wine

manufacturing component of a winery may be considered separately from the restaurant component.

Where a non-residential development is not described by the types of non-residential development identified above, the multiplier for the type of development with the most similar demand characteristics will be used.

Outdoor display areas for goods, e.g. garden centre display areas will be included in the calculation of GFA for retail, provided they are formalised areas primarily for display and not storage of goods.

Each retail premises in a development shall be considered separately to determine the number of HUEs for Land Transport. For multi-storey, multi-unit residential developments, the number of HUEs for stormwater development contributions will be based on the impervious surfaces, as for non-residential development.

Where a residential and non-residential aspect of a development share a common footprint, the number of HUEs for stormwater shall be based on the approach for non-residential development, i.e. impervious surfaces.

#### 4.10 Special Assessments of HUEs on the basis of actual or anticipated demand

If the actual demand associated with a non-residential development is likely to be significantly different, that is at least 50% more or less than what is implied by the multipliers and demand assumptions in Section 3.7 b, the Council may, in its discretion, choose to calculate the number of HUEs on the basis of the actual anticipated demand (including a Traffic Impact Assessment, peak water take, peak wastewater discharge), less any credits provided in 3.11.

This 'special assessment' may be called for at the Council's discretion. The applicant will be expected to provide supporting information and detailed calculations of their development's land transport, water supply, wastewater and stormwater demands in base units. Using the standard base unit/HUE conversions (Table 13) these estimates may then be converted to HUE's and charged accordingly. This additional information could be made part of a Section 92 (RMA 1991) request or at requested pre-application stage.

In determining whether to use this alternative calculation Council will consider the likelihood that the demand will change over time and whether, therefore, the standard approach may be more appropriate.

An assessment on the basis of actual anticipated demand shall be made by estimating the actual demand associated with the development for each service in the units of measure set out in 3.7, and dividing this by the demand assumptions for a HUE set out in Table 12 in section 3.8b. The calculation may be adjusted to reflect other factors that influence the design of infrastructure, peak demand issues and measures to mitigate demand.

For example, a 'traffic impact assessment' is a requirement for most large non-residential and residential developments. It will usually be possible to compare the vehicle trips per day reported from this source with Table 13.
#### Assessment of credits for historic development

Historic credits acknowledge prior development of the site which has ceased and will be applied against the number of units of demand assessed for a development calculated under Sections 3.7 to 3.10. The following principles shall apply to calculating credits:

- the onus is on the applicant to include details in the application of the historic development
- credits can only be used for a development on the same site and cannot be transferred from one site to another
- the number of credits available is calculated under the policy that applies at the time of the assessment of the new development
- additional credits will not be refunded if the number of units of demand assessed for any activity for the historic development exceed the number of units of demand assessed for the new development. However, the historic development may be considered again when assessing credits for any future development
- credits for historic non-residential development will only be awarded if the elements that imply that development (i.e. the buildings, impervious surfaces etc.) were present in the ten years prior to assessment.

#### 4.11 Reductions

The value of the development contribution assessed will be reduced for the following reasons:

#### a) Esplanade reserves

Esplanade Reserves or strips required under the RMA and associated with the development will be offset against development contributions payable for Reserves, up to the value of the contribution payable. Valuation of the Esplanade Reserve or strip will be GST exclusive and shall be assessed in terms of section 62(1)(b) of the Public Works Act 1981. The date of valuation shall be no more than 12 months before the requirement for the contribution.

#### b) Special circumstances

Special circumstances may apply in relation to some service connections that may be taken into account to reduce the development contribution payable e.g. a targeted or special rates levy has been agreed pending the installation of a new service and as such provides for that property to connect to the services when commissioned. Under these circumstances the agreement would be honoured and no development contribution would be applied, except for where the demand proposed is greater than that envisaged by the special rate and a development contribution, or part thereof, will be charged.

#### c) On-site provision of infrastructure

The Council will consider a reduction in the development contribution assessed where the applicant will provide additional infrastructure on-site that reduces the demand for Council infrastructure. This could include:

- Wetlands, storage tanks and rain gardens to limit stormwater run-off and reduce reticulated water usage,
- Onsite pre-treatment of wastewater.

The applicant would need to prove that the additional infrastructure is over and above the standard services required by Council and would directly offset the standard demand for services. An assessment may be carried out by Council to identify how many (if any) HUE's should be deducted from the development contributions calculated.

# 4.12 Remissions

Council will consider requests for remission of development contributions on the following grounds:

• The development is by a non-profit organisation and will provide benefits to the public.

Any such request must be made in writing and within 20 working days after the date on which the Council sent notice of the level of development contribution Council requires.

The request must include the following information:

- description of the site and specific application subject to the contribution
- description of the organisation seeking the remission and confirmation that it is a non-profit organisation as defined in the glossary
- description of the benefits that the development will provide to the public and the extent of access to those benefits.

The request will be considered by the Director Lifelines or the Director Environmental Services and Protection.

The Director will have regard to the following criteria in determining whether to grant a remission and the quantum of the remission:

- the level of the public benefits provided by the activity and the extent of access to those benefits, and
- the funding available in Council's Remission fund and any other likely claims on the fund in that financial year.

Council will give written notice of the outcome of its consideration of the request within 15 working days of its receipt of the request and all relevant information relating to the request.

# 4.13 Reassessment of a development

Where a development becomes subject to assessment under more than one development contribution policy or version of a policy then the assessment of units of demand under the most recent policy or version shall prevail for the development as a whole.

To avoid doubt, no refund shall be given, or additional contributions required, because the rate per unit of demand has changed.

# 4.14 Money or land

The LGA provides that a development contribution for Reserves may be money or land, or both. Under this policy the contribution for Reserves shall be made in money unless, at the sole discretion of the Council, land is accepted.

In general, Council will only accept land as a development contribution for Reserves where it is specifically a recreation, scenic or historic reserve and will be vested as such on subdivision or otherwise classified. However, Council may also accept easements for access etc. to Reserves or for recreational purposes. In determining whether to accept land the Council will have regard to existing policies. Drainage reserves and areas within reserves that are used primarily for drainage (e.g. retention pond areas), while they may be accepted by Council, will not form part of a development contribution for Reserves.

# 4.15 Development agreement

Council and a developer may enter into an agreement that provides for a departure from the standard development contribution calculation. Such an agreement must be at the written request of Council or the developer, and must be agreed by to by both parties.

Council will consider the interests of the developer, the community and Council when deciding whether to enter into a development agreement. Reasons for entering into a development agreement may include:

- the developer seeks infrastructure to be provided over a different timeframe from that planned in the capital works programme
- services can be provided in a manner different to Council's standard procedures/guidelines
- a development that is very large in scale
- Council seeks to acquire land for Reserves
- the development includes works which duplicate works provided for in Council's LTP
- the development requires service levels in excess of what would generally be provided, and Council considers that it is appropriate to provide the service.

Council delegates its authority to enter into a development agreement jointly to the Director Lifelines and Director Environmental Services and Protection.

Note: Further details about development agreements, including the process Council must follow when receiving a request for a development agreement, the content and effect of a development agreement, are set out in sections 207A to 207F of the LGA.

# 4.16 Payment Due Dates

The following table summarises when a development contribution invoice is generated and required to be paid. In most instances the invoice will be generated at the time an application for Code Compliance Certificate, Certificate of Acceptance or 224c is made, unless requested earlier.

Application Type	Timing of Action
Land use	An invoice will be issued at the time the Land Use resource
	consent is granted. Payment must be made within 20 days of the
	invoice being issued on granting the consent, and / or before the
	Land Use is given effect to.
Service Connection	An invoice will be issued at the time the connection request is
Request (where a building	approved and payment is due within 20 days of the invoice being
consent is not	issued. Payment must be made prior to any connection being
lodged/required)	made.
Building consent	An invoice can be requested at any time by the applicant. If no
	invoice is requested, an invoice will be issued automatically at the
	time of application for Code Compliance Certificate or Certificate
	of Acceptance. Payment must be made prior to Issue of the Code
	Compliance Certificate or Certificate of Acceptance.
Resource Consent	An invoice can be requested at any time by the applicant. If no
(subdivision)	invoices is requested, an invoice will be issued automatically
	at the time of application for 224c. Payment must be made
	prior to issue of the 224c.

#### Table 12 - Summary of Invoicing and Payment

# 4.17 Enforcement Powers

Council may recover debt through normal court action.

Until development contributions required in relation to a development have been paid Council may also, pursuant to section 208 of the LGA:

- in the case of a development contribution required when granting resource consent under the RMA, withhold the section 224(c) certificate on a subdivision and prevent the start of a resource consent
- in the case of a development contribution required when granting a building consent under the Building Act, withhold the Code of Compliance Certificate
- In the case of a development contribution required when granting a Certificate of Acceptance, withhold the Certificate of Acceptance
- in the case of a development contribution required for an authorisation for a service connection, withhold that service connection
- in each case, register the unpaid development contribution under the Statutory Land Charges Registration Act 1928, as a charge on the title of the land in respect of which the development contribution was required.

# 4.18 Refunds

A refund of money or return of land will occur in the circumstances set out in sections 209 and 210 of the LGA where applicable.

# 4.19 Postponements

Postponements on payment of a development contribution will not be applied.

# 4.20 Reconsideration Process

As set out in section 199A(1) of the LGA, any person required by Council to make a development contribution may request a reconsideration of the requirement if they believe that:

- the development contribution was incorrectly calculated or assessed under the territorial authority's development contributions policy; or
- the territorial authority incorrectly applied its development contributions policy; or
- the information used to assess the person's development against the development contributions policy, or
- the way the territorial authority recorded or used it when requiring a development contribution, was incomplete or contained errors.

As set out in section 199A(4) a person may not apply for a reconsideration of a requirement for development contributions if they have already lodged an objection to that requirement under section 199C and Schedule 13A of the LGA.

Any such request must be made in writing within 10 working days after the date on which the person lodging the request for the reconsideration received notice from the Council of the level of development contribution Council requires.

The request must clearly state the site and specific application subject to the contribution, the particular contribution(s) to be reviewed, and any matters the person would like Council to take into consideration when undertaking the review.

The reconsideration will be undertaken by the Building Services Manager.

The reconsideration will be limited to consideration of the grounds for reconsideration listed in the bullets in this section.

Council will give written notice of the outcome of its reconsideration within 15 working days of its receipt of the request and all relevant information relating to the request.

Note: The LGA also provides a process for persons to object to development contributions assessed and for decisions on objections to be made by independent development contribution commissioners. Refer to Schedule 13A of the LGA for further details.

#### 4.21 Other Matters

#### Goods and services tax (GST)

Once all the development contribution calculations are complete, GST shall be added to the final invoice as required by the legislation and/or regulation of the day.

#### Valuations

Where it is necessary to value land to ensure the maximum contribution requirement in section 203(1) of the LGA is not exceeded, or to assess the value of an Esplanade Reserve or contribution in land, the value shall be assessed in terms of section 62(1)(b) of the Public Works Act 1981. The date of valuation shall be no more than 12 months before the requirement for the contribution.

In addition, where it is necessary to value land to ensure the maximum contribution requirement for Reserves in section 203(1) LGA is not exceeded, valuation of the additional allotments created by subdivision shall be calculated as the average value (the mean) of all post-development allotments intended or capable of supporting residential development.

#### Applications to vary consents or the conditions of consent

Where applications are received to vary a consent or the conditions of a consent, a new assessment will be made reflecting any increase or reduction on the demand for infrastructure and/or services that would result in a change to the HUEs relating to the original consent application.

#### Council developments

Council is exempt from paying any development contributions on any development that itself is a capital expenditure for which development contributions are required. Council is otherwise required to pay development contributions as assessed under the policy.

# 5 Explanation of the method for developing the schedule of charges

# 5.1 Relevant provisions in the Local Government Act 2002

Relevant provisions in the LGA include the following:

- Section 197AA and 197AB provides the purpose and principles for development contributions;
- Section 199 provides the basis on which development contributions may be required.

Development contributions may be required in relation to developments if the effect of the developments is to require new or additional assets of increased capacity and, as a consequence, the territorial authority incurs capital expenditure to provide appropriately for the following:

- Reserves;
- network infrastructure;
- community infrastructure.

Subsection (2) clarifies that Council may require a development contribution in relation to capital expenditure already incurred by the territorial authority in anticipation of the development.

Subsection (3) states that in subsection (1) effect includes the cumulative effects that a development may have in combination with other developments.

Section 203 (1) sets the maximum contributions for reserves and for network infrastructure and community infrastructure - Development contributions for reserves must not exceed the greater of:

- 7.5% of the value of the additional allotments created by a subdivision, and
- the value equivalent of 20 square metres of land for each additional household unit created by the development.

Development contributions for network or community infrastructure must not exceed the amount calculated by multiplying the cost of the relevant unit of demand by the number of units of demand assessed for a development or type of development (clause 1 and 2 of Schedule 13 of the LGA).

Schedule 13 contains the general methodology for determining the maximum development contribution. In short, this requires identification of the capital expenditure costs, as set out in the LTP, which the Council expects to incur to meet increased demand resulting from growth and to attribute these costs to units of demand.

Clause 2 further requires that Council demonstrate that the units of demand are attributed to developments on a consistent and equitable basis.

# 5.2 The Capital Works Programme

Development contributions are only charged in relation to capital projects identified in the LTP. This includes both current projects identified in the current LTP, as well as past projects. These are listed in Appendix 1. The Capital Works Programme is founded on a range of considerations including:

- provisions of the LGA, such as the purpose of local government (section 10), decision-making requirements (sections 76-81), the principles relating to local government (section 14)
- the community outcomes identified in the LTP under the LGA
- projections of growth and other changes in the community which could drive changes in demand
- service provision levels and standards, which define the services being provided to the community in terms of criteria plans and strategies.

Development contributions have been considered as a potential funding source for the following activities:

- reserves
- land transport
- water supply
- wastewater
- stormwater

Other types of network and community infrastructure capital projects could potentially be considered for development contributions in the future.

Council has used the best information available at the time of developing this policy to estimate the capital expenditure. However, it is likely that actual costs will differ from estimated costs due to factors beyond the Council's control, such as changes in the price of raw materials, labour, etc and the timing of capital works taking place.

# 5.3 Unit of Demand

The Household Unit Equivalent (HUE) is the base unit of demand used to apportion costs between different types of development in the calculation of development contributions. It represents the assumed demand for the service generated by an average household, as set out in Part 3 of the Schedule.

Units of demand can be assessed at subdivision, land use and building consent stages. It is Council's preference to assess and apply a development contribution at the first stage of development, namely the subdivision consent stage. Individual developments may create multiple units of demand for any of the given community facilities. To determine the number of units of demand created by a particular development for a particular community facility the unit of demand factor is multiplied by the assessed demand measures associated with the development as defined in section 3 and based on the demand assumptions stated in Table 13.

Table 13 contains the demand assumptions for an independent household unit (i.e. one unit of demand or 1 'HUE'). The demand assumptions were used to develop the multipliers used to attribute units of demand to developments assessed on the basis of multipliers. They are also used to attribute units of demand to developments assessed on the basis of actual anticipated demand.

Activity	Unit of Measurement for HUE	Demand per HUE	Comments
Reserves	Apportionment of total demand on Parks and Open Spaces	1 apportionment	
Transport	Number of average vehicle trips per day associated with the development	10	
Water	Daily flow	730 litres per day	
Wastewater	Daily flow	614 litres per day	
Stormwater	Impervious surface area	340 m2	Excludes impervious surfaces associated with roads or other public land.

#### Table 13 - Demand assumptions for one HUE

Every dwelling with a gross floor area of 60m2 or more is assumed to represent one HUE of demand for each service. Dwellings with a gross floor area of less than 60m2 are considered to represent half a HUE of demand for each service.

Section 3.7 sets out the multipliers used to calculate the number of HUEs associated with nonresidential development. In essence, these multipliers represent the assumed typical relationship between the demand generated by non-residential development and the demand generated by households. Similar multipliers are used to convert the growth model to HUEs in the funding model.

# 5.4 Measurements to determine Units of Demand for Activities

Different types of measurements are used to allocate units of demand for each activity for residential and non-residential developments (refer to Section 3.7).

For all activities a differentiation I s made between residential and non-residential development due to the demand they place on the network activities. The catchment area is defined as the GUA for each activity as shown on the maps in Appendix 2.

The HUE divisor needs to account for both residential growth and non-residential growth. Residential is assumed at 1 HUE per additional allotment. This forms the basis for defining the number of HUEs for Non-residential growth is converted to HUEs using the following assumptions:

- Water = 1 HUE per 0.73 m3 per day usage
- Wastewater = 1 HUE per 0.614 m3 per day of discharge
- Stormwater = 1 HUE per 340 m2 of impervious surface area (ISA), including roof area
- Land Transport = 1 HUE = 10 vehicle movements
- Reserves and Community Infrastructure = 1 HUE per additional allotment.

There will be circumstances where no HUE assessment is necessary. For example, where the development is providing all its own infrastructure, thereby creating no demand on Council assets.

The following provides a specific explanation of units of demand allocated for each activity:

# 5.4.1 Water Supply

The GUA service catchment is characterised by interdependent components. For the purposes of Development Contributions, the water reticulation network is optimised to include only those components necessary to the effective operation of the system. Interdependence within the network creates a need for integrated management of the operation of these necessary components. As such, the management of this network is undertaken with network-wide supply and demand issues in mind.

An amount of 100% growth has been assumed where the works are purely to service future development and include extensions of the existing network to and within future development areas. Where existing reticulation is being duplicated or upgraded, and there are currently deficiencies in the level of service, i.e. marginal capacity with regard to firefighting capacity or low-pressures during peak demand, a proportion of the cost has been included as level of service.

# 4.4.1.1 Water Development Contributions Approach

A development contribution for the GUA water service catchment will be based on the value of future identified growth works, and any works already completed since June 2012 for the key network in anticipation of growth. All new developments in the GUA water service catchment will be subject to a development contribution.

All growth works within the service catchment are considered to service any allotment within the specified boundary, up to a uniform service level, at any time. All components of the network also have excess capacity that will cater for anticipated future capacity uptake. Any identified capital development growth-related works undertaken on the identified key network add to the capacity of the existing network directly.

All residential development is assumed to create one unit of demand (HUE). All non-residential development is assumed to create a minimum of one HUE, with additional assessed HUEs based on the number of household equivalents of forecast water demand. Note these are relative units of demand between each type of development.

The following volume of water will be used as part of any assessment for non-residential development:

- Average residential household water use-730 litres per day.
- The measure for a residential and non-residential unit of demand is:
  - o Per additional allotment at subdivision; or
  - Per connected HUE at building consent or service connection.

#### 5.4.2 Wastewater

The GUA service catchments is characterised by interdependent components. For the purposes of Development Contributions, the wastewater reticulation network is optimised to include only those components necessary to the effective operation of the system. Interdependence within the network creates a need for integrated management of the operation of these necessary components. As such, the management of this network is undertaken with network-wide supply and demand issues in mind.

The infrastructure works identified include significant upgrades to the existing trunk sewer network and some pump stations to provide capacity for future growth. The growth component of the infrastructure works has been assessed as the additional cost to provide a larger size pipe than currently exists. Where the sewer needs to be upgraded in advance of the currently assessed renewal date, then the proportion of asset value lost, is apportioned to the growth component. Generally, the growth component for trunk and pump station upgrades and the treatment plant is assessed at between 0% and 50%. Extension of the wastewater network or new pump stations are assessed as 100% growth component.

# 4.4.2.1 Wastewater Development Contributions Approach

A development contribution for the GUA water service catchment will be based on the value of future identified growth works, and any works already completed since June 2012 for the key network in anticipation of growth. All new developments in the GUA wastewater service catchment will be subject to a development contribution.

All growth works within the service catchment are considered to service any allotment within the specified boundary, up to a uniform service level, at any time. All components of the network also have excess capacity that will cater for anticipated future capacity uptake. Any identified capital development growth-related works undertaken on the identified key network add to the capacity of the existing network directly.

All residential development is assumed to create one unit of demand (HUE). All non-residential development is assumed to create a minimum of one HUE, with additional assessed HUEs based on the number of household equivalents of forecast wastewater demand. Note these are relative units of demand between each type of development.

The following volume of wastewater will be used as part of any assessment for non-residential development:

- Average residential household water use- 614 litres discharged per day.
- The measure for a residential and non-residential unit of demand is:
  - o Per additional allotment at subdivision; or
  - Per connected HUE at building consent or service connection.

#### 5.4.3 Stormwater

The GUA stormwater network is defined using an integrated catchment approach as all stormwater runoff within the urban catchment area has to be catered for, regardless of where the stormwater originates from. Runoff from areas with no stormwater issues flows into areas that do require capital works, so all areas are covered by the catchment area. The network has interdependent network components and there is an integrated system of services and facilities designed to protect property from flooding and improving water quality.

Stormwater infrastructure development within the GUA catchment will be based on a compliance as outlined in Tairawhiti Resource Management Plan and the network capacity, under a fully developed catchment scenario.

# 4.4.3.1 Stormwater Development Contributions Approach

A stormwater development contribution for the GUA catchment is based on the value of future growth components, and any works already completed since June 2012, to be located within the entire catchment in order to meet the defined level of service under the fully developed catchment scenario. Anticipated future components are identified in Council's current LTP which identifies proposed capital development budgets.

All new developments in the defined GUA service catchment will be subject to a development contribution. New developments in other catchments will not be required to pay any Development Contributions for stormwater unless there is an overlap of catchment boundaries with the GUA.

Additional development in areas with existing developed stormwater assets still creates additional runoff and this has to be catered for as it flows through the network. Additional development in partially developed or new areas can have a significant effect on the demand for additional stormwater infrastructure including secondary flow paths.

The allotment area of development and hence information related to site coverage and impermeable surface area (ISA) has been used to calculate a unit of demand. Note these are relative units of demand between each type of development. All residential and nodal development is assumed to create one HUE. All non-residential development is assessed on the amount of ISA (site coverage) compared with residential development, with a minimum of one HUE.

HUE are based on the typical residential unit. Houses have been increasing in size for many years, and lot sizes have been declining. With driveways and paths the ISA of an average residential lot is now assessed at 340 m2. This is the ISA used to determine the number of HUE's for each non-residential development.

The measure for a residential and non-residential unit of demand is:

- Per additional allotment at subdivision; or
- Per 340m2 of ISA at building consent or service connection.

#### 5.4.4 Reserves and other Community Infrastructure

The GUA Reserves and Community Infrastructure assets are composed of two distinct parts. They are: land zoned as reserve and identified for recreational purposes ("reserves"), and infrastructure associated with that zoned land or other land owned or controlled by the Council for public amenities ("community infrastructure").

Community infrastructure is composed of capital developments and facilities associated with the identified reserves and other land or controlled by the Council. This includes, but is not limited to playgrounds, carparks, local halls and recreational complexes, and public toilets – both on and off reserves.

The reserves and community infrastructure provide active and passive recreational facilities to the District community. For new community infrastructure, park and reserve facilities established specifically for new growth areas, 100% of these infrastructure works are to be funded by growth. For new facilities that include improvements to existing levels of service, various proportions of the cost have been attributed to future growth over the next 20 years depending on the details of each project.

# 4.4.4.1 Reserves and other Community Infrastructure Development Contributions Approach

The Development Contributions are limited to the GUA and are based on the value of identified future provision, and any works already completed since June 2012, of district wide parks, reserves and community infrastructure associated with growth.

Increased numbers of households and residents create additional demand for sportsfields, passive reserves, walkways and associated assets such as toilets and playgrounds. Council purchases key new land for reserves significantly before the developments are completed in order to minimise the cost of land purchase and reduce unnecessary servicing costs.

All residential and rural residential developments in the GUA area specified in the Land Transport and Reserves map in Appendix 2 will pay a DC for reserves and other community infrastructure. DCs will not be charged on non-residential development, or the non-residential component of mixed use developments.

The assumed demand for parks reserves and other community infrastructure is created and driven as a result of additional people, or residential households, being located within the GUA area. Increased demand for parks reserves and other community infrastructure can come from anywhere within the defined area from residential and rural development. Non-residential development generally has no impact on the demand for reserves and community infrastructure networks and therefore DCs for Reserves and other community infrastructure do not apply.

All residential and rural development is assumed to create one unit of demand. All non-residential development is assumed to create zero units of demand. The measure for a residential and rural unit of demand is:

- Per additional allotment at subdivision; or
- Per HUE at building consent or service connection.

# 5.4.5 Land Transport

The Land Transport network service catchment is **the GUA**. The roading network is characterised by a combination of interdependent components. Interdependence within the network creates a need for integrated management of operation of these components. As such, the management of the network is undertaken with GUA network-wide supply and demand issues in mind.

For the purposes of Development Contributions, the roading network is considered to be an unrestricted system. This means that the roading network can be accessed by anyone at any time in the District.

# 4.4.5.1 Land Transport Development Contributions Approach

A GUA wide development contribution is applied and is based on the value of future identified capital development works on the key roading network for growth, and any works already completed since June 2012 for this network in anticipation of growth. The anticipated future growth capital development works are identified in the Land Transport Asset Management Plan.

The development contribution for the roading network is based only on the component of these works that result from increased demand generated by new residential, and non – residential development in the GUA. Any improvement in existing level of service is deducted from the total capital expenditure to be funded by DCs.

All new developments in all development contribution areas will be subject to a development contribution for the roading network. All components included in the development contribution for the roading network are considered to service any allotment within the specified boundary, up to a uniform service level, at any time. The current network also has excess capacity that has been planned to and will cater for anticipated future capacity uptake. Any identified capital development works undertaken on the network enhance the capacity of the existing integrated network directly

The development contribution is subject to a form of measurement to allocate units of demand to development. This allows for differences between residential, rural and non-residential demand. All residential development is assumed to create one unit of demand (HUE). All rural and non-residential development is also assumed to create at least one unit of demand. Note these are relative units of demand between each type of development.

The measure for a residential and rural unit of demand is:

- Per additional allotment at subdivision; or
- Per HUE at building consent or service connection 10 vehicle movements per day.

# 5.5 Assessment of growth model

Council has developed growth projections for the period 2021-2051 to estimate future growth within the Gisborne district. This underpins the development of the policy at two levels. Firstly, as growth drives changes in demand on infrastructure, the growth projections are a foundation for the capital works programme. Secondly, the growth projections are converted into HUEs to model funding and to calculate the development contribution charge (refer to section 2).

The growth projections address three indicators of growth:

- resident population
- households
- gross floor area of non-residential activities.

The full forecasts are available from Council on request.

#### 5.6 Key risks/effects associated with growth projections

Growth projections are subject to uncertainties as to the quantum, timing and location of growth. There is a risk that the growth projections in the model will not eventuate, resulting in a change to the assumed demands on community facilities. This could result in the over-provision of infrastructure. If the total amount of growth is less than projected, then the proportion of capital expenditure recovered through development contributions will be less than expected. As a consequence, there may be increased debt servicing costs to Council. Council will continue to monitor the rate of growth and will update outcomes in the growth and funding models as required at each review of the DCP.

Under-assessing growth, on the other hand, may result in infrastructure not being at a capacity to meet the future demand for services.

# 5.7 Identification of growth expenditure and funding mechanisms

#### General approach

A summary of the capital expenditure identified in the LTP that Council expects to incur to meet the increased demand for community facilities resulting from growth is contained in Appendix 1. The proportion of this expenditure that Council expects to fund from development contributions is also shown.

In determining the growth expenditure and associated funding mechanisms, an analysis is undertaken at three levels:

#### 1. Activity Level

The range of funding mechanisms (consistent with the Revenue and Financing Policy) is identified at the activity level and an initial analysis is made of the considerations in the LGA, including section 101(3).

#### 2. Programme Level

Further consideration is given to the considerations in the LGA and their implications for funding.

#### 3. Project Level

At the project level, the drivers for the project are reviewed and a cost allocation process is undertaken to separate the costs into three drivers (growth, backlog and renewal).

A catchment is then identified for the project and the funding model applied to provide an indication of the 'raw development contributions charge' required to fund the growth component. Further consideration is then given to appropriate funding mechanisms, building on the analysis at the activity and programme level and the considerations in the LGA. This may result in reconsideration of the drivers and cost allocation process.

In general terms, Council has determined to use development contributions to fund the portion of capital indicated in Appendix 1 because:

- a) the portion of capital expenditure identified relates to the growth community in terms of sections 101(3)(a)(ii) (beneficiaries) and/or 101(3)(a)(iv) (exacerbators). Development contributions provide a means of directing funding to the growth community.
- b) Council recognises that liability for rates is increasingly putting pressure on the social wellbeing of the community and the use of this alternative source of funding will have the benefit of easing the burden of rates.
- c) Council wishes to keep debt levels within the covenants in the Financial Strategy.

# 5.8 Cost Allocation

The cost allocation methodology carried out on each project is called the 'Modified Shared Drivers' methodology. This allocates the project costs into three categories so that possible sources of funding can then be identified with reference to the Revenue and Financing Policy. The three categories of costs are:

#### 1. Backlog

The portion of the planned (or completed) project that is required to rectify a shortfall in service capacity to meet existing community demand at the current agreed levels of service. Levels of service describe, in quantitative and qualitative terms, the standard of services that the Council provides for each activity. Council defines levels of service in consultation with the community on the LTP and through strategies and policies.

#### 2. Cost of renewal

The gross cost of replacing an existing asset with a modern equivalent asset to the same function and capacity at the end of its life.

#### 3. Cost of growth

The portion of a planned (or completed) capital project providing capacity in excess of existing community demand at the current agreed levels of service. Only the growth portion of the capital works programme is considered for development contributions.

A summary of the cost allocation methodology is as follows:

#### Step 1: Identify project and costs

Information about the capital costs and planned timing of expenditure is identified. Costs are specified in present 2021 value.

External Third Party funding (e.g. NZTA) is identified and also deducted from further analysis.

#### Step 2: Consider drivers for the project and identify associated levels of service

The reasons for doing the project are reviewed and associated levels of service identified.

Where there is more than one driver the project is split into multiple drivers (on a percentage basis) and associated levels of service are identified for each driver.

#### Step 3: Define capacities relating to the project

A capacity measure is identified to reflect each driver of the project and associated level of service. The existing capacity of the current infrastructure, existing demand and total capacity provided by the current infrastructure plus the planned works are identified (based on the year of analysis). The capacity and demand measures are used to divide the cost of the works into backlog and growth cost shares.

The growth in demand from existing users without any change in level of service (e.g. more vehicle movements per day per household) is considered a backlog component, rather than a growth component, and is accounted for by adjusting the capacity measures to reflect anticipated changes in demand.

#### Step 4: Asset renewal

Any assets replaced by the project for which depreciation has been collected to fund the eventual replacement are identified. The amount of renewal funded by past depreciation is calculated by taking into account the gross replacement cost of the modern equivalent asset and the remaining life at the time of renewal.

#### Step 5: Cost efficiency

The renewal cost share is adjusted to recognise the efficiencies which may occur by carrying out the renewal component with the provision of new capacity.

#### Step 6: Determine cost shares to growth and backlog

The remaining proportion of the cost (ie, excluding the renewal component calculated in Step 4 and Step 5) is then attributed to growth and backlog according to the proportions identified in Step 3.

#### Step 7: Check growth cost share

To ensure that the growth cost is not significantly more when the capacity for growth is provided in conjunction with backlog and renewal components. A comparison is made of the calculated growth cost share and a 'Stand Alone Growth Project' that a third party could install to meet just the growth capacity of the proposed works.

All analysis is undertaken in current year dollars. Historic project costs are the actual completed project costs in the dollars of the years in which they were completed and are not inflated to the current year.

An in-depth explanation of the growth model and methodology is available from the Council.

#### 5.9 Catchments

The capital expenditure related to growth is associated with one or more catchments on an activity-basis. The catchments are determined based on key characteristics including geography, service delivery and the nature and complexity of service provision. The catchments can be either local or district-wide. Individual capital works projects are allocated to catchments depending on the nature of the project and the community the project is intended to serve.

For this DCP there is only one catchment, the GUA.

# 5.10 Funding Model

The SPM Consultants funding model is used to calculate the development contribution charges, per HUE, by activity and catchment. Each contribution charge represents the sum of the 'raw Development Contributions charges' calculated for the projects within the activity.

Essentially, the funding model divides the growth portion of cost of each project (identified using the cost allocation process) by the number of Household Unit Equivalents projected for the catchment over the funding period for the project, also allowing for:

- interest credited, when income from development contributions is projected to exceed the amount spent on the project
- interest on debt, when the amount spent on the project is projected to exceed the income received from development contributions
- the effects of inflation on costs, using the BERL price level change adjustors.

It is assumed that by the end of the funding period the debt owing on each project is zero.

Interest rates are subject to fluctuation and will be reviewed at each policy review.

# 5.11 Aggregation of the contribution

Once funding mechanisms have been decided at the project level the development contributions per HUE are aggregated by catchment and activity to determine the rates per HUE. These are listed in Section 3.

# 6 Review of the policy and revision of the schedule

# 6.1 Review of Policy

It is anticipated that a new DCP will be developed with each LTP, or at shorter intervals if Council considers necessary, to take account of significant changes to:

- The DCP
- policy and strategic plans
- the capital works programme accounting for growth
- the pattern and distribution of development in the district
- anticipated inflation or interest rates
- any other matters Council considers relevant.

# 6.2 Revision of the schedule of contributions

Council may also revise the schedule of contributions (Appendix 1) with each Annual Plan to reflect significant differences between actual capital costs incurred and the anticipated costs in the capital work programme.

# 7 Glossary of terms

Allotment	Has the same meaning as sections 2 and 218 of the RMA
Backlog	That portion of a project that relates to historical catch-up to meet the required level of service for the existing community
Building	Any structure having a roof supported by columns or walls used or intended to be used for the shelter or enclosure of persons, animals or property of any kind.
Commercial, excluding retail	Property and business services (e.g. real estate, architects), finance and insurance services, personal services (e.g. beauticians), government administration (e.g. courts, local government), commercial cultural and recreational services (e.g. tourism operators, cinemas), service stations and offices.
Community Facilities	Has the same meaning as section 5 of the LGA - reserves, network infrastructure or community infrastructure for which development contributions may be required in accordance with s199 of the LGA.
Community Infrastructure	For the purpose of classifying developments for calculating HUEs means libraries, gyms, halls, churches, club rooms, sports facilities, places of assembly, museums, etc.
Cost Allocation	The allocation of the capital costs of a project to the various drivers for the project, such as renewal, catch-up (backlog), and additional capacity to meet growth.
Dwelling Unit	A building (or part of any building) in which a single housekeeping unit resides or could potentially reside.
Education	Schools, childcare services, tertiary education providers, etc.
GFA / Gross Floor Area	The total of the area of the floors of all buildings, measured from the exterior faces of the exterior walls, or from the centre lines of walls separating two buildings or, in the absence of walls, from the exterior edge of the floor.
	Gross Floor Area shall include floor spaces in roofed terraces, balconies and porches. Gross Floor Area shall exclude:
	service station canopies
	covered pedestrian circulation areas.
GST	Goods and Services Tax.
Health and Community Services	Medical services (eg doctors, optometrists, hospitals), veterinary services, dental services, community care services (excludes accommodation).

HUE / Household Unit Equivalent	The unit of demand that relates demand of developments for community facilities to the typical demand by an average household. It forms the basis of assessing development contributions.
Impervious Surface	Hard surface area which either prevents or retards the entry of water into the soil mantle as it entered under natural conditions pre- existent to development, or that hard surface area which causes water to run off the surface in greater quantities or at an increased rate of flow from that present under natural conditions pre-existent to development.
	Common impervious surfaces include, but are not limited to, rooftops (concrete or asphalt), walkways, patios, driveways, parking lots or storage areas, and oiled, macadam or other surfaces which similarly impede the natural infiltration of surface water.
Industrial	Manufacturing and processing activities of a substantial size, e.g. freezing works, dairy factories, timber processing, packing houses.
LGA	Local Government Act 2002
Lot	Lot is deemed to have the same meaning as 'Allotment' under both the Local Government Act 2002, and the Resource Management Act 1991.
Non-profit Organisation	Any society association organization or registered charitable trust
	that:
	that: Is not carried out for the profit or gain of any member; and
	that: Is not carried out for the profit or gain of any member; and Has rules that do not allow money or property to be distributed to any of its members.
	<ul> <li>Any society, association, organisation of registered chantable trust that:</li> <li>Is not carried out for the profit or gain of any member; and</li> <li>Has rules that do not allow money or property to be distributed to any of its members.</li> <li>For the avoidance of doubt, non-commercial Council activities will be considered non-profit organisations for the purpose of the remissions.</li> </ul>
Other Industry / Servicing	<ul> <li>Any society, association, organisation of registered chantable trust that:</li> <li>Is not carried out for the profit or gain of any member; and</li> <li>Has rules that do not allow money or property to be distributed to any of its members.</li> <li>For the avoidance of doubt, non-commercial Council activities will be considered non-profit organisations for the purpose of the remissions.</li> <li>Manufacturing, processing, servicing and construction activities, which may be associated with the sale of goods or services directly to the public, e.g. small timber mills, joiners, engineering businesses, panel beaters, mechanics.</li> </ul>
Other Industry / Servicing	<ul> <li>Any society, association, organisation of registered chantable trust that:</li> <li>Is not carried out for the profit or gain of any member; and</li> <li>Has rules that do not allow money or property to be distributed to any of its members.</li> <li>For the avoidance of doubt, non-commercial Council activities will be considered non-profit organisations for the purpose of the remissions.</li> <li>Manufacturing, processing, servicing and construction activities, which may be associated with the sale of goods or services directly to the public, e.g. small timber mills, joiners, engineering businesses, panel beaters, mechanics.</li> <li>Long Term Plan</li> </ul>
Other Industry / Servicing	<ul> <li>Any society, association, organisation of registered chantable trust that:</li> <li>Is not carried out for the profit or gain of any member; and</li> <li>Has rules that do not allow money or property to be distributed to any of its members.</li> <li>For the avoidance of doubt, non-commercial Council activities will be considered non-profit organisations for the purpose of the remissions.</li> <li>Manufacturing, processing, servicing and construction activities, which may be associated with the sale of goods or services directly to the public, e.g. small timber mills, joiners, engineering businesses, panel beaters, mechanics.</li> <li>Long Term Plan</li> <li>Resource Management Act 1991</li> </ul>
Other Industry / Servicing	<ul> <li>Any society, association, organisation of registered chantable trust that:</li> <li>Is not carried out for the profit or gain of any member; and</li> <li>Has rules that do not allow money or property to be distributed to any of its members.</li> <li>For the avoidance of doubt, non-commercial Council activities will be considered non-profit organisations for the purpose of the remissions.</li> <li>Manufacturing, processing, servicing and construction activities, which may be associated with the sale of goods or services directly to the public, e.g. small timber mills, joiners, engineering businesses, panel beaters, mechanics.</li> <li>Long Term Plan</li> <li>Resource Management Act 1991</li> <li>That portion of project expenditure that has already been funded through depreciation of the existing asset</li> </ul>
Other Industry / Servicing	<ul> <li>Any society, association, organisation of registered charitable first that:</li> <li>Is not carried out for the profit or gain of any member; and</li> <li>Has rules that do not allow money or property to be distributed to any of its members.</li> <li>For the avoidance of doubt, non-commercial Council activities will be considered non-profit organisations for the purpose of the remissions.</li> <li>Manufacturing, processing, servicing and construction activities, which may be associated with the sale of goods or services directly to the public, e.g. small timber mills, joiners, engineering businesses, panel beaters, mechanics.</li> <li>Long Term Plan</li> <li>Resource Management Act 1991</li> <li>That portion of project expenditure that has already been funded through depreciation of the existing asset</li> <li>An allotment zoned Residential or Rural in the Combined Regional Land and District Plan and capable of development for residential purposes.</li> </ul>

Restaurants/cafes/bars	Activities where food is prepared on-site and/or drinks are sold and consumed on-site (whether private or public).
Retail	Activities primarily involved with selling goods (including large format retail).
Service Connection	A physical connection to a service provided by, or on behalf of, Gisborne District Council.
Subdivision	Subdivision is deemed to have the same meaning as 'subdivision' under the Resource Management Act 1991.
Visitor Accommodation	Hotels, motels, backpackers, campgrounds, etc.
Warehousing / Agriculture and Forestry	Activities primarily involving the storage of goods or property, including warehousing, depots, and wholesaling activities

# Appendix 1 – Project Schedule

For development in the Areas shown in the activity Maps in Appendix 2.

# Transport

Project Name	Years of planned Expenditure	Total estimated Capital Expenditure In \$ 2021	Funded from future Development Contributions (growth component) In \$ 2021	Funded from Rates	Funded from Other Sources (NZTA)
Taruheru Subdivision Road Links - Cameron Rd & Others	2025 - 2027	\$810,000	\$275,400		\$534,600
Taruheru Subdivision Road Links - Potae To Nelson	2018 - 2021	\$1,200,000	\$1,200,000		
Taruheru Subdivision Improvements and cycle path connections	2025 - 2031	\$1,450,000	\$493,000		\$957,000
Taruheru Subdivision Road Links (Nelson to Makaraka Road)	2025 - 2031	\$1,400,000	\$476,000		\$924,000
Taruheru Subdivision Bridge (Nelson to Makaraka Road)	2025 - 2031	\$2,500,000	\$850,000		\$1,650,000
Total Transport Projects Growth related		\$7,360,000	\$3,294,400		\$4,065,600
Reserve Balance as at December 2020			Less surplus \$18,122		
Total to be funded from Development Contributions – Transport			\$3,276,278		

# Water

Project Name	Years of planned Expendi ture	Total estimated Capital Expenditure In \$ 2021	Funded from future Development Contributions (growth component) In \$ 2021	Funded from Rates	Funded from Other Sources
Taruheru Block Water Extension	2025 - 2031	\$1,599,145	\$799,573		\$799,573
Local Urban Upgrades	2021 - 2031	\$375,810	\$357,020		\$18,790
Total Water Projects Growth related		\$1,975,810	\$1,156,592		\$818,363
Reserve Balance as at December 2020			Plus deficit -\$325,290		
Total to be funded from Development Contributions - Water			\$1,481,882		

He Tauira Kaupapa Here Pūtea Whakawhanake Development Contributions Policy

# Wastewater

Project Name	Years of planned Expenditure	Total estimated Capital Expenditure In \$ 2021	Funded from future Development Contributions (growth component) In \$ 2021	Funded from Rates	Funded from Other Sources
Localised Urban Upgrades	2021 - 2031	\$322,120	\$322,120		
Wastewater Wainui Road New Pipeline	2026 - 2028	\$594,250	\$594,250		
Upgrade Campion Road Pump Station and Rising Main	2025 - 2028	\$3,375,000	\$2,531,250	\$843,750	
Taruheru Block New Pump Station 1	2026 - 2028	\$1,195,000	\$1,195,000		
Taruheru Block New Pump Station 2	2027 - 2029	\$1,116,950	\$1,116,950		
Aerodrome Road Additional Pump Station and Reticulation	2027 - 2029	\$2,697,700	\$2,697,700		
Total Wastewater Projects Growth related		\$9,300,370	\$8,457,270	\$843,750	
Reserve Balance as at December 2020			Less surplus \$792,324		
Total to be funded from Development Contributions – Wastewater			\$7,664,946		

#### Stormwater

Project Name	Years of planned Expenditur e	Total estimated Capital Expenditur e In \$ 2021	Funded from future Development Contributions (growth component) In \$ 2021	Funded from Rates	Funded from Other Sources
520005 Stormwater Localised Urban Upgrades	2021 - 2031	\$1,005,000	\$703,500	\$301,500	
520023 Taruheru / Waru / Haisman (stormwater Catchment)	2022 - 2024	\$1,037,000	\$1,037,000		
Total Stormwater Projects Growth related		\$2,042,000	\$1,740,500	\$301,500	
Reserve Balance as at December 2020			Add deficit \$753,933		
Total to be funded from Developme nt Contribution S – Stormwater			\$2,494,433		

He Tauira Kaupapa Here Pūtea Whakawhanake Development Contributions Policy

#### Reserves

Project Name	Years of planned Expenditure	Total estimated Capital Expenditure In \$ 2021	Funded from future Development Contributions (growth component) In \$ 2021	Funded from Rates	Funded from Other Sources
Taruheru Reserves Purchases	2022 - 2023	\$434,673	\$434,673		
Land Improvements	2023 - 2025	\$342,895	\$342,895		
Total Reserves Projects Growth related		\$777,568	\$777,568		
Reserve Balance as at December 2020			Less surplus \$285,633		
Total to be funded from Development Contributions – Reserves			\$491,935		

Activity	Total to be funded by Development Contributions 2021 - 2031	Total Addition al HUEs Residenti al Forecast to 2031	Total addition al HUEs Non- residenti al forecast to 2031	Total addition al HUEs forecast to 2031	Development Contribution charge per HUE Ex GST
Transport	\$3,276 ,278	1,310	454	1,764	\$1,857
Water	\$1,481,882	1,310	197	1,507	\$983
Wastewater	\$7,664,946	1,310	197	1,507	\$5,086
Stormwater	\$2,494,433	1,310	234	1,544	\$1,616
Reserves	\$491,935	1,310	0	1,310	\$376
Total	\$15,409,474				\$9,918

#### Appendix 2 - Catchment Maps



He Tauira Kaupapa Here Pūtea Whakawhanake Development Contributions Policy





# Appendix 3 - Development Contributions Calculations - Examples

#### **Example 1 - Residential Subdivision**

Proposal: Subdividing to create an additional lot (Lot 2) located within the Gisborne Urban Area (as located on Maps in Appendix 2). The new site is connecting to council services.

#### Assessment: One HUE for all activities for the additional lot created.

Activity	Number of extra HUE's being created by the proposal	Charge per HUE (\$) (GST Exclusive)	Total Cost of the proposal (GST Exclusive)
Transport	1	\$1,857	\$1,857
Water	1	\$983	\$983
Wastewater	1	\$5,086	\$5,086
Stormwater	1	\$1,616	\$1,616
Reserves	1	\$376	\$376
Total DC Charges			\$9,918



#### Example 2 - Development Contributions Calculation (Residential multi lot):

Consider the example of a proposed residential subdivision as shown in diagrams 1 and 2 below. The proposed subdivision is from an original lot size of 4000 m<sup>2</sup> that is located within **the GUA**. The proposed subdivision will result in the creation of three new additional allotments each consisting of variable areas of up to 1000 m<sup>2</sup>. The Development Contribution will be worked out in relation to the new units of demand created (four new additional lots) that will contain a total area of 3200 m<sup>2</sup>. An example to work out the appropriate contribution is set out below.

Diagram 1 Original Lot Size	Diagram 2 Proposed New Allo	Diagram 2 Proposed New Allotments for Original Lot					
4,000 m <sup>2</sup>	800 m <sup>2</sup>	800 m <sup>2</sup>	600 m <sup>2</sup>	600 m <sup>2</sup>	1,000 m <sup>2</sup>		
		Four prop	Four proposed new allotments				
	Remaining Lot						

Step 1 What Development Contribution Area is the development in? GUA

**Step 2** Establish what type of development and stage of development? Residential activity at subdivision stage.

**Step 3** What is the demand for each Community Facility being created for the proposed development? 4 additional residential lots.

Activity	Allotments	Number of HUEs per lot	\$ per HUE (GST Exclusive)	Total DC charge payable (GST Exclusive)
Transport	4 additional allotments (5 final lots less 1 existing lot)	1	\$1,857	\$7,428
Water	4 additional allotments (5 final lots less 1 existing lot)	1	\$983	\$3,932
Wastewater	4 additional allotments (5 final lots less 1 existing lot)	1	\$5,086	\$20,344
Stormwater	4 additional allotments (5 final lots less 1 existing lot)	1	\$1,616	\$6,464
Reserves	4 additional allotments (5 final lots less 1 existing lot)	1	\$376	\$1,504
Total Developr	nent Contributions payal	ole		\$39,672

(Note: An existing unit of demand is determined by either an existing equivalent residential unit on the site such as a dwelling or a past contribution has been paid in respect to that development.

# Example 3 - Non-Residential Subdivision

Proposal: Subdividing to create one additional vacant non - residential lot. The new site will be serviced by council services.

Activity	Number of extra HUE's being created by the proposal	Charge per HUE (\$) (GST Exclusive)	Total Cost of the proposal (GST Exclusive)	
Transport	1	\$1,857	\$1,857	
Water	1	\$983	\$983	Lot 1
Wastewater	1	\$5,086	\$5,086	
Stormwater	1	\$1,616	\$1,616	
Reserves	Nil	\$376	-	
Total DC payable			\$9,542	

Assessment: One set of contributions for the additional vacant lot created.

# Example 4 - Develop one Non-Residential building on a vacant lot

Proposal: Erect a 1,000m2 single storey Industrial Building located in the GUA catchment. The building is in addition to existing buildings on site and is connected to council services. Creates an additional Impervious Service Area of 2,000m2 including carparks.

Activity	HUE's per 100m2 GFA (as per Table 10)	Charge per HUE (\$) (GST Exclusive)	Total Cost of the proposal (GST Exclusive)	
Transport	0.8 * 10 = 8	\$1,857	14,858	+
Water	0.4 * 10 = 4	\$983	3,932	
Wastewater	0.4 * 10 = 4	\$5,086	20,343	alle
Stormwater	0.29 * 20 = 5.8	\$1,616	9,370	
Reserves	Nil	\$376	Nil	
Total DC payable			\$48,503	

# Appendix 4 - Analysis of Benefits – Section 101(3) LGA Requirements

The Council has determined the appropriate funding sources to meet the expected total capital cost of growth capital expenditure identified in the schedules of this DCP. Council has elected to fund through DCs the total cost of growth related capital expenditure. Sections 106 and 101(3) of the LGA requires that the following be considered:

The funding needs of the local authority must be met from those sources that the local authority determines to be appropriate, following consideration of:

- a) In relation to each activity to be funded:
  - (i) the community outcomes to which the activity primarily contributes;
  - (ii) the distribution of benefits between the community as a whole, any identifiable part of the community, and individuals;
  - (iii) the period in or over which benefits are expected to occur;
  - (iv) the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity; and
  - (v) the costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities; and
- b) The overall impact of any allocation of liability for revenue needs on the community.

The Council has followed the four steps outlined below in making the above assessment. These steps are discussed in detail below.



#### Step 1 - Considering community outcomes (section 101(3)(a)(i))

Council has a proposed vision of **Tairāwhiti rising. It all starts here.** Community outcomes are as identified in the 2021 LTP. For the purposes of the DCP, activities have been grouped into:

- Recreation and Amenity;
- Water supply,
- Wastewater,
- Stormwater, and
- Land Transport.

DCs have been established to support these activities and help deliver the community outcomes to which each group of activities contributes as shown below:

Table 1 – Gisborne District Council infrastructure activities contributions to
Community Outcomes

	Water	Wastewater	Stormwater	Land Transport	Recreation and Amenity
<b>Resilient communities</b> - He hapori manahau	✓	✓	✓	✓	✓
Te tuku kaupapa mo te Māori, ki te Māori		✓			✓
Delivering for and with Māori					
Te whakaaro hōhonu ki te toitūtanga	<ul> <li>✓</li> </ul>	✓	✓		
We take sustainability seriously					
Te hononga, te haumaru o te hapori				✓	✓
Connected and safe communities					
Strategic Priorities					
Te hanganga	✓	✓	✓	✓	✓
We will invest in existing and future core infrastructure needs, with a focus on adaptive, cost efficient and effective designs that enhance our sense of place and lifestyle					
Ngā tikanga āwhina tāngata	~	✓	~	$\checkmark$	$\checkmark$
We will efficiently deliver quality services that enable our communities					
Te taiao	~	✓	✓		
We will protect and enhance our environment and biodiversity					

#### Step 2 – Benefits and Causation

Under sections 101(3)(a)(ii) through (iv), Council also has to consider who benefits from the community facilities, over what time period, and who created the need.

When having regard to how Council activities contribute to identified community outcomes, the Council develops a programme of infrastructural capital works and reserves purchases. For each of the individual capital projects included in the programme, the Council assesses who created the need for that project, who will benefit from the asset that it creates and how long that benefit will last.

The Council has:

- Estimated the extent of growth within the overall District and GUA, translated this estimated growth into an expected number of Households and Household Unit Equivalents (HUE); and
- Identified the capital expenditure necessary to meet the needs of the growth community.

Where the existing capacity of community facilities is insufficient to provide the levels of service to new residential and non-residential users specified by the Council in the LTP, those new developments create the need for new community facilities which requires the Council to incur capital expenditure.

The Council also recognises that there may be capital expenditure necessary to increase the level of service for all, due to:

- Required renewals;
- Ratepayers who want increased levels of service;
- Obligations on the Council to raise the levels of service to meet resource consent or statutory obligations and conditions; and
- Visitors to the District using the facilities.

The allocation of the benefits and the costs (public vs private benefit) has had regard to these factors.

For each of the individual projects that require capital expenditure to cater for growth, the Council makes an assessment about whether the asset being created will benefit the existing community or the new developments, or both of those groups. In making this assessment, the Council will consider a number of factors, including:

- the capacity of existing facilities to meet stated levels of service;
- the extent to which the relevant capital project will provide:
  - i) a renewal,
  - ii) an increased level of service; or
  - iii) a new service.

For each individual project that requires capital expenditure, the Council determines the length of time over which the asset created by that expenditure will provide a benefit to the community.

#### Step 3 - Costs and benefits of funding the activity distinctly from other activities

On an activity by activity basis, the Council considers the costs and benefits of funding each activity distinctly from other activities as required by s101(3)(a)(v). This analysis is contained in the Revenue and Finance Policy. The benefits of additional community infrastructure capacity generally accrue to the improved or new properties generating demand for that capacity.

The Council considers that the use of DCs to fund the cost of growth in community facilities, in proportion to the benefit received by forecast developments, provides the benefits of greater transparency, greater accountability and intergenerational equity.

The current community facilities for Stormwater, Water, Wastewater, Land Transport and Reserves servicing the GUA are not sufficient to cater for growth. In contrast the coastal and rural townships have considerable capacity in these facilities after many years of static or declining population and household numbers, and Council has a strategic goal of supporting and growing these townships.

#### Step 4 - Overall impact on well-being of community

Finally, the Council considers how funding each activity will impact on the wellbeing of the community.

DCs are considered to be fair because they allocate growth costs to the section of the community that creates the need for Council to incur that expenditure, i.e. developers, new residents and new business activities.

Council must balance the overall impact of rates and fees and charges. DCs need to be set at a level which still enables development and they must be levied in a fair, reasonable and equitable manner. Setting DCs at a level that does not fund growth would impose an unfair burden on the economic wellbeing of the existing ratepayer community.

Additional analysis for each of the following types of community facilities is set out in Section 4:

- Water: section 4.4.1
- Wastewater: section 4.4.2
- Stormwater: section 4.4.3
- Reserves: section 4.4.4
- Land Transport: section 4.4.5

The following analysis sets out the rationale for Council identifying one catchment area (the GUA) for DC charges for Water, Stormwater and Wastewater, Land Transport and Reserves and other Community Infrastructure. Each of the three waters activities (Water, Stormwater and Wastewater) has a different definition of the GUA based on the extent of reticulated services. These areas are defined in the maps in Appendix 2.

Land Transport

Land Transport is considered one network for the GUA.

Properties have access to the network and levels of service are standardised across the network as set by the Council and the One Network Road Classification system of the New Zealand Transport Authority. However, growth is concentrated in the GUA area and the roading network outside of the GUA is considered to have sufficient capacity to cater for increased traffic generated by growth in the GUA. The vehicle movements generated from a development can access all parts of the network without further charges by Council. Traffic modelling and counts show an interconnected network as residents and businesses access work, home, recreation and friends.

Development creates additional traffic flows onto the network. While individual households and businesses will generate different levels of traffic movement it is not feasible to identify the individual impacts. For households a uniform impact of one HUE is assumed, equal to ten vehicle movements a day. For non-residential developments an average assessment of vehicle movements, based on historical analysis and industry standard research, has resulted in an assessment of the HUE multipliers relative to households. Council has stated that it can carry out a special assessment of demand for developments that have a significantly greater impact on the Land Transport network than the average for the category.

Further analysis is contained in the Revenue and Finance Policy.

• Recreation and Amenity and other Community Infrastructure

Reserves assets are open to all residents and visitors to access free of charge. New developments increase the number of residents and generate increased demand for passive and active recreational facilities, as well as assets such as toilets and community halls.

Regardless of the location of the development, additional residents utilise a range of facilities and create demand for more walkways, cycleways and other assets. Council has reserve land, halls and other assets located across the District. With all of the growth related projects focused on the GUA the catchment has been kept to that area. Walkways, major playgrounds and major parks are located in the areas of greatest population density.

Existing Recreation and Amenity assets outside of the GUA have been assessed as having spare capacity for minor growth.

• Water

The water networks service urban and industrial areas and are funded by properties connected to each network in urban areas. Across the district only the GUA requires additional capacity to cater for expected growth. As such DC charges only apply to the GUA network area, and developments that will be serviced by the GUA network.

The GUA network is operated as a single network system, and all properties connected are charged the same for operating costs, except those properties with a meter and charged on a volume basis. The network is designed to achieve the same level of service for water quality and delivery. There is a single source of water and one treatment plant. For these reasons there is a single HUE DC charge for residential, and equivalent HUE charges for non-residential, for the costs that growth creates for the GUA water network area.

Wastewater

The wastewater networks service urban and industrial areas and are funded by properties connected to each network. Across the district only the GUA requires additional capacity to cater for expected growth. As such DC charges only apply to the GUA network area, and developments that will be serviced by the GUA network.

The GUA network is operated as a single network system, and all properties connected are charged the same for operating costs, with some non-residential properties also charged on a trade waste basis. The network is designed to achieve the same level of service for wastewater quality and delivery. There is a single treatment plant and discharge. For these reasons there is a single HUE DC charge for residential, and equivalent HUE charges for non-residential wastewater GUA network area.

Stormwater
The networks service urban and industrial areas and are funded by properties connected to each network. Existing stormwater flows within catchments are also generated from flows from rural areas upstream of urban areas. Stormwater within urban areas is generated as runoff of rainfall from impervious hard surfaces and saturated ground. Across the district only the GUA required additional capacity to cater for expected growth. The need for additional stormwater network services is generated by development and the downstream impacts have to be catered for.

In the last decade there have been significant changes to the requirements to control and capture stormwater. Rules set by GDC now require more stormwater neutrality from new developments during peak stream / river flows. The result is that Council and developers need to plan to capture and hold parts of stormwater runoff during peak flow events. Council is planning to continue to invest in additional stormwater capacity to meet the new requirements.

This has led to Council to continue to treat stormwater DCs as one area for the GDC. Regardless of where the development is located in the GDC it will add to the need for larger pipes and retention ponds to reduce runoff into the waterways during peak flows.

### Appendix 5 – How development contributions have been calculated referenced against LGA requirements

Section 201(1)(a) of the LGA 2002 requires this DCP to include, in summary form, an explanation of and justification for the way each development contribution in Appendix 1 has been calculated.

In summary, each contribution has been calculated in accordance with the methodology set out in Schedule 13 of the LGA 2002, and by following the process in Section 3.3.

Step	Methodology	LGA 2002 reference
1	Identify and define catchments	Schedule 13(1)(a)
	A catchment is the area served by a particular infrastructure, e.g. reservoirs, pumping stations and pipes. The catchment for this DCP are the GUA.	
		197AB (g)
2	Identify ten-year capital expenditure resulting from predicted growth	199(2)
	Historic capital expenditure incurred in anticipation of growth, if any.	106(2)(a) and Schedule
	Assessment of the requirements for land transport, three waters, reserves and community infrastructure as a result of new population and commercial land.	
		201(1)(b)

### Table 14: Calculating development contributions (Schedule 13, LGA 2002)

He Tauira Kaupapa Here Pūtea Whakawhanake Development Contributions Policy

Step	Methodology	LGA 2002 reference
3	Identify the percentage of growth-related ten-year capital expenditure to be funded by development contributions	
	The proportion of total planned costs of capital expenditure for network infrastructure from the LTP resulting from growth.	
	Growth costs (capacity increase to cater for new entrants) can be funded in full or in part by using development contributions. This is one of three components of the total ten-year capital costs budgeted in the LTP, the other two components being level of service improvements (including backlog costs to bring service standards up to desired levels) and renewals. These two costs must be met from funding sources other than development contributions.	106(2)(b) 101(3)
	Justification for the level of growth costs should be supported by financial management funding considerations and show significant assumptions and impacts of uncertainty. New capital expenditure is developed in the LTP.	107.4.5
	Consider development contribution principles.	197AB
4	Identify the appropriate units of demand	LGA 2002 Schedule
	The selected unit of demand is the Housing Unit Equivalent (HUE) based on an average residential dwelling. The choice of the HUE as the unit of demand was influenced by the following matters:	13(1)(b)
	For areas of residential development, HEUs can be applied uniformly at one for each allotment, regardless of size for reasons of administrative simplicity. Allotments typically accommodate one residential dwelling, and therefore lot size is not considered to have a material impact on demand.	
	For multiple units on one allotment, additional demand will arise due to multiple residential units.	
	For non-residential development, demand will arise due to occupation of commercial space therefore requiring three- waters infrastructure and access to transport infrastructure.	
5	Identify the designed capacity (in units of demand) provided for growth	Schedule 13(1)(b) and (2)
	The designed capacity may vary between different types of infrastructure. In some cases it may be considered economically prudent to provide spare growth capacity considerably beyond current ten-year expectations of growth.	

Step	Methodology	LGA 2002 reference
	Costs are recovered across the full designed number of HUEs.	
6	Allocate the costs to each unit of demand for growth The development contribution charge per HUE is calculated by dividing the total capital expenditure resulting from growth (step two) by the designated units of demand for growth (step five).	Schedule 13(1)(b)
7	Prepare schedules Schedule of assets for which Development Contributions will apply Schedule of fees.	201A 201(2) 202 201(1)(a)



# He Tauira Kaupapa Here Haupūranga Moni Investment Policy

This Policy looks at Council's mix of investments, management of risk where investment is concerned and our procedures for managing and reporting on investments.



### Contents

1. Our Objectives	3
2. Scope of the Policy	3
3. Our mix of investments	3
Council's small minority investments are outlined in the following table	4
4. Loan Advances	6
5. Our acquisition and disposal of investments	6
6. Our investment management and reporting	6
7. Our investment risk assessment and management	7
8. Group Tax Efficiency	8
9. Review	8
10. Definitions	8

### 1. Our objectives

Council will manage its investments in a prudent manner in accordance with legislation and this policy. Council will manage its investment portfolios to optimise the value of the investment and their returns in the medium to long term, while balancing risk and return considerations.

In managing and selecting investments Council will aim to:

- protect the investment value
- optimise the investment return
- ensure investments provide Council sustainable income flows from commercial investments
- diversifying the mix of investments to spread risk
- promote economic and business development within the district.

### 2. Scope of the policy

Council has a wide range of assets and investments that are used in different contexts. Council may make strategic, commercial and semi- commercial investments.

Council's commercial investments are made primarily for capital gain or maximum investment yield. The performance of these investments will be assessed on a purely financial basis. They are items where the primary goal is the generation of commercial returns to reduce the level of rates and increase the investment in infrastructure.

Strategic and semi-commercial investments are those made to promote economic and business development within the district and/or achieve other goals set out in the Council's Long Term Plan (LTP) or Annual Plan. These investments are not covered under this policy as they are a fundamental part of Council activity delivery and so are included within the activities that the assets support.

### 3. Our mix of investments

Council has a mix of investments for the purpose of fulfilling various strategic, economic development and financial objectives as outlined in the LTP. Council's investments include holdings in Council Controlled Trading Organisations (CCTO) and other entities (where there is a specific strategic objective for holding the investment or the investment is required to comply with legislation).

Council may maintain investments in:

- equity investments
- property investments
- forestry investments
- financial investments
- loan advances
- Council Controlled Trading Organisation (CCTO) and Council Controlled Organisations (CCO).

### **Equity Investments**

Council equity investments includes minority share holdings, Council Controlled Organisations (CCOs) and Council Controlled Trading Organisations (CCTOs).

Council has a responsibility to ensure that the expenditure incurred by it and the Group is optimal. To do this Council need to review the performance of these investments on a regular basis to ensure strategic and economic objectives can be achieved.

### Council Controlled Trading Organisations (CCTOs)

Council has one CCTO, Gisborne Holdings Ltd (GHL), which is wholly owned by Council (100% shareholder). Council seeks to regularly monitor the performance of GHL so that it remains confident that it is still an appropriate vehicle for holding Council's investments and to ensure that existing investment activities are achieving appropriate income generation and returning benefit to the community.

GHL dividends are an important income stream used to reduce the level of rates and to allow investment in infrastructure.

The primary focus of our investment in GHL is for the CCTO to be the main vehicle for Council's goal of operating profitably and providing a non-rates income stream to Council.

### New Zealand Local Government Funding Agency investment

The Council may invest in shares and other financial instruments of the New Zealand Local Government Funding Agency (LGFA), and may borrow to fund that investment.

The Council's objective in making any such investment will be to:

- Obtain a return on the investment.
- Ensure that the LGFA has sufficient capital to become and remain viable, meaning that it continues as a source of debt funding for the Council.

Because of these dual objectives, the Council may invest in LGFA shares in circumstances in which the return on that investment is potentially lower than the return it could achieve with alternative investments. If required in connection with the investment, the Council may also subscribe for uncalled capital in the LGFA and be a Guarantor.

### Council's small minority investments are outlined in the following table.

Equity Investment	Objectives
Civic Financial Services Limited	
Civic Financial Services was initially established as an insurance vehicle for local authorities, New Zealand Local Authority Protection Programme Disaster Fund (LAPP). Council is no longer a member of LAPP, but still retails shares.	Council initially invested in Civic Financials Services Ltd through Riskpool and LAPP schemes to provide disaster recovery and public and professional indemnity insurance.
Civic Financial Services provides financials services for the Super Easy and Super Easy Kiwi Saver superannuation schemes.	Council now sources these insurances through commercial brokers.
Council is a minority shareholder with 92 shares	Council is unlikely to purchase further shares
New Zealand Local Government Funding Agency (LGFA)	Access loan funding at lower rates

Equity Investment	Objectives
Council is a minority shareholder: holding 100 shares and 939 LGFA Notes	
The LGFA is owned by the Crown and local authority members	
BoPLASS LTD	
BoPLASS LTD is a Council Controlled Organisation (CCO) that was formed to investigate, develop and deliver shared services for its council members in the Bay of Plenty and Gisborne regions.	To deliver shared services more effectively and where possible financial savings from the group alliance
Council is a minority shareholder with 9 shares	

Financial investments

Council's financial investments include term deposits and borrower notes with banks and other financial institutions. These investments are held for medium term cash management and liquidity.

Council holds the financial investments as part of the day to day working capital management as required by the Local Government Funding Agency (Borrower Notes). Council manages all of these investments together. This minimise the level of financial investments.

Council does not have an established level of cash investments, or fund separate reserves.

As a borrower from the Local Government Funding Agency, Council is required to buy borrower notes. The quantum of borrower notes is related to the level of borrowing from the LGFA, and the term of the notes mirrors the term of the loan.

Council will invest in financial investments in accordance with our Treasury Management Policy and procedures. Council will ensure that there is an appropriate spread of risks and maturities between the different entities.

### Property investments

Council owns property investments for strategic, operational and commercial purposes. Property investments are predominantly for the delivery of activities. Council review ownership through assessing the benefits including financial returns, in comparison to other arrangements that could deliver similar results.

Surpluses generated from commercial and semi-commercial property investments are treated as an internal dividend. Other surpluses from property are treated as income in the related Council activity.

Property disposals are managed to ensure compliance with statutory requirements and where appropriate with Community Boards and Committees.

Councils owns land and buildings for the purposes of providing services and parks and reserves. Where the properties are owned for operational purposes or future operational purposes they are not considered to be an investment covered by this policy.

### 4. Loan Advances

Council may provide loan advances to CCOs, CCTOs, charitable trusts and community organisations for strategic, operational and commercial purposes.

New loan advances are approved by Council resolution. Council does not lend money, or provide any other financial accommodation, to a CCO or CCTO on terms and conditions that are more favourable than what would apply if Council were borrowing the money.

### 5. Our acquisition and disposal of investments

Acquisition or disposal of any non-day-to-day investment requires Council approval (excluding any financial investment). Council may consult with the public on an acquisition or disposal, depending on the significance of the proposal, or the intended use of the funds from that disposal.

Property acquisition and disposals are conducted under statutory requirements and, where appropriate, consultation with Council. Property acquisitions are supported by registered valuations and, where appropriate, a full business case analysis (depending on the significance of the acquisition).

Council will not purchase and sell investments on a speculative basis.

Council should be ethical and act with integrity when funding or acquiring investments.

Council should:

- act, and be seen to be acting, in a fair, open and unbiased manner;
- observe ethical standards, principles and behaviour throughout the investment process and while monitoring investments; and
- where possible, observe that the publicly available ethical profile of any potential investment aligns with Council.

Council will only make new investments and/or retain existing investments if all the following criteria are met:

- the investment has clear long-term benefits for the community or the district
- the risks associated with the investment can be managed within acceptable levels
- the investment will provide Council with funds when required, including sustainable income flows (where appropriate)
- it would not result in a material breach of the borrowing limits set out in the Liability Management Policy

### 6. Our investment management and reporting

In determining investment holding structures, Council will consider the following criteria:

- appropriate separation of management and governance
- imposing commercial discipline on the investment activity to produce an appropriate return by ensuring appropriate debt/equity funding; and requiring a commercial rate of return
- separation of Council's investment assets from Council's public good assets.

As part of managing the risk and performance of Councils CCTO investment, an annual Statement of Intent (Sol) is submitted by the Board of the CCTO for approval by Council. If Council does not agree to the contents of a Sol delivered, it has powers under the Local Government Act (LGA) to pass a resolution which requires the Board to modify the Sol. Another mechanism for managing and reporting on the CCTO investment is the half yearly and annual reports provided by the CCTO to the relevant Council committee<sup>1</sup>.

The Finance and Performance Committee (the Committee) reviews performance of all investments on a regular basis to ensure strategic and financial objectives are being achieved.

Periodically Council will review its investment holding structure to determine if it is still an appropriate vehicle for holding Council's investments and to ensure that existing investment activities are achieving appropriate income generation and returning benefit to the community.

### 7. Our investment risk assessment and management

There are three primary risks in relation to Council's investment portfolio:

- Investments may lose money and Council maybe required to provide additional funds to support the investment
- Investments do not provided the expected level of cash return, as forecast within the LTP risking the need for higher levels of rates funding
- Investments do not provide the community and social returns that justified the Council's investment

Council investments give rise to a direct exposure to credit, risk, interest rate risk, liquidity risk and market risk which can impact on the capital value of its investments.

**Credit risk** is managed by placing maximum limits for each class of investment by issuer, performing credit evaluations as appropriate, and investing funds with approved institutions that have satisfactory credit ratings.

**Interest rate risk** is managed by matching investment and borrowing maturities, and the use of interest rate instruments for interest rate risk management purposes.

**Liquidity risk** is managed by ensuring that all investments are capable of being liquidated in a readily available secondary market or that appropriate standby facilities have been established.

Market risk is managed as part of the overall management of interest rate risk<sup>2</sup>.

Treasury investments are made from short-term surplus funds available to Council and typically made in the form of financial instruments. To minimise operational risks, these investments will be made in accordance with the policies and procedures set out in Councils Treasury Management Policy and Procedure Manual.

Council recognises that there are risks associated with holding equity investments. Council's overall investment risk is spread by ensuring that the value of any single investment does not exceed either the percentage of the total consolidated assets of Council or the percentage of total investments as set out by council from time to time, and detailed in the Treasury Management Policy.

<sup>&</sup>lt;sup>1</sup> A requirement of s.66 and 67 of the LGA

<sup>&</sup>lt;sup>2</sup> Market risk is the risk that arises from the potential change in the value of an investment. Market risk results primarily from changes in market interest rates.

The Finance and Performance Committee will monitor the performance of its CCTO and CCO equity investments to ensure that the stated objectives are being achieved. Council seeks professional advice regarding its equity investments when it considers this appropriate.

All investments will be made in accordance with the policies and procedures set out in Council's Treasury Management Policy and Procedure Manual. Commercial investments are subject to a broad range of active commercial reviews including regular hold/ sell reviews, portfolio analysis and comprehensive monitoring.

### 8. Group Tax Efficiency

To ensure that existing investment activities achieve appropriate income generation Council needs to be proactive in the way it manages the Group tax level to ensure it operates at maximum efficiency.

Optimizing the overall income tax position for Council and the Group members means that Council is not needlessly paying income tax.

The onus is on Council, as the ultimate owner of each entity within the Group, to take lead responsibility for decisions that impact on the level of income tax paid within the Group as a whole. As part of Councils due diligence to make sure review its investment holding structure is still the most appropriate vehicle for holding Council's investments, Council needs to regularly consider:

- The profits available within the Tax CCTOs for return to Council
- The most efficient method to extract profits from each entity within the Group and
- The capital funding requirements of each entity in the group, and how this could limit reserves available for distribution.

The Group tax position is dynamic and ongoing monitoring is required to ensure tax efficiency is optimal. This can be best achieved through a strong collaborative relationship with the entire group and a commitment to regular reporting and monitoring.

### 9. Review

This policy will be reviewed every three years as part of Council's LTP.

### 10. Definitions

### Asset Investment

Investments held in physical capital assets rather than shares (equity investment). Council's holds investments in commercial and semi-commercial property, including community housing and forestry woodlots.

### **Equity Investment**

An equity investment generally refers to the buying and holding of shares in anticipation of income from dividends and capital gains, as the value of stock rises. Council can also hold equity investments for strategic purposes.

### CCTO, CCO

Council current equity investments include interests in the Gisborne Airport Authority, forestry and may include other Council Controlled Organisations (CCOs) or Council Controlled Trading Organisations (CCTOs). At its most basic level a CCO is a not-for-profit sharing arrangement with Council and a CCTO is a profit-making vehicle controlled by Council.

#### **Uncalled Capital**

Capital that a company has raised by issuing shares or bonds but that the company has not collected because it has not requested payment.



## He Tauira Kaupapa Here Whakahaere Kawenga Liability Management Policy

This policy outlines how the Council will manage its borrowings and other liabilities.



### Contents

1.	Objectives	3
2.	Borrowing limits	3
3.	Types of Borrowing	4
4.	On-lending and direct lending to Council Controlled Organisations (CCO) and Council Controlled Trading Organisations (CCTO)	4
5.	New Zealand Local Government Funding Agency Limited	5
6.	Security	5
7.	Debt repayment	5
8.	Internal debt management	6
9.	Credit exposure	6
10.	Interest rate risk exposure	6
11.	Liquidity risk	7
12.	Operational risk	7
13.	Reserves	8
14.	Contingent liabilities	8
15.	Foreign exchange risk	8
16.	Other grants and advances	8
17.	Review	8
Defin	itions	8
Annu	ual Rates Income	8
Finar	ncial Facilities	8
Liquio	dity	9
Net E	External Debt	9
Net li	nterest	9
Total	Revenue	9

This policy is required under Sections 102 and 104 of the Local Government Act 2002<sup>1</sup>.

Council's detailed operational policy is included in the Treasury Management Policy and Procedure Manual<sup>2</sup>.

### 1. Objectives

Liability management is based on the following key elements:

- liabilities must be maintained at a prudent level;
- borrowings provide a basis to achieve intergenerational equity;
- borrowings are made globally to fund the entire Council balance sheet; and,
- borrowings must be undertaken efficiently and in accordance with this policy.

Council will borrow as it considers appropriate. Generally, Council will approve borrowing and financing facilities as part of either the Long Term Plan (LTP) or the Annual Plan.

The estimated debt levels are based on the cash flow projections in these plans.

A resolution of Council is not required for hire purchase, credit or deferred purchase of goods if:

- the period of indebtedness is less than 91 days; or
- the goods or services are obtained in the ordinary course of operations on normal terms for amounts not exceeding in aggregate, an amount determined by resolution of Council as detailed in the delegated authority manual.

Council delegates its borrowing powers to the Chief Executive and management of Council in accordance with the Instrument of Delegation and as set out in the Treasury Management Policy and Procedure Manual.

### 2. Borrowing limits

Council will manage external borrowing within the limits approved by Council as set out in the Treasury Management Policy and Procedure.

Ratio	GDC Limits	LGFA Lending Covenant
Net External Debt* / Total Revenue	=<130%	<175%
*Net external debt is financial liabilities less financial assets (excluding trade and other receivables) and less lease debt arising from CCTO arrangements		
Net Interest / Total Revenue	<10%	<20%
Net Interest / Annual Rates Income	<15%	<25%

In managing borrowing limits Council will utilise the following measures<sup>3</sup>:

<sup>&</sup>lt;sup>1</sup> The Local Government (Financial Reporting and Prudence) Regulations 2014 is also relevant, in particular Schedule 4 and Schedule 6.

<sup>&</sup>lt;sup>2</sup> This includes Council's detailed objectives, policies, strategies, monitoring and reporting procedures.

<sup>&</sup>lt;sup>3</sup> Financial covenants are measured on Council only, not consolidated group.

Ratio	GDC Limits	LGFA Lending Covenant
Liquidity	>110%	>110%
Net debt per capita (53,213 residents, figure based on 2031 projected population for LTP modelling). This is based on a \$151m limit	<\$2,950	
Net external debt per rateable unit	<\$6,650	
(Based 23,357 forecast 2031, projected from 2019/20 rateable units with 0.5% pa growth). This is based on a \$151m limit.		

### 3. Types of Borrowing

Council will utilise the most appropriate and cost effective borrowing source as determined by management. Approved sources for borrowing are:

- short-term and medium-term borrowing from the NZ banking market
- leasing and hire purchase (including sale and lease back where appropriate)
- issue of Local Authority stock and debentures to the wholesale/retail investor market
- issue of Commercial Paper, notes and bonds to the wholesale/retail investor market
- short-term, medium and long term borrowing through the Local Government Funding Agency (LGFA).

Council may approve other sources of financing as recommended by management which will be subsequently incorporated in to the Treasury Management Policy and Procedure Manual.

### 4. On-lending and direct lending to Council Controlled Organisations (CCO) and Council Controlled Trading Organisations (CCTO)

To better achieve its strategic and commercial objectives Council may provide financial support in the form of debt funding directly or indirectly to CCOs and CCTOs.

Guarantees of financial indebtedness to CCTOs are prohibited, but financial support may be provided by subscribing for shares as called or uncalled capital.

Any on-lending or direct lending arrangement from Council to a CCO/CCTO must be approved by Council. In recommending an arrangement for approval the following considerations are taken into account:

- Credit risk profile of the borrowing entity, and the ability to repay interest and principal amounts outstanding on due date;
- Impact on Council's lending covenants with the LGFA and other lenders and Council's future borrowing capacity;
- The form and quality of security arrangements provided;
- The lending rate given factors such as; CCO/CCTO credit profile, external Council borrowing rates, borrower note and liquidity buffer requirements, term etc.;
- Lending arrangements to CCO/CCTOs must be documented on a commercial arm's length basis. A term sheet, including matters such as; borrowing costs, interest payment dates, principal payment dates, security, expiry date is agreed between the parties; and,
- Accounting and taxation impact of on-lending arrangement.

All on-lending arrangements must be executed under legal documentation (e.g. loan, guarantee) reviewed and approved by Council's independent legal counsel.

### 5. New Zealand Local Government Funding Agency Limited

The Council may borrow from the New Zealand Local Government Funding Agency (LGFA). In connection with that borrowing, may enter into the following related transactions to the extent it considers necessary or desirable:

- contribute a portion of its borrowing back to the LGFA as an equity contribution to the LGFA, for example borrower notes
- provide guarantees of the indebtedness of other local authorities to the LGFA and of the indebtedness of the LGFA itself
- commit to contributing additional equity (or subordinated debt) to the LGFA if required
- secure its borrowing from the LGFA and the performance of other obligations to the LGFA or its creditors with a charge over the Council's rates and rates revenue
- subscribe for shares and uncalled capital in the LGFA.

### 6. Security

All Council loans and interest rate risk management instruments will be either unsecured, or secured under the Council's Debenture Trust Deed.

This security relates to any loan and to the performance of any obligation under any incidental agreement.

A charge will be granted over assets only where:

- there is a direct relationship between the debt and the asset purchase/construction, for example operating lease or project finance
- the Council considers a charge over assets to be appropriate
- any charge must comply with the terms and conditions contained within the trust deed.

Before securing borrowings over specified assets or rates revenue, Council will consider all options and choose the preferred option balancing flexibility, overall cost of borrowing and terms/conditions. A register of charges is maintained at the Council's offices.

Any approved lending to a CCO or CCTO will be on a secured basis.

### 7. Debt repayment

The Council will manage debt on a netting basis, i.e. it will fund the balance sheet as a whole, netting off reserves and borrowings to minimise external borrowings.

The Council may repay borrowings from renewal loans or surplus funds.

Subject to any specific direction from Council, the funds from the disposition of fixed and investment assets will be applied in reduction of debt and/or borrowing requirements. Operating surpluses unless identified as being transferred to a reserve for a future purpose, it will also be applied to the reduction of debt.

### 8. Internal debt management

As external borrowings fund the entire Council balance sheet, Council utilises internal loans to allocate borrowing costs to the appropriate cost centre.

The Treasury function will be responsible for administering the Council's internal debt portfolio.

Internal loans are set up within the internal debt portfolio for each department's loan-funded expenditure.

### 9. Credit exposure

The Council is exposed to credit risk when there is a deterioration of the credit rating:

- of an entity with which the Council places its investments;
- of a counterparty with whom the Council may transact financial derivative contracts; or,
- of a contractual counterparty with whom the Council may have concluded major supply, construction or service contracts.

The Council limits its credit risks by:

- placing investments with approved organisations and within the maximum levels set out in the Treasury Management Policy and Procedure Manual.
- financial derivative contracts are only transacted with registered banks with a strong long-term credit rating issued by Standard and Poors (or an equivalent) and the maximum exposure to any one party will be limited as set by Council in the Treasury Management Policy and Procedure manual.
- all parties with whom Council intends to conclude a major contract will be subject to formal credit approval process as set out in the Treasury Management Policy and Procedure Manual.

### 10. Interest rate risk exposure

Interest rate risk is the risk that funding costs (due to adverse movements in market interest rates) will exceed the Annual Plan or the LTP cost projections. This would adversely impact on borrowing cost controls, capital investment decisions and the feasibility of some projects.

Interest rate risk management is carried out using approved financial instruments including:

- interest rate swaps
- forward rate agreements
- purchased interest rate options, including options on bank bills (caps) and swaps (swaptions)
- interest rate collars but only on a 1:1 basis.

Credit exposure on these financial instruments is restricted by specified counterparty credit limits set out in the Treasury Management Policy and Procedure Manual.

Any other financial instrument must be specifically approved by Council on a case-by-case basis.

Approved instruments cannot be sold outright for the purpose of generating income as this represents speculative investment which is prohibited by Council. Approved instruments can be dealt on a forward start basis but are limited to a forward start period of no more than 36 months, unless linked to the expiry date of an existing instrument and has a notional amount which is not greater than that of the existing instrument. This is in accordance with the limits set out in the Treasury Management Policy and Procedure Manual.

### Interest rate risk control limits

Council's interest rate repricing risk on its forecast debt amounts are managed within the interest rate risk control limits set by Council. These limits are set out in the Treasury Management Policy and Procedure Manual.

A fixed rate maturity profile that is outside the above-mentioned limits, but self corrects within 90days is not in breach of this Policy. However, maintaining a maturity profile that is outside the above limits beyond 90-days requires specific approval by Council.

### 11. Liquidity risk

Council cash flows will have deficits in various periods and years as a result of working capital requirements, the nature of net cash flows, the capital expenditure programme and the maturity profile of loans and other advances.

Liquidity risk management focuses on the ability to borrow at these times to fund these deficits.

Funding risk management concentrates on the ability to refinance or raise new debt at these times in a cost effective manner (including fees, borrowing margins and the maturity profile).

Liquidity and funding risk control limits are set out in the Treasury Management Policy and Procedure Manual.

Council will minimise its liquidity risk by:

- matching expenditure closely to its revenue streams and managing cash flow timing differences through its bank facilities
- maintaining its cash management investments in liquid and negotiable instruments and unutilised committed bank facilities
- ensuring that treasury investments are only made with approved institutions utilising approved financial instruments in terms of the Council's investment policy
- avoiding a concentration of debt maturity dates
- maintaining external debt and available committed debt facilities together with available liquid investments at an amount of at least 110% over existing external debt.
- establishing committed bank debt facilities with strong credit rated banks that are registered with the Reserve Bank of New Zealand.

Council has the ability to prefund up to 18 months in advance of forecast debt requirements including refinancing.

### 12. Operational risk

Operational risk arises from the nature of treasury activities.

These are principally financial transactions of often large denominations, regularly initiated verbally and often comprising complex instruments where simple mistakes can lead to significant loss.

Council will minimise losses arising from mistakes and lack of adherence to policies by:

- appropriate and clear delegation of authority to specified individuals within the organisation
- clear cut division of responsibilities between authorising/executing and recording/settling transactions
- timely and accurate reporting to allow monitoring of risk and policy adherence
- annual reviews of Treasury Policy and Treasury operation.

Detailed procedures and controls are documented within the Treasury Management Policy and Procedure Manual.

### 13. Reserves

The Council has a number of reserves that have been created for specific purposes which the Treasury function is responsible for administering. The Council does not generally hold liquid assets to support reserves, rather funding is arranged as required to match withdrawals from reserves.

### 14. Contingent liabilities

Council provides financial guarantees to community and service organisations. Management ensures that the business plan of the guaranteed party furthers the strategic objectives of Council and that financial statements are received on a regular basis. Should the guarantee be called up, Council takes immediate action to recover the money.

### 15. Foreign exchange risk

From time to time Council may have foreign exchange exposure through the occasional purchase of foreign currency denominated plant, equipment and services.

All foreign exchange exposures are recognised and hedged in accordance with the Treasury Management Policy and Procedure Manual when the exact timing and amount of the exposure is known. Exposures are hedged using foreign exchange contracts arranged by the Council or the supplier.

Council will not borrow or enter into incidental arrangements within or outside New Zealand in a currency other than the New Zealand dollar.

### 16. Other grants and advances

Council acts as a middleman for various community organisations. It receives grants from various sources and makes advances on these funds after relevant approvals.

### 17. Review

This policy will be reviewed and updated at least every three years as part of the update of the Council's LTP.

### Definitions

### **Annual Rates Income**

Defined as the amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002 together with any revenue received from other local authorities for services provided (and for which the other local authorities rate).

### **Financial Facilities**

Defined as any debt facilities, arrangements, instruments, trust deeds, commercial paper facilities or overdraft facilities with banks, other financial institutions or investors.

### Liquidity

Defined as external debt plus committed loan facilities plus liquid investments divided by external debt.

### Net External Debt

Defined as total external debt less unencumbered liquid financial assets. For the purposes of financial limits,

### Net Interest

Defined as the amount equal to all interest and financing costs less interest income for the relevant period.

### **Total Revenue**

Defined as cash earnings from rates, grants and subsidies, user charges, interest, dividends, financial and other revenue and excludes non-government capital contributions (e.g. Developer contributions and vested assets).



## He Tauira Kaupapa Here Whakakore Utu me te Whakatārewa Rēti Rate Remission and Postponement Policy

Remission and postponement policies are primarily used to address any inequities as a result of setting of the rates and provide assistance to those who are affected more than others.



### Contents

Introduction	6
Policy Objectives	6
Principles	6
Overall Remission Policy Conditions and Criteria	7
Making an Application? This is what you need to know:	7
General Policies	8
1. Community, Recreation & Not for Profit Organisations	8
1.1. Objectives	8
1.2. Remission Period	8
1.3. Remission Value	8
1.4. Conditions and Criteria	8
1.5. Additional Information for Application	8
2. Economic Development	9
2.1.Objective	9
2.2.Remission Period	9
2.3.Remission Value	9
2.4.General Conditions & Criteria	9
2.5.Additional Information for Application	9
3. Excess Water	9
3.1.Objective	9
3.2.Remission Period	9
3.3.Remission Value	. 10
3.4.Conditions & Criteria	. 10
3.5.Additional Information for Application	. 10
4. Financial Hardship and Exceptional Circumstances	. 10
4.1. Objective	. 10
4.2. Remission Period	. 10
4.3. Remission Value	. 10

4.4. General Conditions and Criteria	
4.5. Specific Criteria for Financial Hardship	11
4.6. Specific Criteria for Exceptional Circumstances	11
4.7. Additional Information for application.	11
5. Fragmented & Uneconomic Coastal Rural Land	11
5.1. Background	11
5.2. Objective	11
5.3. Remission Period	11
5.4. Remission Value	
5.5. Conditions and Criteria	12
5.6. Additional Information for Application	12
6. Land Affected by Plan Changes	12
6.1. Objective	12
6.2. Remission Period	12
6.3. Remission Value	13
6.4. Conditions & Criteria	13
7. Natural Heritage and Cultural Heritage	13
7.1. Objectives	13
7.2. Remission Period	13
7.3. Remission Value	13
7.4. Conditions and Criteria	13
7.5. Additional information for Application	14
8. Payment Arrangement and Rate Arrears	14
8.1. Objective	14
8.2. Remission Period	14
8.3. Remission Value	14
8.4. Conditions and Criteria	14
9. Penalties	14
9.1. Objective	14
9.2. Remission Period	14

He Tauira Kaupapa Here Whakakore Utu me te Whakatārewa Rēti Rate Remission and Postponement Policy

	9.3. Remission Value	14
	9.4. Conditions and Criteria	15
1	0. Permanent Crops	15
	10.1. Background	15
	10.2. Objective	15
	10.3. Remission Period	15
	10.4. Remission Value	15
	10.5. Conditions and Criteria	15
1	1. Rates Transition Policy	16
	11.1. Objective	16
	11.2. Remission Period	16
	11.3. Remission Value	16
	11.4. Conditions and Criteria	16
1	2. Uniform Annual General Charge (UAGC) and certain Targeted Rates	17
	12.1. Objectives	17
	12.2. Remission Period	17
	12.3. Remission Value	17
	12.4. General Conditions and Criteria	17
	12.5. Specific Condition and Criteria - multiple dwellings (1.12.4(1) (a) (b) &(c))	18
	12.6. Specific Condition and Criteria - commercial and rural dwellings (1.12.4(1) (d) & (e))	18
	12.7. Specific Condition and Criteria – uninhabitable land (1.12.4(1) (f))	18
	12.8. Specific Condition and Criteria – contiguous properties (1.12.4(1) (g) & (h))	18
	12.9. Specific Condition and Criteria – low value properties (1.12.4(1) (i))	19
R	emission of rates: Māori freehold land	19
Ir	ntroduction	19
C	bjectives	19
Ģ	eneral provisions for Māori freehold land	19
1	3. Māori freehold land - General	19
	13.1. Background	19
	13.2. Objectives	20

13.3. Remission Period	
13.4. Remission Value	
13.5. Conditions & Criteria	
14. Development of Māori freehold land	
14.1. Background	
14.2. Objectives	
14.3. Remission Period	
14.4. Remission Value	21
14.5. Conditions & Criteria	21
15. Landlocked, Marginal Land and Fragmented Ownership	21
15.1. Objective	21
15.2. Remission Period	21
15.3. Remission Value	21
	01
15.4. Conditions & Criteria	
15.4. Conditions & Criteria      16. Partial Use and Partial Occupation of Māori freehold land	
<ul> <li>15.4. Conditions &amp; Criteria</li> <li>16. Partial Use and Partial Occupation of Māori freehold land</li> <li>16.1. Objective.</li> </ul>	
<ul> <li>15.4. Conditions &amp; Criteria</li> <li>16. Partial Use and Partial Occupation of Māori freehold land</li> <li>16.1. Objective</li> <li>16.2. Remission Period</li> </ul>	
<ul> <li>15.4. Conditions &amp; Criteria</li> <li>16. Partial Use and Partial Occupation of Māori freehold land</li> <li>16.1. Objective</li> <li>16.2. Remission Period</li> <li>16.3. Remission Value</li> </ul>	
<ul> <li>15.4. Conditions &amp; Criteria</li> <li>16. Partial Use and Partial Occupation of Māori freehold land</li> <li>16.1. Objective</li> <li>16.2. Remission Period</li> <li>16.3. Remission Value</li> <li>16.4. Conditions &amp; Criteria</li> </ul>	
<ul> <li>15.4. Conditions &amp; Criteria</li> <li>16. Partial Use and Partial Occupation of Māori freehold land</li> <li>16.1. Objective</li> <li>16.2. Remission Period</li> <li>16.3. Remission Value</li> <li>16.4. Conditions &amp; Criteria</li> <li>Postponement of rates</li> </ul>	
<ul> <li>15.4. Conditions &amp; Criteria</li> <li>16. Partial Use and Partial Occupation of Māori freehold land</li> <li>16.1. Objective</li> <li>16.2. Remission Period</li> <li>16.3. Remission Value</li> <li>16.4. Conditions &amp; Criteria</li> <li>Postponement of rates</li> <li>17. Financial Hardship</li> </ul>	
<ul> <li>15.4. Conditions &amp; Criteria.</li> <li>16. Partial Use and Partial Occupation of Māori freehold land</li> <li>16.1. Objective.</li> <li>16.2. Remission Period</li> <li>16.3. Remission Value.</li> <li>16.4. Conditions &amp; Criteria.</li> <li>Postponement of rates</li> <li>17. Financial Hardship.</li> <li>17.1. Objective.</li> </ul>	
<ul> <li>15.4. Conditions &amp; Criteria.</li> <li>16. Partial Use and Partial Occupation of Māori freehold land</li> <li>16.1. Objective.</li> <li>16.2. Remission Period</li> <li>16.3. Remission Value</li> <li>16.4. Conditions &amp; Criteria</li> <li>Postponement of rates</li> <li>17. Financial Hardship</li> <li>17.1. Objective.</li> <li>17.2. General Conditions and Criteria</li> </ul>	
<ul> <li>15.4. Conditions &amp; Criteria</li></ul>	
<ul> <li>15.4. Conditions &amp; Criteria.</li> <li>16. Partial Use and Partial Occupation of Māori freehold land</li> <li>16.1. Objective.</li> <li>16.2. Remission Period</li> <li>16.3. Remission Value.</li> <li>16.4. Conditions &amp; Criteria.</li> <li>Postponement of rates</li> <li>17. Financial Hardship.</li> <li>17.1. Objective.</li> <li>17.2. General Conditions and Criteria</li> <li>Residential</li> <li>Non-residential Rating units</li> </ul>	22 
15.4. Conditions & Criteria         16. Partial Use and Partial Occupation of Māori freehold land         16.1. Objective.         16.2. Remission Period         16.3. Remission Value         16.4. Conditions & Criteria         Postponement of rates         17. Financial Hardship         17.1. Objective.         17.2. General Conditions and Criteria         Residential         Non-residential Rating units         18. Postponement of Rates for Māori freehold land	21 22 22 22 22 22 22 22 22 23 23 23 23 23

### Introduction

Section 102(3) of the Local Government Act (LGA 02) provides that a council may adopt a rates remission policy and a rates postponement policy. This policy addresses both remission and postponement of rates.

Sections 102(1) and 102(2) and 108 of the LGA 02 require councils to adopt rates remission and postponement policies on Māori freehold land. Council has considered the matters listed in Schedule 11 clause 1 of the LGA 02 and recognises that the nature of Māori land is different to general title land.

### Policy Objectives

To have a rating system which ensures that:

- a. All funding options consider affordability.
- b. Funding choices support the outcomes of Tairāwhiti 2050.
- c. In collaboration with Māori, funding choices assist to enable the development of Māori Land.
- d. Revenue collection is obvious, transparent, efficient and simple.

Remission and postponement policies allow for the fine tuning of the rating system and an opportunity to support community outcomes by offering financial relief for some ratepayers.

### Principles

In order to make informed and consistent funding choices, the following funding principles have been developed and applied:

- a. All funding options will consider affordability.
- b. Funding choices will support the outcomes of Tairāwhiti 2050.
- c. Council will explore funding options from all other sources before choosing rates to fund activities.
- d. In collaboration with Maori, funding choices will contribute to enabling the development of Maori land.
- e. Each generation should pay for the services they receive.
- f. Revenue collection will be obvious, transparent, efficient and simple.
- g. Actions and inactions that adversely affect the community, environment or Council assets can expect to pay more.
- h. Users of services can expect to contribute to the cost of operating the service.
- i. Borrowing will be used when it is financially efficient to do so and in the best interest of the community.

Complying with these principles can be challenging and compromise between principles is often required.

Remissions assist to support the funding principles by modifying the incidence of rates. In developing of remissions and postponement policies Council has considered how modifying the rates through remissions supports achieving the outcomes of Tairāwhiti 2050. These Policies will reduce the rates paid by some ratepayers and in doing so will contribute to:

- a. Addressing any unintended consequences arising from the application of rating policy.
- b. Addressing financial affordability.
- c. Removing financial barriers to use and development of land.

Remission and postponement policies work well when addressing individual needs or the needs of a small group. For a large group, it is likely that changes to the rating system are more cost effective and efficient way to implement the principles.

### Overall Remission Policy Conditions and Criteria

- 1. Where a property or part of that property is sold or transferred within the period of remission or postponement, Council may recover the rates remitted or postponed for the applicable period. This may apply to the whole property or the portion that has been sold or transferred.
- 2. The Council can impose conditions concerning future actions that must be taken before the remission is granted.
- 3. Ratepayers need to advise Council of any changes that may impact the eligibility for a remission.
- 4. All Māori freehold land policies apply only to Māori freehold land. General policies may apply to both general land and Māori freehold land.

### Making an Application? This is what you need to know:

- 1. An application is required for each remission applied for, unless stated otherwise.
- 2. Where applications are required, all applications must be made in writing, using the prescribed form unless expressly declared otherwise in this policy. Copies of the prescribed forms can be downloaded from the Council's website or obtained from the Council's office.
- 3. All applications must be:
- a. Made by the ratepayer or their authorised agent.
- b. Accompanied by any required additional information.
- 4. Applications will be considered on their individual merits and on a case-by-case basis. The applicant will be notified of the outcome of their application.
- 5. Council may:
- a. Request additional information from applicants to enable the assessment.
- b. Inspect the property in order to assess the application and to confirm compliance with policy criteria from time to time. Inspection will be with the owner's or ratepayers consent and may include taking of photos or video in person or remotely.
- 6. The applicant of the property, must provide proof of eligibility (including required additional information, listed under each policy) which will be confirmed using relevant Council records.
- 7. To be considered for a rate remission under each policy, make sure that conditions and criteria (both general and specific, if stated) are met before applying.
- 8. All personal information provided to Council will be treated as confidential.
- 9. Incomplete information or if an inspection is not granted for Council officers to make an assessment may mean that the application cannot be processed.
- 10. Rate remissions result in the relevant rates account for a rating unit recording the rates or portion off the rates remitted as paid.
- 11. Remissions are not paid in cash to the ratepayer. Multi-year rate remissions are applied in the relevant rates account for a rating unit recording the rates or portion of rates remitted as paid when the rates are assessed.
- 12. Any decision made by Council under this policy is final.
- 13. If a ratepayer contests a decision made under delegation to staff, the applicant may request the matter be referred to Council or a committee delegated to undertake such a review.

### **General Policies**

### 1. Community, Recreation & Not for Profit Organisations

### 1.1. Objectives

To assist in the ongoing provision of not-for-profit community services and recreational opportunities that benefit the community.

To assist an organisation's survival by making membership of the organisation more accessible to the community, particularly disadvantaged groups such as children, youth, young families, aged and economically disadvantaged people.

These objectives support the principle of removing financial barriers to enable the land to be used for community and / or recreational purposes in support of Tairāwhiti 2050 outcomes.

### 1.2. Remission Period

Up to 3 years - subject to the conditions and criteria still being met.

### 1.3. Remission Value

Up to 100% of rates, except for targeted rates for the following services supplied to the rating unit: wastewater (sewerage), waste management (rubbish collection and recycling), and water supply.

### 1.4. Conditions and Criteria

The application must support the objectives of this policy.

The rating unit must be used exclusively or principally for sporting, recreation or community purposes.

The remission will be calculated on Council's assessment of the degree to which community benefit is derived from the activities or assets of the organisation relative to other organisations.

This remission does not apply to organisations/groups whose primary purpose is to address the need of adult members (over 18 years) for entertainment or social interaction or engage in a recreational, sporting or community services as a secondary purpose.

### 1.5. Additional Information for Application

The following information must accompany the application form:

- a. Statement of organisation's objectives.
- b. Financial accounts.
- c. Information on activities and programmes.
- d. Details of membership or clients.
- e. Any other information to support the conditions and criteria.

### 2. Economic Development

### 2.1. Objective

To promote employment and economic development by offering rates remissions to encourage existing businesses to expand and grow, and new businesses to set up.

This objective supports the principle of removing financial barriers to development of land.

### 2.2. Remission Period

Up to 3 years - subject to the conditions and criteria still being met.

### 2.3. Remission Value

Up to 100% of rates.

### 2.4. General Conditions & Criteria

The application must support the objective of this policy and the matters that Council will consider in forming a view on any remission granted.

In Council's view the development:

- a. Is strategically important to the economic development of the district.
- b. Creates significant and lasting new employment opportunities within the district.
- c. Bring significant amount of new capital investment to the district and will add value to the local resources.
- d. Has strong financial viability and would provide long-term benefits.
- e. Does not adversely impact on existing businesses.

### 2.5. Additional Information for Application

The following information must accompany the application:

- a. Description and plan of the development.
- b. An estimate of the costs of development and capital investment involved.
- c. An estimate of the likely number and type of jobs created by the development.
- d. Evidence that the jobs created will be new to the district.
- e. Any other relevant information requested in order to establish that the development meets the conditions and criteria of this policy.

### 3. Excess Water

### 3.1. Objective

To provide a rate relief to ratepayers in situations where water usage is high due to a water leak or damage to the property's internal water reticulation system of which the ratepayer was unaware.

This objective supports the principle of financial affordability and encourages timely repair of the leak.

### 3.2. Remission Period

On a case-by-case basis – subject to the conditions and criteria still being met.

### 3.3. Remission Value

Up to the full amount of the difference between normal consumption and the actual water consumption for the billing period. By exception, a remission may be backdated to earlier billing periods.

### 3.4. Conditions & Criteria

The application must support the objectives of this policy.

The excess water charges must be for an amount which is considerably in excess of the average water used in the previous four billing periods and take any seasonal variations into account.

The plumber's report and repairs are to Council's satisfaction.

A remission will not be provided if negligence is shown regarding timeliness of repair or maintenance of the system (for example, multiple leaks).

A remission under this policy will only be granted once in any given rating year.

### 3.5. Additional Information for Application

The following information must accompany the application:

- a. A report from a registered plumber stating the cause of water loss is a result of a leak or damage to the ratepayer's internal water reticulation system.
- b. Proof of repairs to the internal reticulation system for verification.

### 4. **Financial Hardship and Exceptional Circumstances**

### 4.1. Objective

To assist ratepayers experiencing financial hardship and/or adversely impacted by a natural disaster or other calamity which directly affects their ability to pay rates.

This objective supports the principle of financial affordability by providing relief from paying rates in exceptional circumstances. Exceptional circumstances could include community organisations ceasing operation and unpredictable event including natural disasters, pandemic, epidemic or other calamity that affect the ratepayer's ability to pay rates.

### 4.2. Remission Period

Current years rates only. See postponement policy for multi-year relief options.

### 4.3. Remission Value

Up to 100% of rates and current penalties.

### 4.4. General Conditions and Criteria

The application must support the objectives of this policy.

Council must be satisfied that:

- a. the ratepayer does not have financial capacity to pay their rates instalment when due; or
- b. the payment of the rates instalment would create financial hardship for the ratepayer.

### 4.5. Specific Criteria for Financial Hardship

To determine whether financial hardship exists, the ratepayer's personal circumstances for both residential and non-residential applications, will be considered including age, physical or mental disability, injury, illness and family circumstances.

All residential applicants must receive advice from an approved budget advisory service.

All business and commercial applicants must receive advice from an Accountant, Lawyer or other independent and suitably qualified professional.

If the ratepayer owns other property or has a significant financial interest in a business, information on the financial circumstances of the business may be required to assist in assessing financial hardship.

### 4.6. Specific Criteria for Exceptional Circumstances

The land has become unusable or uneconomic because of exceptional circumstances such as severe erosion, land formation changes such as slips, any natural disaster or calamity.

The ownership of the land has become indeterminate or uneconomic (such as a club becoming defunct).

### 4.7. Additional Information for application.

The following information must accompany the application:

#### For Individuals

a. Budget Sheet completed by an approved Budget or Financial Advisor.

#### For Businesses

- a. Statement of Assets & Liabilities.
- b. Current Balance Sheet.
- c. Forecast Cash Flow Statement for the following 12 months.

### 5. Fragmented & Uneconomic Coastal Rural Land

### 5.1. Background

Some coastal rural land used for pastoral farming has a valuation in excess of its economic use, based on the potential for housing development which is in excess of its current use; such development has not started or cannot occur.

### 5.2. Objective

To recognise special circumstances pertaining to coastal rural land used for pastoral farming and situations where multiple coastal rural properties are effectively used as one farm property.

This objective supports the principles by removing the impact of unintended consequences and making rates more affordable for pastoral farms on coastal land removing financial barriers to the use of the land.

### 5.3. Remission Period

Indefinitely - subject to the conditions and criteria still being met.

### 5.4. Remission Value

Up to full amount of the rates.

Council may give a remission of general and/or targeted rates based on the difference in land value and/or capital value between the best potential value of the land arising from its coastal location, and the economic value arising from its actual use.

Where a farm is made up of several individual titles which may or may not be adjacent, Council may remit general and/or targeted rates. This is based on the difference in land value and/or capital value between the actual accumulated value of the individual land blocks and the value of a single block of land in the same locality with the same land area.

### 5.5. Conditions and Criteria

The application must support the objectives of this policy.

The land must be rural land that has a valuation significantly more than the rating value (uneconomic land) of its current use as its rating value is based on its potential for housing development in a coastal area.

Where coastal land is used for pastoral farming and contains multiple rating units (fragmented land) valued at a higher amount due to their potential for housing a remission may be made to give the effect as if the land were valued as pastoral land.

Where coastal rural rating units are used as one pastoral farm, and each have a housing site as part of the rating valuation, an application can be made to have all properties valued as if they were one contiguous farm property. For example, a farm of five 20-hectare properties will be treated for rating purposes as if it is a single 100-hectare pastoral block. The value of the primary block would not be changed, because it can support a housing site; however, the remaining four blocks will receive a remission of that part of their value which relates to potential housing sites.

The Council have the discretion whether to extend, reduce or cancel this remission at any time for any reason.

### 5.6. Additional Information for Application

A signed statement by the applicant that land is used for pastoral purposes only and including the following:

- a. Details of the rating units involved.
- b. Details of the tenure.
- c. Proof of ownership.
- d. Evidence of whether the land is formally or informally leased.

### 6. Land Affected by Plan Changes

### 6.1. Objective

To recognise the existing use of land affected by zoning changes, when there is a plan change which rezones land to enable a higher value land use.

This objective supports the principle of financial affordability by providing relief from paying rates on a higher land value as a consequence of a plan change.

### 6.2. Remission Period

Up to 6 years.
#### 6.3. Remission Value

Up to the value of additional rates as a result of the plan change.

#### 6.4. Conditions & Criteria

The application must support the objectives of this policy.

The land has been used in accordance with the applicable rules in the Tairāwhiti Resource Management Plan and resource consents prior to the plan change.

The land must be subject to a plan change, other than by the owner, resulting in a different zoning.

The remission ceases to apply if:

- a. The land is sold or transferred.
- b. The use of land changes.

#### 7. Natural Heritage and Cultural Heritage

#### 7.1. **Objectives**

To acknowledge the wider community benefit of protecting natural and cultural heritage areas which are on privately owned land (including whenua Māori land).

To recognise the extent of voluntary protection given to natural and cultural heritage areas on private land, including whenua Māori, with or without public access. (e.g. Nga Whenua Rahui, Queen Elizabeth II Covenants (QEII). For reference:

Ngā Whenua Rāhui Fund application form (doc.govt.nz)

Protecting Your Land | QEII National Trust

#### 7.2. Remission Period

Indefinitely - as long as the natural or cultural heritage remains protected and in existence.

#### 7.3. Remission Value

Up to 100% of rates, excluding rates for services to the property. Land not subject to an encumbrance recorded on the certificate of title shall have the remission level set in accordance with the merit of the application.

#### 7.4. Conditions and Criteria

The application must support the objectives of this policy.

Natural, historic and cultural heritage areas will be independently assessed by a certified professional.

The area shall have no or minimal economic activity associated with it.

An encumbrance (or similar mechanism) shall be in place over the land or part of the land for the purpose of providing protection to the natural or cultural heritage, which Council considers is satisfactory to provide long-lasting protection.

This policy does not apply to land with a covenant under the Reserves Act 1977, the Conservation Act 1987 or Heritage New Zealand Pouhere Taonga Act 2014 which are non-rateable under the Local Government Rating Act 2002.

#### 7.5. Additional information for Application.

In addition to the standard application form, the following information must be provided:

- a. Contact Council to discuss your proposal.
- b. An independent assessment of the natural and cultural values.
- c. A copy of the certificate of title and the encumbrance or other protection.
- d. Other information to support the application.

#### 8. Payment Arrangement and Rate Arrears

#### 8.1. Objective

To allow for the remission of rates and water rates to allow the ratepayer to catch up on rates arrears.

This objective supports the principle to remove financial barriers to the recovery of rates arrears.

#### 8.2. Remission Period

Determined on a case-by-case basis.

#### 8.3. Remission Value

Up to \$500 plus any penalties.

#### 8.4. Conditions and Criteria

The application must support the objectives of this policy.

The ratepayer must enter into a genuine arrangement with Council to pay overdue rates within an agreed timeframe.

Council may remit rates and water rates arrears of up to \$500 and can apply a penalty suppression on the property to avoid further penalties within the arrangement period.

The ratepayer may be offered a remission of a fixed amount if overdue rates are repaid in accordance with the entering into genuine payment arrangement as outlined under condition 1. This may be any amount up to the full sum of past penalties still owing.

#### 9. **Penalties**

#### 9.1. Objective

To allow for the remission of penalties when payments are not received by the date set for penalty imposition due to circumstances outside of the ratepayer's control.

This objective supports the principle to remove financial barriers to the recovery of rates.

#### 9.2. Remission Period

One off.

#### 9.3. Remission Value

Up to 100% of the penalty.

#### 9.4. Conditions and Criteria

The application must support the objectives of this policy and:

- a. The ratepayer suffered due to a significant family disruption such as death, illness, accident of a family member or other 'one-off' event; or
- b. The property was recently purchased, and the settlement date coincided with or was near the penalty dates; or
- c. Rateable Māori freehold land vested in trustees, which has derived insufficient income from the land to pay the rates (where section 93 of the Local Government Rating Act 2002 applies).

The applicant has a good record of on-time payments for previous rate instalments.

The ratepayer enters a genuine arrangement to pay overdue rates within a specified timeframe or has paid the relevant rates in respect of rates to which the penalty was added.

#### 10. Permanent Crops

#### 10.1. Background

Under capital value rating schemes, permanent crops are regarded as part of the capital value. This means that under capital rating, two identical farms, one of which grows a permanent crop such as citrus, and the other grows an annual crop such as squash, could pay completely different rates, even though their utilisation of Council's infrastructure services (eg roads) maybe the same.

#### 10.2. Objective

To maintain relativities in the rates paid between horticulturalists who grow permanent crops and those who grow annual crops, for subsidised targeted road rates set on capital value. In some circumstances (such as financial hardship) and due to the transitioning to a new change in policy over years 2022-2023, it may also be applied on general rates set on capital value.

This objective supports the principle of making a modification to the rates any unintended consequences arising from the application of rating policy (see 11.1).

#### 10.3. Remission Period

The remission will apply for a period of one financial year.

#### 10.4. Remission Value

Based on valuation information calculated by Council's rating valuer where the portion of the rate set on capital value is due to capitalised crop value.

2021/2022 The remission in rates (based on the rating valuers calculation) must be greater than \$100 but no more than \$7,000.

#### 10.5. Conditions and Criteria

Application must support the objectives of this policy.

The land must be a horticultural block on which permanent crops comprise part of the property's capital value.

The rates remitted under this policy will be on application from the ratepayer and for the targeted subsidised roading rates, on the portion of their capital value which is due to capitalised crop value. In some cases, such as financial hardship, the rates remitted may also include general rates set on capital value.

Note: The Council's valuers will provide additional valuation data on all properties with a land use classification of "Horticultural".

This additional data will be the Capital Value of the permanent crops plus the capital value of any supporting structures for those crops. It will not include other items, such as irrigation systems, packing sheds or the like.

#### 11. Rates Transition Policy

#### 11.1. Objective

To provide rates relief for the unintended and significant impact on specific rates caused by changes to the Revenue and Financing Policy.

This objective supports the principle of making a modification to the rates any unintended consequences arising from the application of rating policy.

#### 11.2. Remission Period

One year but up to three years on a case by case basis.

#### 11.3. Remission Value

See below.

#### 11.4. Conditions and Criteria

The application must support the objectives of this policy.

This policy only applies if:

- a. There is an increase to the rates applied to a rating unit as a result of changes made to the Revenue and Financing Policy; and
- b. The rates increase for a rating unit is 10% or more as a result of changes made to the Revenue and Financing Policy when compared to the total rates payable for the previous year and after other remissions have been applied.
- c. There was financial hardship arising from the increase in rates

A property may be eligible for a remission if:

- a. A rate has increased by at least:
  - \$1,000; and
    - 30% of the total for that rate compared to the previous rating year.

The amount remitted will be up to amount of the increase above the \$100 and 30% threshold (whichever is higher).

If the remission is applied to more than one year, then the rate of remission in the years following will decrease 30% from the previous year; up to a maximum of three years.

The remission will be applied as a lump sum to the rates assessed against each rating unit in that year of application.

No remission will be granted if the total remission for all the relevant rates subject to the specific changes does not exceed \$500 (GST inclusive).

Note: A remission may be offered to smooth rate peaks due to changes to the Revenue and Financing Policy for certain activities which lead to financial hardship as a result of significant increases in the amount of rates assessed for a rating unit.

#### 12. Uniform Annual General Charge (UAGC) and certain Targeted Rates

#### 12.1. Objectives

To provide for the remission of the UAGC and certain targeted rates on properties where it would be when circumstances are inappropriate and/or impractical to charge them; when Council may wish to encourage sub-division development in urban areas. It includes:

- a. Multiple dwellings.
- b. Dwellings on rural and commercial property essential to the business.
- c. Uninhabitable dwellings or land.
- d. Land which cannot be built on.
- e. Land which is contiguous.
- f. Land that has been recently subdivided.
- g. Low value properties.
- h. Other examples of unintended consequences.

This objective supports the principle of making a modification to the rates to address unintended consequences arising from the application of rating policy.

Note: Certain targeted rates are charged per SUIP (separately used or inhabited part of a rating unit) for services above what would be supplied to a single household or in the case of uninhabitable buildings / properties as a part charge.

#### 12.2. Remission Period

Typically for 3 years but up to indefinitely – subject to change of circumstances.

#### 12.3. Remission Value

Up to 100% of the UAGC and selected targeted rates.

Discretionary Targeted rates include:

- a. Water Supply connection charge
- b. Toilet Pan charges
- c. Refuse and recycling collection
- d. Transfer Station refuse sticker charges
- e. Stormwater

#### 12.4. General Conditions and Criteria

The application must support the objectives of this policy.

This policy applies where there are:

- a. Multiple dwellings recorded on the valuation records, but one or more dwellings are not being used as dwellings, are derelict or uninhabitable.
- b. Multiple dwellings on a property, but they are being used by members of the direct family of the ratepayer (such as granny flats, teenagers).
- c. Multiple dwellings on a property, but one or more is used by live-in caregivers, or to provide humanitarian assistance (in other words, used by persons who would normally "live in" if the ratepayer's primary accommodation had been large enough in the first instance).
- d. Businesses with separately accessible accommodation on the rating unit, which is a prerequisite for the efficient operation of that business.
- e. Dwellings on rural land that are vacant for more than three months of the current rating year and no income is derived from the use of the dwelling.
- f. Uninhabitable land in residential or lifestyle rating categories.
- g. Near contiguous rural properties up to 10 km apart operating as a single farming unit.

- h. Near contiguous rural properties up to 10 km apart used for the same purpose and the same business.
- i. Near contiguous subdivision properties in common ownership.
- j. Properties valued below \$6,001.
- k. Other circumstances where a remission of a UAGC or certain targeted rates is just and equitable.

#### 12.5. Specific Condition and Criteria - multiple dwellings (1.12.4 (1) (a) (b) &(c))

An assessment will be made as to whether there is:

- a. physical conditions which would make it inappropriate or impractical for the additional dwelling or flats to be separately inhabited, or
- b. a dwelling in very poor and uninhabitable condition, or
- c. a dependency relationship between the primary ratepayer and the occupiers of the flat/dwelling.

Reviewed 3 yearly.

## 12.6. Specific Condition and Criteria – commercial and rural dwellings (12.4 (d) & (e))

An assessment will be made as to whether there is:

- a. a dwelling in very poor and uninhabitable condition, or
- b. a dependency relationship between the primary ratepayer and the occupiers of the flat/dwelling, or
- c. a dwelling that is vacant for more than three months of the current rating year and no income has been derived from the use of the dwelling, or
- d. a dwelling on rural and commercial property essential to the ongoing operation of the business.

Reviewed 3 yearly.

#### 12.7. Specific Condition and Criteria – uninhabitable land (12.4(f))

An assessment will be made as to whether a building consent has been refused or it is likely that a building consent would be refused on every part of the property because of flooding or land instability.

Reviewed 5 yearly.

#### 12.8. Specific Condition and Criteria - contiguous properties 12.4 (g) & (h) & (i))

To provide relief to ratepayers who occupy several near adjacent rating units, but which do not meet the criteria of Section 20 of the Local Government (Rating) Act 2002

#### Pastoral

The remission is only applicable to land categorised by the Rating Valuer as a pastoral block.

The remission encourages the use of small pastoral blocks which would otherwise be uneconomic to use without remission of the Uniform Annual General Charge.

An assessment will be made as to whether there is:

- a. Rural properties within 5 km of the parent block and operating as one farming operation.
- b. The remittance of rates is based on the following guide, but can be overridden if it assists in certain circumstances (eg financial hardship):
  - a. Up to 500 metres = 80%
  - b. 501 metres to 3,000 metres = 50%
  - c. 3,001 metres to 5,000 metres = 20%

#### **Urban sub-divisions**

In urban areas, when a developer splits a block of land into two or more titles for the purpose of selling them for separate occupation, the implication of charging full UAGCs as soon as a Deposited Plan is registered could be a financial disincentive to the sub-divider. Council wishes to encourage development, not discourage it.

An assessment will be made as to whether there is:

Urban subdivisions creating more than two near contiguous bare block titles. A remission may be applied for up to 3 years from first assessment or until sold (whichever is earlier).

#### 12.9. Specific Condition and Criteria – low value properties 12.4(j))

The capital value of the property is less than \$6,001.

The property is not used for any form of residential occupation (other than, for example, camping for a few weeks every year).

#### Remission of rates: Māori freehold land

#### Introduction

Tairāwhiti has a significant amount of whenua Maori - Māori freehold land. This policy explains the criteria and conditions used to determine whether the rates should be remitted on this land.

These policies are in additional to the general policies and only apply to Māori freehold land.

Council and the community benefit through the efficient collection of rates that are properly payable and the removal of rating debt that is considered non-collectible.

#### **Objectives**

All the objectives listed in Schedule 11 of the Local Government Act 2002 are important and relevant to whenua Māori in Tairāwhiti. For reference:

Local Government Act 2002 No 84 (as at 12 November 2018), Public Act Schedule 11 Matters relating to rates relief on Māori freehold land – New Zealand Legislation

#### General provisions for Māori freehold land

Where land is in multiple ownership, a written statement authorising an individual to act for one more owner must be submitted with all applications.

#### 13. Māori freehold land - General

#### 13.1. Background

Council recognises that significant rate arrears can act as a disincentive to anyone who wishes to take responsibility for, use, or lease Māori freehold land when a new user becomes responsible for the payment of any existing rate arrears and penalties on the land.

Schedule II procedures of the Local Government Act 2002, have been attempted but are not able to be progressed for a range of technical or economic reasons. Therefore, the rates on the land accumulates and cannot be collected in any real sense and accumulate to the point where they are irrecoverable in a court of law. This is after a period of six years in accordance with the Limitation Act and the Local Government (Rating) Act 2002 Section 65.

#### 13.2. Objectives

To provide remission of rates on Māori land where the procedures of Schedule 11 (Rates Relief on Māori Freehold Land) of the Local Government Act 2002 become too impractical or uneconomic to pursue.

To enable rates and/or penalties to be practically or fully written off when there is virtually no practical way of recovering past outstanding debt.

#### 13.3. Remission Period

Case by case basis.

#### 13.4. Remission Value

Partial or fully written off rates and arrears of the irrecoverable debt.

#### 13.5. Conditions & Criteria

Schedule II procedures (of the LGA 2002) have been attempted but are not able to be progressed.

Rates on the land cannot be collected in any real sense.

#### 14. Development of Māori freehold land

#### 14.1. Background

Enabling and incentivising Māori economic development through the remission of rates may see direct economic and social benefits to landowners by generating a return on the land, as well as to Council from future rates contributions.

Council recognises that significant rate arrears can act as a disincentive to anyone who wishes to take responsibility for, use, or lease Māori freehold land when a new user becomes responsible for the payment of any existing rate arrears and penalties on the land.

#### 14.2. Objectives

To support Māori landowners and those responsible for whenua Māori who wish to develop previously unused or unoccupied land for economic use which could lead to future financial returns for Māori freehold landowners, economic development of the Tairāwhiti district, and payment of rates to Council.

This objectives support minimising the alienation of the land and facilitating development of whenua Maori for economic use.

#### 14.3. Remission Period

Up to 5 years - or until the conditions and criteria are no longer met.

#### 14.4. Remission Value

Council may remit general rates and the UAGC due for that rating unit or relevant apportionments of that rating unit on a sliding scale as follows:

- a. Year 1 20% payable and 80% remitted
- b. Year 2 40% payable and 60% remitted
- c. Year 3 60% payable and 40% remitted
- d. Year 4 80% payable and 20% remitted
- e. Year 5 100% payable.

Remissions will not be applied to targeted rates.

The full amount of all arrears and current penalties may be remitted.

#### 14.5. Conditions & Criteria

The application must support the objectives of this policy.

The land must be used or occupied whether by the owner or a third party.

Carbon farming, carbon sequestration and apiculture activities are considered as using the land under this policy.

The rating unit or apportionments of the rating units must have been unused or unoccupied for the two financial years prior to the year 1 remission.

Rates and/or penalties may only be fully or partially remitted if:

- a. The rates on the land cannot be collected in any real sense and would otherwise accumulate until the rates become legally unrecoverable
- b. An arrangement is made to bring land which was previously unused into production or other economic use.

#### 15. Landlocked, Marginal Land and Fragmented Ownership

#### 15.1. Objective

To assist owners and ratepayers of unproductive and unoccupied land where the use of land is limited due to the physical accessibility of the land or fragmented ownership.

To avoid further alienation of Māori Freehold Land because of financial pressures that may be brought by the imposition of rates on lands not used or owners are non-contactable.

#### 15.2. Remission Period

Up to 3 years - subject to continue until the conditions and criteria are no longer met.

#### 15.3. Remission Value

Up to the full amount of rates.

#### 15.4. Conditions & Criteria

The application must support the objectives of this policy.

To be eligible under this policy, the land

- a. Must have no land administration, management or operating structures to administer the land.
- b. Must not be used by any person or entity.
- c. Must be unoccupied with no place of residence built on the land; and

If any portion of the land is being sold or transferred within the remission period, this remission will no longer apply, and normal rates and penalties will be applied from the date of sale or transfer.

If there are any arrears on the land, the Council can remit part or all of those arrears.

Council may remit rates and penalties if the owners cannot be located after reasonable efforts were made.

Council officers are permitted to undertake periodic inspection of land to confirm unoccupied status.

#### 16. Partial Use and Partial Occupation of Māori freehold land

#### 16.1. Objective

To provide rates relief to ratepayers who wish to use or occupy portions of Māori freehold rating unit previously unused and unoccupied.

To avoid further alienation of Māori Freehold Land as a result of financial pressures that may be brought by the imposition of rates on lands not used.

#### 16.2. Remission Period

Up to 3 years – subject to continue until the conditions and criteria are no longer met.

#### 16.3. Remission Value

Up to 100% of the general rate and UAGC on Apportionment B (unused/unoccupied portion of land).

#### 16.4. Conditions & Criteria

The application must support the objectives of this policy.

The portion of unused or unoccupied land is greater than 2 hectares of the rating unit.

The use and/or occupation may be undertaken by the landowner or a third party.

Upon approval of the remission application, the Council's rating valuer will create a division of the underlying valuation record creating two rating units:

- a. Apportionment A: The portion of the rating unit that is used/occupied; and
- b. Apportionment B: The portion of the rating unit that is unused/unoccupied.

The Council will determine rates to be paid by Apportionment A and Apportionment B on the following basis:

- a. General Rates: apportioned between Apportionment A and Apportionment B based on the capital value.
- b. UAGC: apportioned between Apportionment A and Apportionment B based on the land area.
- c. Targeted Rates: apportioned between Apportionment A and Apportionment B based on the basis used as the factor of liability for the targeted rate.

If Apportionment A includes a dwelling, a UAGC will be charged as per Council's definition of a SUIP in the Funding Impact Statement (i.e., the UAGC is not apportioned)

The Council will set and assess rates both the apportionments created by the division that created Apportionment A and Apportionment B.

If any area of land on Apportionment B becomes used or occupied, a new application is required under this policy.

The status of the land will be continually monitored.

### Postponement of rates

#### 17. Financial Hardship

#### 17.1. Objective

To assist ratepayers experiencing financial hardship which directly affects their ability to pay rates.

These objectives support our principle of financial affordability.

#### 17.2. General Conditions and Criteria

The application must support the objectives of this policy.

The Council must be satisfied that the ratepayer does not have the financial capacity to pay their rates instalment when demanded, or the payment of rates instalment would create financial hardship to the ratepayer.

Any postponed rates will be postponed until:

- a. A date specified by the Council; or
- b. The death of the ratepayer (s); or
- c. The ratepayer (s) cease(s) to be the owner of the rating unit through sale or transfer.

Postponed rates may be registered as a charge, by registering a Notice of Charge on the Record of Title.

An annual postponement fee may be required. This fee will calculated as a percentage interest rate and will be used to cover Council's administrative and financial costs.

Before making written application, the applicant must have received budget advice from the Budget Advisory Service, accountant or lawyer and must make the budget adviser's findings available to Council staff.

Applicants may also elect to postpone the payment of a lesser sum than that which they would be entitled to have postponed pursuant to this policy.

#### Residential

The rating unit must be the primary residence of the ratepayer.

When considering whether financial circumstances exists, all of the ratepayer's personal circumstances will be relevant including the following factors:

- Age
- Physical or mental disability
- Injury
- Illness
- Family circumstances
- All property and other assets (including financial assets)

The Council must be satisfied that the ratepayer does not have the financial capacity to pay their rates instalment when demanded, or the payment of rates instalment would create financial hardship to the ratepayer.

In addition to the General conditions outlined under 17.2, any postponed rates will be postponed until:

d. The ratepayer (s) cease(s) to use the property as their residence.

#### Non-residential Rating units

The postponement of rates is a last resort to assist commercial, industrial, business or farming ratepayers after all other avenues to meet commitments have been exhausted. The financial hardship must be caused by circumstances outside the business's control.

In addition to the general criteria, the following criteria for non-residential applications must also be considered.

Criteria for postponement of rates for non-residential rating units, in cases of hardship are as follows:

- The applicant must be unable to pay their rates because of business circumstances
- The applicant must have tried all other avenues (including a loan from their bank) to fund their rates
- The net value of an applicants property (after the value of all the mortgages on the property and the total value of the rates postponed) must exceed 10% of the market value of the property.

#### 18. Postponement of Rates for Māori freehold land

Council's policy is that rates for Māori freehold land will not be postponed but instead will be dealt with under the rate remission policies for Māori land.

### Definition

For the purpose of these policies, words used in the singular include the plural, and words used in the plural include the singular.

**APICULTURE** refers to any commercial bee keeping activities from the sitting of beehives on a rating unit.

**ARREARS** means unpaid rates as at 30 June of the rating year prior to application.

**CARBON FARMING** refers to any land use in which landowners capture economic benefit from carbon sequestration.

**COUNCIL** means the Gisborne District Council or the Te Kaunihera o Te Tairāwhiti and includes any person or agent authorised by the Gisborne District Council.

**CONTIGUOUS** means next to each other or separated only by a road, railway, drain, water race, river, or stream.

**CULTURAL HERITAGE** means historical, archaeological, tradition or other special cultural significance associated with human activity.

**ENCUMBRANCE** means protection by way of an item registered on the land title such as a covenant or encroachment, in the case of private land.

**FINANCIAL HARDSHIP** means that the ratepayer is unlikely to have sufficient funds after the payment of rates for the care of any dependents, reasonable living expenses, health care and provision for the maintenance of their homes and chattels.

HORTICULTURAL BLOCK is determined by Council's valuer based on the Rating Valuation Rules.

LANDLOCKED LAND means a piece of land to which there is no legal or reasonable access.

**LAND USE** is used in this policy in the context of rating definitions as documented in the Rates Setting Policy.

LGRA 02 refer to Local Government (Rating) Act 2002.

**MĀORI FREEHOLD LAND** is the land whose beneficial ownership has been determined by the Māori Land Court by freehold order (Section 5 LGRA 02)

**NATURAL DISASTER** has the same meaning as in Earthquake Commission Act 1993 Section 2 (1).

**NATURAL HERITAGE AREA** means Protection Management Areas and areas of significant indigenous vegetation and significant habitats of indigenous fauna within the District which are voluntarily protected in a manner ensuring the long-term protection of natural heritage values contain within them.

**OCCUPIED** means a formal right by occupation order or informal right by license to occupy Maori Freehold land, or other arrangements are in place are exercised.

**OCCUPIER** means a person, persons, organisation or business entity that is using a rating unit or portion of a rating unit under a lease, license or other formal agreement for a specified period of time.

**POSTPONEMENT** means an agreed delay in the payment of rates for a certain time, or until certain defined events occur.

**RATES** as defined in the Local Government Rating Act 2002.

**RATING UNIT** means a rating unit for the purposes of the Rating Valuation Act 1998.

**RATEPAYER** As defined by the LGRA 02, section 11.

**REASONABLE ACCESS** has the same meaning as in Property Law Act 2007 Part 6 Section 326.

**REMISSION** means that rate is not paid by the ratepayer but is recorded as being paid by Council on behalf of the ratepayer.

**SUBDIVISION** is deemed to have the same meaning as 'subdivision' under Resource Management Act 1991.

**TARGETED RATE** as defined in the LGRA 02.

**UNIFORM ANNUAL GENERAL CHARGE (UAGC)** is a general rate set and assessed by Council. It's a fixed amount charged to each separately used or inhabited part of a rating unit. (SUIP).

**LAND USE** is whereby a person: leases the land; resides on the land; de-pastures or maintains livestock on the land; stores anything on the land; and/or uses the land in any other way.

**UNOCCUPIED** means no one resides, de-pastures or maintains livestock, store anything on/ or uses the land in any other way according to Section 96 of LGRA 02.

WHENUA RAHUI means reserve or reserve land set aside for a special purpose.



# He Tauira Kaupapa Here Tahua me te Moni Whiwhi Revenue and Financing Policy

This policy determines when debt and rates will be used as a funding source. This includes targeted rates for the cost of an activity or service that should be paid for by particular groups or ratepayers who benefit from the activity or service.



### Contents

Purpose and scope	1
Principles	2
Policy	3
Funding sources for operating expenses	3
Grants, sponsorship, subsidies and other income	4
Investment income and proceeds from the sale of assets	4
Development contributions, financial contributions and Lump sum contributions	4
Reserve funds	4
Borrowing	4
Rates	4
Summary of sources of funding for operation costs by activity	5
Funding sources for capital costs	8
User charges	8
Grants, subsidies, and other income	8
Development contributions	8
Financial contributions	9
Proceeds from the sale of assets	9
Reserve funds	9
Borrowing	9
Lump sum contributions	9
Rates	10
Summary of sources of funding for capital costs by activity	10
Overall funding consideration	11
Rates	11
General rates	12
Cap on rates	13
Targeted rates	13
References	13
Funding Needs Analysis	15
Purpose and scope	15
Previous reviews	15
Funding sources for operating costs	16
Table 1: Matters the Council considers in applying the legislation for operating expens	es17
Funding sources for capital costs	18
Analysis for capital costs by activity	18
Table 2: Matters the Council considers in applying the legislation for capital expenses	19
Funding bands	20
Table 3: Funding bands	21
Funding sources and rationale	21

Schedule One: Activity Funding Needs Analysis	. 22
Group Activity: Environmental Services and Protection	. 22
Group Activity: Land, Rivers and Coastal	. 26
Group Activity: Roads and Footpaths	. 29
Group Activity: Solid Waste	. 31
Group Activity: Wastewater	. 34
Group Activity: Water Supply	. 35
Group Activity: Urban Stormwater	. 36
Group Activity: Liveable Communities	. 37
Group Activity: Regional Leadership and Support Services	. 41
Group Activity: Commercial Operations	. 45

### Purpose and scope

This policy outlines the choices Council has made in deciding the appropriate sources of funding for operating and capital expenditure from those sources listed in the Local Government Act 2002 (LGA). The policy also shows how the Council complied with section 101(3) of the LGA which sets out a number of factors we must consider when making these decisions. A comprehensive analysis of this is included in the Funding Needs Analysis (Appended).

The LGA requires that Council manages its revenues, expenses and other financial responsibilities in a prudent manner and in a way that promotes the current and future interests of the community as a whole.

Deciding the best way to fund activities is complex. Applying the legislation is complex and involves many statutes, regulations and multiple statutory policies. The outcome of balancing all those matters requires judgement having considered many factors including but not limited to:

Legal.

Efficiency.

Cost.

Social.

- Equity.
- Competition.
- Affordability.
- Impact of change.
- Intergenerational equity.
- Transparency.
- Accountability.
- Business.
- Strategic Alignment.
- Benefit.

In essence, the process involves council determining the activities that should be undertaken and the sources of funding (funding stream) that are most appropriate having regard for

#### Section 101(3)(a)

- a. The community outcome to which the activity primarily contributes.
- b. The distribution of benefits between the community as a whole, any identifiable part of the community and individuals.
- c. The period in or over which those benefits are expected to occur.
- d. The extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity.
- e. The costs and benefits, including consequences for transparency and accountability of funding the activity distinctly from other activities.

#### Section 101(3)(b):

The overall impact of any allocation of liability for revenue needs on the current and future social, economic environmental and cultural wellbeing of the community.

1

### Principles

In applying those considerations (section 101(3) a and b), the Council has developed some principles to assist in making informed and consistent choices under the legal framework, the following principles have been developed and applied:

- a. All funding options will consider affordability.
- b. Funding choices will support the outcomes of Tairāwhiti 2050.
- c. Council will explore funding options from all other sources before choosing rates to fund activities.
- d. In collaboration with Maori, funding choices will contribute to enabling the development of Maori land.
- e. Each generation should pay for the services they receive.
- f. Revenue collection will be obvious, transparent, efficient and simple.
- g. Actions and inactions that adversely affect the community, environment or Council assets can expect to pay more.
- h. Users of services can expect to contribute to the cost of operating the service.
- i. Borrowing will be used when it is financially efficient to do so and in the best interest of the community.

Complying with these principles can be challenging and compromise between principles is often required.

### Policy

#### Funding sources for operating expenses

Operating expenses are the everyday spending on the services Council provides. This includes contributions to the wear and tear on assets used (depreciation), interest charged on borrowing for capital projects and overheads.

The funding of each activity must be considered individually. Some activities may be best funded by user charges, such as swimming pool admission fees, others with targeted rates, such as a roading, and others from the general rate, such as civil defence.

The funding sources used for operating expenses are described in the following sections.

#### **User Charges**

User charges are applied to services where it is identified there is a benefit to an individual or group. User charges are a broad group of fees charged directly to an individual or entity including but not limited to:

- Entry fees.
- Service charges.
- Hire.
- Rent, lease, licences for land and buildings.
- Permits.

- Regulatory charges.
- Fines and penalties.
- Connection fees.
- Disposal fees.
- Deposits.
- Private works.

- Memberships.
- Planning and consent fees.
- Statutory charges.
- Retail sales.

The price of the service is based on a number of factors, including:

- a. The cost of providing the service.
- b. The estimate of the users' private benefit from using the service.
- c. The impact of cost to encourage/discourage behaviours.
- d. The impact of cost on demand for the service.
- e. Market pricing, including comparability with other councils.
- f. The impact of rates subsidies if competing with local businesses.
- g. Cost and efficiency of collection mechanisms.
- h. The impact of affordability on users.
- i. Statutory limits.
- j. Other matters as determined by the Council.

The ability to charge user charges is limited by various statutes and regulations. As a general rule, fees for statutory functions should be set at no more than the cost of providing the service. In some cases, legislation sets the fees at a level that is below cost and in other cases, where provided by legislation (such as the Waste Minimisation Act 2008) fees may be set at greater than the cost of providing the service. It is appropriate to incorporate overhead costs when determining the cost of providing a service.

Generally where goods or services are sold commercially, and taking into consideration legislative limitations, fees are charged on sound commercial basis. This includes retail sales, leases, rents and licences for land and buildings.

Fees and charges may be set at any time and are reviewed annually. A list of current fees and charges is maintained on our website.

Generally revenue from user charges is allocated to the activity which generates the revenue.

#### Grants, sponsorship, subsidies and other income

Grants, sponsorship and subsidies are used where they are available. Many of these types of income are regular and predictable and can be budgeted for. Some other types are unexpected or unpredictable and may not be able to be prudently budgeted (such as reparation payments, civil defence and other reimbursements, legal settlements and insurance claims).

#### Investment income and proceeds from the sale of assets

The Council's approach to investments is documented in the Investment Policy. These investments generate income such as dividends, interest, and rents.

Generally, income from all asset disposals are receipted to the activity that manages the asset. Low value items are likely to fund operating costs. How proceeds from high value items are used will be decided by Council.

#### Development contributions, financial contributions and Lump sum contributions

Generally, there is little revenue from these funding sources to fund operating costs. Development Contributions revenue can be used to fund the interest cost on debt for growth related capital projects and some financial contributions can be used for operating costs. Refer to Development Contributions Policy.

#### **Reserve funds**

Reserve funds are used for the purposes that they were created. Cash-backed reserve funds may be used to meet operating costs. Depreciation Reserve funds are used for the purposes they were created, including the use for operating purposes where they may aid or protect the asset, such as significant costs for repairs and maintenance. Operational costs, such as feasibility studies, instigation costs are generally funded by other operational sources of funding, but reserves (including depreciation reserves) could be used when it is prudent to do so.

#### Borrowing

Council generally plans to fund all cash operating costs from sources other than borrowing but may in specific circumstances, where it determines it is prudent to do so, fund some operating costs from borrowing.

#### Rates

Council funds its operating expenses from rates when it is appropriate to do so. For many activities this is the main funding source.

The Council may establish general or targeted rates to fund operating costs.

#### Summary of sources of funding for operation costs by activity

The funding sources as described above were considered when determining the funding required from general rates or targeted rates for each activity in the Funding Needs Analysis, as required by section 101(3)(a).

Table 1 shows the degree (expressed as a range) to which each funding source is used to fund operating costs following the s101(3)(a) of the LGA.

After the activity by activity analysis, the Council undertakes an analysis of the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural well-being of the community. The results of this analysis may vary the outcome of the activity by activity analysis. This represents section 101(3)(a) assessment when it may be modified by the s101(3)(b) assessment of the LGA.

The ranges in Table 1 are expressed as a percentage of the revenue budgeted to fund each activity and are indicative only. They may change over time because of changes in expenditure requirements. Actual funding sources may differ from the budgeted funding sources.

#### Funding Needs Analysis Ranges

	Funding Stream	Funding Stream No.	GENERAL RATE (Includes	TARGETED RATES	FEES AND CHARGES	<b>GRANTS AND SUBSIDIES</b>	INVESTMENT INCOME	DCS	BORROWING
Section One - Commercia	al Operations (Group Activity)								
	Community Housing	FS-014	x	x	✓	х	x	x	х
	Dividends to Council from Commercial Operations & CCO's	FS-006	x	x	х	х	~	х	х
	Gisborne Airport, Quarry & Miscellaneous Semi commercial Properties	FS-005	1	x	~	x	x	x	x
	Staff Housing	FS-015	x	x	✓	x	x	x	x

Section Two - Environmen	tal Services and Protection (Group Activity)								
Building Consents	Building Consents	FS-030	x	✓	1	х	х	х	х
	LIMs/PIMs	FS-029	x	x	✓	х	х	х	х
Resource Consents	Resource Consents	FS-043	x	✓	<ul> <li>Image: A second s</li></ul>	х	х	х	х
Enforcement &	Animal Control (includes stock control)	FS-041	x	$\checkmark$	<ul><li>✓</li></ul>	х	х	х	х
Compliance	Business Area Patrols (Also known as City Watch)	FS-022	x	~	x	x	x	x	x
	Food & Registered Premises	FS-033	x	x	1	х	х	х	х
	Gambling, Housing, Septic tanks, swimming pools, Harbour Master, Surf-lifesaving	FS-031	~	x	~	x	x	x	x
	Liquor Policy, Footpath occupation permits	FS-035	x	x	✓	х	х	х	х
	Noise Control	FS-032	х	✓	х	х	х	х	х
	Parking Services	FS-050	x	x	<ul><li>✓</li></ul>	х	х	x	x

Section Three - Commun	ity Lifelines								
Land, Rivers and	Coastal Erosion Management Scheme	FS-062	1	x	х	х	х	х	х
Coastal	Land Drainage	FS-060	х	✓	х	х	х	х	х
(Gloup Activity)	Rivers Asset Management	FS-058	✓	x	1	х	х	х	х
	Te Karaka Flood Control	FS-059A-B	1	✓	х	х	х	х	х
	Waiapu River Erosion Protection Scheme	FS-059B	1	✓	1	х	х	х	х
	Wainui Property Protection Capital Works	FS-061	х	✓	х	х	х	х	х
	Waipaoa River Flood Control Scheme	FS-059A-A	1	✓	1	х	х	х	х
Roads and Footpaths	Flood damage & Emergency Reinstatement	FS-054	1	✓	х	1	х	х	х
(Group Activity)	Non Subsidised Local Roads	FS-051	х	✓	х	х	х	х	х
	Passenger Transport	FS-052	x	1	х	<ul> <li>✓</li> </ul>	х	х	х
	Subsidised Local Roads	FS-053	1	1	1	✓	х	х	х
Solid Waste	Waste Management								
(Group Activity)	Cleaning of Defined Public Places	FS-064	✓	x	х	х	х	х	х
	Commercial Recycling	No FS	x	✓	х	х	х	х	х
	Rural Transfer Stations	FS-066	1	✓	1	х	х	х	х
	Solid Waste	FS-065	х	✓		х	х	х	х
	Solid Waste Legacy Debt &after care provisions	FS-068	✓	x	х	х	х	х	х
	Waiapu Landfill	FS-067	✓	x	1	х	х	х	х
	Waste Minimisation								
	Waste Minimisation	FS-069	<ul> <li>Image: A start of the start of</li></ul>	x	х	<ul> <li>✓</li> </ul>	х	х	х
Stormwater (Group Activity)	Stormwater	FS-057	1	✓	x	х	x	х	х
Wastewater	Gisborne City Wastewater	FS-056-A	1	✓	1	х	х	х	х
(Group Activity)	Te Karaka Wastewater	FS-056-C	1	1	1	х	х	х	x
Water (Group Activity)	Water Supply	FS-055	1	1	1	x	x	x	x

Section Four - Liveable Communities (Group Activity)									
Cultural Activities Libraries		FS-008	✓	x	1	x	х	x	х
	Museum	FS-017	✓	x	1	-	х	x	х
	Theatres	FS-016	х	1	1	х	х	x	х
Recreation & Amenity	Aquatic & Recreational services	FS-007	x	1	1	x	х	x	х
	Cemeteries	FS-011	×	x	✓	х	х	x	х
	Parks & Reserves	FS-013	x	~	1	х	х	x	х
	Leased Property	FS-009	x	x	1	х	х	x	х
	Conveniences	FS-012	✓	x	<ul> <li>Image: A start of the start of</li></ul>	x	х	x	х
Catchments &	Animal, Plant and Aquatic Pest Management	FS-023	✓	1	1	1	х	x	х
Diversity	Soil Conservation - Advocacy & Land Use	FS-024	x	~	1	1	х	x	х
	Soil Conservation - Nursery and Reserve Management (included in FS-024)	FS-026	x	x	1	х	x	x	х
Section Five - Regional	Leadership and Support Services (Group Activity)								
Regional Leadership	Civil Defence	FS-038	<b>√</b>	x	x	×	х	x	х
and Support Services	Civic and Corporate Expenses of the District	FS-049	✓	x	x	х	х	x	х
	Treasury	FS-046	1	x	x	x	х	x	х
	Governance	FS-045	✓	x	1	1	х	x	х
	Strategic Planning, Performance, Customer Engagement & Maori Responsiveness	FS-019	1	x	x	1	х	x	x
	Strategic Planning Private Plan changes	FS-037	x	x	<ul> <li>Image: A start of the start of</li></ul>	х	х	x	х
	Economic development & Tourism	FS-020	~	1	х	x	х	x	х
	Water Conservation	FS-027	x	1	1	•	х	x	x

Range	Кеу	If LGRA Sec 21 calculation (cap) close
0	х	to 30%, this activity funding can move
0% -	✓	to general fates
20%		
20% -	✓	
40%		
40% -	v	
60% -		
80%		
80% -	$\checkmark$	
100%		
100%	√	
	Range 0 0% - 20% 20% - 40% 40% - 60% 60% - 80% 80% - 100% 100%	Range     Key       0     x       0% -     ✓       20%     ✓       20% -     ✓       40%     ✓       60%     ✓       60% -     ✓       80% -     ✓       100%     ✓

#### Funding sources for capital costs

Capital costs are those costs associated with the purchase and improvement of assets and the repayment of debt. The funding sources for capital costs are described in the sections that follow.

Council funds capital expenditure include but not limited to: borrowing, development and financial contributions, operational surpluses, sale of assets, subsidies, depreciation reserves and other operational or capital reserves, lump sum contributions internal loans, grants or rates.

Councils Liability Management Policy, Investment Policy and Treasury Policy gives guidance on more specifics including mechanics of internal borrowing,

#### **User charges**

User charges are not often used for capital costs as individual user contributions would generally be too large to be affordable. Borrowing and charging users annually for financing costs (interest and principal) via rates is often a more affordable method of collecting user contributions for capital costs.

The Council may charge for capital works that are solely for private benefit (such as, a network extension to a single dwelling) or where capital works are undertaken outside of Asset Management Plans at the request of individuals (for example, a rural seal extension for dust suppression).

#### Grants, subsidies, and other income

The Council relies on significant subsidies for capital works relating to our transport activity, Waka Kotahi, Grants and subsidies may be available for other activities from time to time.

Other income can be from many and varied sources and is unlikely to be predictable enough to budget for in advance. Other income used to fund capital costs could include bequests, insurance claims, and legal settlements.

Grants, subsidies and other income are used wherever they are available.

#### **Development contributions**

Development Contributions (DCs) fund capital costs necessary to service growth, in accordance with our Development Contributions Policy (DC Policy).

DCs are applied on an activity and catchment basis as identified by the DC Policy. Growth projects identified in the DC Policy may be either completed projects (with debt yet to be repaid from future development contributions) or future projects planned in the period for which DCs may be collected.

Most contributions received are used to repay the debt on the growth portion of an assets and interest on that debt. A portion may pay for capital expenditure in the year it is receipted, depending on projects.

It is important to note that, in addition to the requirements of sections 103 and 101(3), the DC Policy describes funding matters in more detail as required by section 106(2)(c) of the LGA.

#### **Financial contributions**

Financial contributions are collected under the Resource Management Act 1991 to avoid, remedy or mitigate adverse effects on the environment as conditions to resource consents. The requirements for these contributions are outlined in the Tairāwhiti Resource Management Plan. Many contributions are received as revenue by the vesting of assets although some may be paid directly to us.

#### Proceeds from the sale of assets

From time-to-time, assets are disposed of. Usually these are low value items and the revenue is received by the activity that manages the assets.

The Council holds some higher value assets for investment purposes which, although not budgeted for, could be sold. Unrestricted proceeds from the sale of these assets would be used to repay debt, unless otherwise resolved by Council. Restricted revenues would be placed in the appropriate reserve fund and used for the purpose required by the document that imposes the restriction (such as the Capital Development Reserve Fund).

#### **Reserve funds**

Reserve funds for capital projects are held and the funds are used when a project meets the specific criteria for accessing the reserve. This includes renewal funding derived from rates for operating costs such as depreciation and other accounting provisions.

#### Borrowing

The Council borrows to fund its asset programme. The amount of borrowing available is restricted by the debt limits set in the Financial Strategy.

Borrowed funds, both the principal and interest components, are generally repaid by future rates.

Borrowing spreads the cost of the project over a longer period of time, smoothing changes in rates and ensuring that future ratepayers who will enjoy the benefit of long-lived assets contribute to their costs.

#### Lump sum contributions

When undertaking a major project, there is an option to seek lump sum contributions to the capital cost of the project from those who are identified in the project's "capital project funding plan". Lump sum contributions are provided for in the Local Government (Rating) Act 2002 and have restrictions placed on how they are used. Where a lump sum payment option is proposed ratepayers may choose to pay the lump sum or not. If not, the rating unit will be liable to pay any targeted rate set to recover the loan costs.

#### Rates

Rates are mostly used to fund everyday expenses including depreciation and interest costs related to borrowing.

A portion of rates funds the capital (principal) repayments of debt.

We may establish targeted rates to fund specific capital projects where there is a benefit of separate funding.

Council holds reserve funds for capital expenditure. Some funds in these reserve funds has been sourced from rates.

Rates may include the growth portion of any project or groups of projects that are unable to be funded from a DC Policy.

We may establish rates to fund in advance of a capital project.

#### Summary of sources of funding for capital costs by activity

Capital costs will be funded on the same basis as the operating costs funding policy unless the Council resolves otherwise. Such a resolution will follow the funding guidelines and in doing so will be consistent with this policy and not require an amendment to the policy. Existing projects (projects resolved prior to the adoption of this policy) will be funded according to the Annual Plan, Long Term Plan or other resolution made at the time Council approved the project. It is not practicable to determine a funding policy for an unknown future project, at this time.

The Council uses the following guidelines when considering the funding of capital projects:

- a. A Funding Needs Analysis will be completed (see paragraph 54).
- b. All projects are first funded from grants, subsidies or other income (e.g. external contributions, donations or bequests).
- c. Renewal projects that maintain the same service level are then funded from reserve funds set aside for that purpose.
- d. Reserve funds for other purposes (such as financial or development contributions) are considered.
- e. Lump sum rating options are considered.
- f. Projects that have exhausted previous funding sources or are for new or increased service levels or for growth in non-network infrastructure are generally funded from debt.

A single project may have a mix of each of these funding options.

It is not practical to create separate funding policies for each and every capital project. The Council will only do this when a project is particularly large, affects a particular group or does not fit with an existing funding policy or activity.

Whenever funding a capital project, the Council will consider the available sources of funds, the Revenue and Financing Policy, section 101(3) of the LGA in applying the above guidelines to a capital project. Generally, the Council will resolve the funding policy at the time the project is proposed in an Annual or Long Term Plan.

#### Overall funding consideration

We are required by section 101(3)(b) of the LGA to consider "the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural well-being of the community". This section allows that as a final measure, we may modify the overall mix of funding that would otherwise apply after the initial s101(3)(a) analysis for both operating and capital expenditure.

The following adjustments have been made:

- a. The allocation of the rates liability between sectors of the rating base may be altered by using differentials on the general rate and certain targeted rates. The allocations in this Long Term Plan were determined by the Council after consultation with the community in 2020. The Council may modify these differentials during the term of the Long Term Plan to reflect a change in benefit or to achieve better community outcomes or wellbeing.
- b. Rates affordability (people's ability to pay rates) is an issue in parts of the region. Adjustments to limit the impact of fixed rates on lower value homes (or otherwise referred to in general terms as "rating units") were made so that rates are more affordable for lower value homes.
- c. The Council may waive or discount fees and charges where it is considered appropriate to do so. Some matters we may consider in deciding whether it is appropriate to waive fees are for social reasons, the promotion of events and facilities, commercial reasons, due to poor service or to minimise risk.
- d. The Council may remit rates where it considered appropriate to do so and as allowed for in the Rates Remissions and Postponements Policy (including Māori Freehold Land). These policies address social matters as well as adjusting rates for benefits that differ for some rates assessments (such as additional or no provision of some services), or unintended consequences arising from the application of a rating policy.
- e. The Council may use accounting provisions and reserve funds to spread the costs of activities over multiple years to smooth the cost to users and ratepayers.
- f. We may modify the allocation of liability for growth related network infrastructure projects when considering the matters required by s106 in the DC Policy.

#### Rates

Our final consideration of funding by rates comes:

- a. After considering how other funding sources will be used to fund operating and capital costs.
- b. After rates have been applied to activities in the Funding Needs Analysis; and/or
- c. After being adjusted for the overall funding considerations.

The following section outlines the Revenue and Financing Policy requirements that are used to set rates. To have a full understanding of rates they should be read with regard to the analysis above and in conjunction with the Rating Setting Profile, Funding Impact Statement and Rates Resolution.

#### **General rates**

The general rate is allocated to all rateable properties based on the capital value of the property. A Uniform Annual General Charge (UAGC) will be set on each separately used or inhabited part (SUIP) of all rating units.

The Council has determined in its Funding Needs Analysis which activities should be funded from general rates (see Table 1).

The Council has chosen to differentiate the General Rate into four rating categories:

- a. Residential.
- b. Commercial and Industrial.
- c. Horticulture and Pastoral.
- d. Forestry.

The Council primarily uses valuation data (specified in the Rating Valuations Rules) to determine the allocation of rating units to Differential rating categories. The full definitions can be found in the rates Funding Impact Statement and Rate Setting Profile and may change during the term of this Long Term Plan.

In setting the differential categories, and the differential factors, the Council considered the requirements of the LGA and a number of other considerations, including:

- a. The activities funded by the general rate and the s101(3) considerations for the activities.
- b. The impact of any change, or rate of change to the differential.
- c. The views of those impacted by the differentials.
- d. Other reasonable options, and the advantages and disadvantages of those options.
- e. The overall impact of the differential on ratepayers.

The Uniform Annual General Charge (UAGC) is part of the general rates and is a fixed rate. The Council can set the UAGC based on an allocation of the cost of specific activities or at an amount the Council considers is appropriate. In past years, the Council has preferred to base the UAGC on the allocation basis. The costs allocated to the UAGC are listed in the Rates Setting Policy.

The Council recognises the regressive nature of fixed rates. Rates affordability is a matter the Council considers when setting the UAGC. Council's remissions policies provide for some adjustment to UAGCs for properties where the rate may be unjust or unaffordable. During the term of this Long Term Plan the Council may adjust the UAGC as part of its rate setting process in order to improve community wellbeing for current and/or future communities.

If the cost allocation from activities (as described in the Rates Setting Policy) is amended, or an adjustment is made to the UAGC to improve community wellbeing, the amount removed from the UAGC will remain part of general rates.

#### Cap on rates

The Local Government (Rating) Act sets a maximum amount that can be collected from certain rates. Rates included in the cap are the UAGC and Targeted Rates set on a uniform basis as a fixed amount per rating unit or separately used or inhabited part. This maximum amount is 30% of the total rates revenue.

There are two rates excluded from the cap. These are targeted rates that are set solely for water supply or sewage disposal. If the 30% cap is forecast to be exceeded, Council will move one or more activities funded in this way to a district-wide General Rate based on Capital Value. This process will occur as part of the Long Term Plan and Annual Plan rates setting and modelling each year. The activities that will move out of the UAGC to the General Rate, if required, are as follows:

- a. Strategic Planning, Performance, Customer Engagement and Maori Responsiveness
- b. Civil Defence and Emergency Management
- c. Economic Development
- d. Civic and Corporate Expenses of the District

#### **Targeted** rates

Targeted rates are finalised when adopting the Funding Impact Statement in the Long Term Plan or an Annual Plan. The Council may introduce new targeted rates in accordance and in consideration of section 102 of the LGA, when setting rates in any year as documented in the respective year's Funding Impact Statement and Rates Resolution. The Council's requirement to consult on the Annual Plan is determined by s95A of the LGA.

The rates assessment contains information about what activities each ratepayer contributes to funding. Information on targeted rates is listed in the Rates Setting Profile, Rates Resolutions and Funding Impact Statement for each year.

The Council consulted on changes to targeted rates in its 2020 rates review, the outcomes of which are reflected in this Revenue and Financing Policy and other relevant policies.

#### References

The Funding Needs Analysis, section 101(3) of the LGA, provides the background and analysis to explain the funding decisions we have made. It is guided by the funding principles and choices of funding sources documented in the Revenue and Financing Policy. See Appendix 1.

The Development Contributions Policy provides further analysis, as required by section 106(2)(c) of the LGA. This explains why we have chosen to use development contributions to fund the capital costs needed to meet increased demand for infrastructure.

The Investment and Liability Management Policy places restrictions on the use of the proceeds from asset sales.

The Rates Setting Profile further clarifies funding requirements by documenting matters not included in the rates Funding Impact Statement, rates resolutions or this Revenue and Financing Policy. It includes definitions and maps for rating areas.

The Funding Impact Statement is included in each Long Term Plan and Annual Plan as required by clauses 15 or 20 of schedule 10 of the LGA. This statement shows the results of the detailed rates calculation for each year.

Together the above documents form the necessary components to lawfully charge under the LGA for our revenue requirements. We must also comply with other legislation regarding the setting of some fees and charges and the Local Government (Rating) Act 2002 for the setting of rates.

### Funding Needs Analysis

This Funding Needs Analysis records the detailed application of LGA s101(3). The Revenue and Financing Policy describes how the Council has complied with LGA s101(3).

#### Purpose and scope

The Funding Needs Analysis (FNA) provides the background and analysis to explain the funding decisions made by the Council.

To comply with section 101(3),<sup>1</sup> the Council must determine the appropriate sources of funding for each activity. In determining this, they must take into consideration under s 101(3)(a):

- a. "The community outcomes to which the activity primarily contributes.
- b. The distribution of benefits between the community as a whole, any identifiable part of the community, and individuals.
- c. The period in or over which those benefits are expected to occur.
- d. The extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity.
- e. The costs and benefits, including consequences for transparency and accountability, of funding<sup>2</sup> the activity distinctly from other activities."

Having completed the above analysis the Council must then consider, under section 101(3)(b): "The overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental and cultural well-being of the community."

The legislation places no more or less weight or priority on any one of the factors listed in section 101(3)(a).

The following sections document the matters and approaches the Council has taken to determine the funding needs of an activity and how that translates into the Council's decision on the appropriate funding sources to be used.

#### **Previous reviews**

The FNA was last reviewed in 2018, prior to the adoption of the Revenue and Financing Policy included in the 2018-28 Long Term Plan (LTP).

The Council undertook a full review and rewrite in 2020. Changes have been made reflecting the considerations of the Council as they considered the funding of activities in developing the 2021-2031 LTP.

<sup>&</sup>lt;sup>1</sup> All references to legislation are to the Local Government Act 2002 (LGA), unless otherwise stated.

<sup>&</sup>lt;sup>2</sup> The funding sources are listed in section 103 LGA and the Council's preference for using funding sources is described in the Revenue and Financing Policy.

#### Funding sources for operating costs

Operating costs are the everyday spending that maintains the services delivered by the Council. This includes corporate overheads, funded wear and tear on assets (depreciation) and interest costs of borrowing for capital projects.

The Council must consider the funding for each activity in a way that relates exclusively to that activity. Some activities may be best funded by user charges such as swimming pool entry fees, others with targeted rates and others from a general rate. Distinct funding may assist ratepayers or payers of user charges to assess more readily whether the cost of the service provided to them either directly or indirectly represents good value. They can also more easily determine how much money is being raised for the service and spent on the service.

The funding sources for operating and capital costs are:

- a. Fees and charges.
- b. Grants and subsidies and fuel taxes.
- c. Other income.
- d. Investment income.
- e. Financial contributions
- f. Development contributions
- g. Reserve funds.
- h. Borrowing
- i. Proceeds from the sale of assets
- j. Rates
- k. General rate
- I. Targeted rates.

Each funding source and how the Council prefers to use that funding source for operating expenses is described in detail in the Revenue and Financing Policy and is based on the analysis set out in this document.

# Table 1: Matters the Council considers in applying the legislation for operating expenses

Section 101(3)(a) - Step 1 reference	Matters Council might consider
Community outcomes - s.101(3)(a)(i)	The Council determines which of its community outcomes an activity primarily contributes to.
	Eight Community Outcomes are identified in Tairāwhiti 2050. This spatial plan creates a link between community wellbeing, community outcomes, opportunities and aspirations for 2050. These then link through to five important challenges to be addressed to achieve the Tairāwhiti we want by 2050.
	The Council will consider how their funding choices will support the achievement of the community outcomes and their aspirations for 2050.
Distribution benefits - s.101(3)(a)(ii	The distribution of benefits is given consideration by the Council. Determining benefit is inherently subjective and is for the Council to determine.
	Where the Council considers there is a clearly identified direct relationship between users and the services provided then the Council will consider fees and charges or targeted rates.
	Where the Council considers the services provide a benefit to the community as a whole; is of a uniform nature; or where the Council is not able to identify a direct relationship between users and the service the Council will consider using general rates.

Section 101(3)(a) - Step 1 reference	Matters Council might consider
Period of benefit - s.101(3)(a)(iii)	For most operational expenses the benefit is received in the year the expense is incurred.
	For most activities' depreciation (an operating expense) is cash funded from revenue sources and this is placed into reserve funds for the future renewal of assets.
	Some operational expenses (provisions) may have a benefit over multiple years and so the Council may choose to fund the activity over that period.
Who creates the need - s.101(3)(a)(iv)	Some services are provided because the actions or inactions of individuals or groups create the need to undertake the activity.
	The Council may choose to target these people or organisations through fines, charges or rates.
Separate funding - s.101(3)(a)(v)	The Council must consider the practicalities of separate funding along with transparency and accountability.
	In some cases, while it may be desirable to charge individuals there may be no practical way of doing so.
	For all activities the Council is able to easily identify what proportion of operational expenses is recovered from each funding sources. In the case of rates the Council is able to inform individual ratepayers of their rates contribution to each activity.

Analysis for operating costs by activity is described in Schedule 1.

#### Funding sources for capital costs

Capital costs are those costs associated with the purchase and improvement of assets and for the repayment of debt. The funding sources for capital costs include:

- a. Fees and charges.
- b. Grants and subsidies and fuel taxes.
- c. Other income.
- d. Investment income.
- e. Financial contributions
- f. Development contributions
- g. Reserve funds.
- h. Borrowing
- i. Proceeds from the sale of assets
- j. Rates
  - General rate
  - Targeted rates.

Each funding source and how the Council prefers to use that funding source for capital expenses is described in detail in the Revenue and Financing Policy and is based on the analysis set out in this document.

#### Analysis for capital costs by activity

Capital costs would be funded on the same basis as the operating costs funding policy unless the Council resolves otherwise. Such a resolution will follow the funding guidelines and in doing so would be consistent with this policy and would not require amendment to the policy. Existing projects (projects resolved prior to 3 December 2020) will be funded according to the Annual Plan, Long-term Plan or other resolution at the time of the Council approving the project. It is not practicable to determine a funding policy for an unknown future project, at this time.

The Council uses the following guidelines when considering the funding of capital projects:

- a. A Funding Needs Analysis will be completed (see paragraph 18).
- b. All projects are first funded from grants, subsidy or other income.
- c. Renewal projects that maintain the same service level are then funded from reserve funds set aside for that purpose.
- d. Reserve funds for other purposes (e.g. financial or development contributions) are considered.
- e. Lump sum rating options are considered.
- f. Projects that have exhausted previous funding sources or are for new or increased service levels or for growth in non-network infrastructure are then funded from debt.

A single project may have a mix of each of these funding options.

It is not practical to create separate funding policies for each and every capital project. The Council will only do this when a project is particularly large, affects a particular group or does not fit with an existing funding policy or activity.

Whenever funding a capital project, the Council will consider the available sources of funds, the Revenue and Financing Policy, section 101(3) in applying the above guidelines to a capital project. Generally, the Council will resolve the funding policy at the time the project is proposed in an Annual or Long-term Plan. In undertaking this assessment, it shall have regard to the matters in Table 2.

Each funding source and how the Council prefers to use that funding source for capital expenses is described in detail in the Revenue and Financing Policy and is based on the analysis set out in this document.

$ICA \le 101(3)$ reference	Matters Council might consider
Community outcomes - s.101(3)(a)(i)	The Council determines which of its community outcomes the capital project or activity contributes to.
	Eight Community Outcomes are identified in Tairāwhiti 2050. This spatial plan creates a link between community wellbeing, community outcomes, opportunities and aspirations for 2050. These then link through to five important challenges to be addressed to achieve the Tairāwhiti we want by 2050. The Council will consider how their funding choices will support the
	achievement of the community outcomes and their aspirations for 2050.
Distribution benefits - s.101(3)(a)(ii)	The distribution of benefits is expected to be the same as that for the operating costs of the activity in which it is funded unless the Council resolves otherwise.
	The Council may choose to target those people or organisations who primarily benefit through financial and development contributions, lump sum options or targeted rates.

# Table 2: Matters the Council considers in applying the legislation for capital expenses
LGA s.101 (3) reference	Matters Council might consider
Period of benefit- s.101(3)(a)(iii)	For most capital projects the benefit is received over the life of the asset. The Council will have regard to the equitable distribution of costs to each generation for the construction and renewal of the asset. For example, this may result in the Council not funding asset renewal while still funding debt.
Who creates the need- s.101(3)(a)(iv)	Some services are provided because the actions or inactions of individuals or groups create the need to undertake the activity. The Council may choose to target these people or organisations through
	financial contributions or targeted rates.
Separate funding- s.101(3)(a)(v)	The Council must consider the practicalities of separate funding along with transparency and accountability.
	In some cases, while it may be desirable to charge individuals there may be no practical way of doing so.
	For many smaller capital projects, it is not practical to have a separate funding policy. Where the Council does not resolve otherwise a capital project will be funded in accordance with the funding mechanism adopted for the operating costs in the activity in which it is funded.

For growth-related capital projects a separate s.101 (3) analysis is required in the Financial and Development Contributions Policy, as required by s106.

#### Funding bands

After considering the section 101(3)(a) components, the Council considers to what extent each of the funding sources is able to fund each activity. This policy is intended to be in place for the next three years before it is reviewed and because things change over time, it is not possible to precisely determine the percentage allocated. For this reason, the Council has decided to band the percentages into the categories listed in table three.

The assessment in Schedule 1 identifies the most likely sources of funding an activity is budgeted to receive. In all cases, rates fund the balance of the activity after all other sources have been maximised. It is likely that from time to time the Council will be able to secure additional funding that may be become available.

Budgets will normally be set within these ranges. These ranges are expressed as a percentage of the cost of the activity and are indicative only. They may change over time because of changes in expenditure rather than changes in revenue. It is also likely that actual funding sources will be different from budgeted funding sources.

#### Table 3: Funding bands

Name	Percentage range
Unlikely	0%
Minimal	0% - 20%
Low	20% - 40%
Moderate	40% - 60%
High	60% - 80%
Most	80% -100%
All	100%

#### Funding sources and rationale

The 'Rationale' column of Schedule 1 identifies which of the funding sources the Council plans to use in budgeting to fund the operating costs of each activity. It is determined by the Council after consideration of each clause of section 101(3)(a).

The assessment of the funding sources is a complex matter of weighing up the requirements of section 101(3)(a) with the available sources and the Council's preferences for using these sources. The Council has documented its rationale for choosing each the funding source in this Funding Needs Analysis and the Revenue and Financing Policy.

The funding source for an activity may be modified by the Council when it considers the requirements of section 101(3)(b). If this has occurred, it is considered as part of the overall funding considerations section in the Revenue and Financing Policy.

### Schedule One: Activity Funding Needs Analysis

### Group Activity: Environmental Services and Protection

Activity: Building con	sents					
Community Outcomes 101 (3)(a)(i)	Distribution of Benefits 101 (3)(a)(ii)	Period of Benefit 101 (3)(a)(iii)	Whose Act Creates a Need? 101 (3)(a)(iv) The actions of	Separate Funding 101 (3)(a)(v)	Rationale	Funding Sources by Funding Stream
<ul> <li>contributes to</li> <li>Council's outcome of:</li> <li>A vibrant city centre and townships and is associated with Council's outcome:</li> <li>We take sustainability seriously.</li> <li>We support quality development that improves housing choices, creates healthy homes and meets the needs of Māori.</li> </ul>	for consents, licenses and use other services in this area directly drive the majority of the costs. Services within this activity also provide for the safety of the public, and requirements earthquake prone buildings. Information is supplied to the public through inquiries, for example providing support to potential applications or responding to service requests. The benefits are expected to accrue: • Primarily to individual users. • Partly to the district as a whole.	benefit of most operating costs is expected to arise in the year the funding is sourced. There is a secondary benefit to future housing stock that is fit for purpose.	individuals and groups drive the costs in this activity.	beneficiaries for each component support multiple funding streams.	are favoured for the full cost of LIMs and PIMS. Although the primary benefit of a building consent sits with the consent holder the Tairāwhiti 2050 plan desires that we have a great place to live work and play. And so, Council wants to encourage growth and improvement of existing housing and businesses. For these reasons Council considers it appropriate to fund a portion of the costs of consents from ratepayers rather than consent applicants.	All (100%) Fees and charges UNLIKELY All other funding sources. Building Services (FS- 030) HIGH (60% - 80%) Fees and charges LOW (20% - 40%) Targeted rates UNLIKELY All other funding sources.

He Tauira Kaupapa Here Tahua me te Moni Whiwhi Revenue and Financing Policy

Activity: Enforceme	Activity: Enforcement and compliance							
Community Outcomes 101 (3)(a)(i)	Distribution of Benefits 101 (3)(a)(ii)	Period of Benefit 101 (3)(a)(iii)	Whose Act Creates a Need? 101 (3)(a)(iv)	Separate Funding 101 (3)(a)(v)	Rationale	Funding Sources by Funding Stream		
This activity primarily contributes to Council's outcomes of: A vibrant city centre and townships We celebrate our heritage. Tairāwhiti has a circular economy that supports diverse, inclusive and sustainable growth. We are future focussed and plan and care about the future of the region and how to enhance its natural and built environment for future generations. Tairāwhiti is a great place to live, work and play and our communities have a sense of belonging. The lifestyle, services and facilities here enable communities to live a balanced and happy life and attract visitors and residents from across Aotearoa and the world.	<ul> <li>Animal Control minimise danger, distress and nuisance caused by stray dogs and to ensure the control of stock on the roads of the district in the interests of public safety.</li> <li>Parking Services benefits: <ul> <li>Individual users benefit from vehicle rotation.</li> <li>Total mobility parks need controls to ensure legitimate road users can access these parks.</li> <li>CBD business benefit by constant rotation of parks. Individual benefit for road users for ticketing offences under the Transport Regulations.</li> <li>Minor enforcement role in outer suburban shopping centres.</li> </ul> </li> <li>The benefits are expected to accrue: <ul> <li>Primarily to individual users.</li> <li>Partly to the district as a whole.</li> </ul> </li> </ul>	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of individuals and groups drive the costs in this activity. Some activities are undertaken to protect others from the actions of licensees or consent holders.	Identifying separate funding assists in the accountability and transparency of Council's costs on this activity.	Fees and charges for Environment Health licensing etc, Parking Services and for some Animal Control services (e.g. impounding costs) recognise there is a direct benefit for the user the services in this activity. Fees and charges for Animal Control are largely collected in registration the owners of dogs in recognition that it is their action of owning a dog or then inaction of controlling a dog or stock that drives costs. Targeted rates recognise that a portion of animal control and environmental health benefit different parts of the costs a ratepayer is paying toward these activities.	Animal Control (includes Stock) (FS-041) HIGH (60% - 80%) Fees and charges LOW (20% -40%) Targeted rates UNLIKELY All other funding sources. Parking (FS-050) ALL (100%) Fees and charges UNLIKELY All other funding sources. Business Area Patrols City Watch (FS-022) ALL (100%) Targeted rates UNLIKELY All other funding sources.		

Activity: Enforcement a	and compliance		
En	vironmental		Gambling
Не	ealth promotes		Policy, Housing,
an	nd improves		On-site
hu	uman health,		Wastewater
sat	fety, comfort and		(Septic tanks)
We	ellbeing for all		Swimming Pool
pe	ersons in the		Monitoring,
Gis	isborne district and		Harbourmaster
pro	otects the		Functions, Surf
en	nvironment from		Lifesaving (FS-
pre	eventable harm.		031)
En	vironmental		HIGH (60% -80%)
He	ealth comprises		General Rates
no	bise control, food		
an	nd registered		
pre	emises, gambling		Fees and
po	olicy, liquor policy,		charges
ho	busing, on-site		UNLIKELY
Wa	astewater (septic		All other funding
tar	nks), water supply		sources.
ma	onitoring,		
SW	/imming pool		
ma	onitoring, footpath		Noise Control
oc	ccupation permits,		(FS-032)
ha	arbourmaster		ALL (100%)
fur	nctions and surf		
life	esaving.		rargeled rales
The	e main		UNLIKELY
be	eneficiaries are:		All other funding
•	are business		sources.
	owners, consent		Food and
	holders,		registered
	occupiers and		Premises (FS-033)
•	the community		ALL (100%)
	as a whole.		Fees and
			charges
			UNLIKELY
			All other funding
			sources.
			Footpath
			Permits (FS-035)
			ALL (100%)
			ALL (100%)
			Fees and
			charges
			UNLIKELY
			All other funding
			sources.

Activity: Resource consents						
Community Outcomes 101 (3)(a)(i)	Distribution of Benefits 101 (3)(a)(ii)	Period of Benefit 101 (3)(a)(iii)	Whose Act Creates a Need? 101 (3)(a)(iv)	Separate Funding 101 (3)(a)(v)	Rationale	Funding Sources by Funding Stream
This activity primarily contributes to Council's outcomes of: • A vibrant city centre and townships • We celebrate our heritage and is associated with Council's outcome: • We take sustainability seriously. Tairāwhiti is a great place to live, work and play and our communities have a sense of belonging. The lifestyle, services and facilities here enable communities to live a balanced and happy life and attract visitors and residents from across Aotearoa and the world. We recognise the intrinsic value of ecosystems and biodiversity. There is no further loss of significant natural, cultural or historic heritage. We have restored key areas of the environment as Tairāwhiti grows. We all practice active guardianship.	Individuals that apply for consents and use the other services in this area are the predominant beneficiaries of this activity. Through their actions they directly drive the majority of the costs. These resource consent activities also provide benefit to persons other than the applicant such as future owners and occupiers of the land (a property-based benefit). There is also a person-based benefit in relation to the information that is supplied to the public through inquiries, for example providing support to potential applications or responding to service requests. Future residents benefit from the protection of our environment and our response to climate change. Resource Consent Compliance Monitoring and RMA Enforcement benefits the consent holder and the community. The benefits are expected to accrue: • Primarily to individual users. • Partly to the district as a whole in support of the community outcomes.	The principle benefit of operating costs is expected to arise in the year the funding is sourced. There is a secondary benefit to future sustainability.	The actions of individuals and groups drive the costs in this activity.	Identifying separate funding assists in the accountability and transparency of Council's costs on this activity.	A user charge recognises the benefits to people who apply for resource consents. Although the primary benefit of a resource consent sits with the consent holder the Tairāwhiti 2050 plan desires that we have a great place to live work and play and we look after our ecosystems. And so, Council wants to encourage a high level of consent compliance. For these reasons Council considers it appropriate to fund a high portion of the costs of consents from ratepayers rather than consent applicants.	Resource Consents (FS- 043) HIGH (60% - 80%) Targeted rates LOW (20% - 40%) Fees and charges UNLIKELY All other funding sources.

### Group Activity: Land, Rivers and Coastal

Activity: Land, river and coastal							
Community Outcomes 101 (3)(a)(i)	<b>Distribution of Benefits</b> 101 (3)(a)(ii)	Period of Benefit 101 (3)(a)(iii)	Whose Act Creates a Need? 101 (3)(a)(iv)	Separate Funding 101 (3)(a)(v)	Rationale	Funding Sources by Funding Stream	
This activity primarily contributes to Council's outcome: Resilient Communities and is associated with Council's outcomes: A vibrant city centre and townships We take sustainability seriously. We have increased the resilience of our infrastructure, economy and our communities.	<ul> <li>Rivers Asset</li> <li>Management: There is <ul> <li>a mix of community</li> <li>public good and</li> <li>identifiable parts of</li> </ul> </li> <li>the community</li> <li>benefiting.</li> <li>Wider Community: <ul> <li>The wider</li> <li>community</li> <li>benefits through</li> <li>processing of</li> <li>consents,</li> <li>advocacy for the</li> <li>activity and</li> <li>providing them</li> <li>with information</li> <li>about flooding</li> <li>areas and erosion</li> <li>protection.</li> </ul> </li> <li>Flood warnings are</li> <li>available for the</li> <li>wider community.</li> </ul> Identifiable parts of the community <ul> <li>Those specific</li> <li>people who</li> <li>receive flood</li> <li>warnings for</li> <li>properties and</li> <li>land.</li> </ul> People requesting <ul> <li>resource consents</li> <li>and information.</li> </ul> Those on the <ul> <li>Poverty Bay flats</li> <li>benefit more than</li> <li>others from the</li> <li>management /</li> <li>administration of</li> <li>the activity</li> <li>because there is a</li> <li>flood protection</li> <li>scheme on the</li> <li>Poverty Bay flats.</li> </ul>	The benefit of most operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have a minor impact.	Identifying separate funding assists in the accountability and transparency of Council's expenditure on this activity.	Rivers management and flood control provide a large benefit to the wider community by enabling the protection of property and more resilient economic activity. For this reason, rating options extend beyond the direct beneficences and across the region when Council considers that appropriate. Some protection (rivers or coastal) has a high degree of direct benefit to individuals and Council when appropriate will adjust the allocation of funding to these groups.	River Asset Management (FS-058) MOST (80% - 100%) General rate MINIMAL (0% - 20%) Fees and charges UNLIKELY All other funding sources Flood Control - Waipaoa (FS- 059A-A) MODERATE (40% - 60%) General rates LOW (20% - 40%) Targeted rates Fees and Charges UNLIKELY All other funding sources. Flood Control – Te Karaka (FS- 059A-B) MOST (80% - 100%) Targeted rates UNLIKELY All other funding sources. Flood Control – Te Karaka (FS- 059A-B) MOST (80% - 100%) Targeted rates UNLIKELY All other funding sources.	

#### Activity: Land, river and coastal Flood Control Waiapu River (Waipaoa, Te Karaka, **Erosion** Ruatoria): Economic Protection benefit to the wider Ruatoria (FS-059B) community especially employment and MODERATE cropping opportunity. (40% - 60%) Individual General rates beneficiaries -Targeted rates protection of private MINIMAL (0% property. 20%) Land Drainage: The Fees and community as a whole charges does not receive any UNLIKELY specific benefits. All other Individuals receive the funding entire benefit. sources. Wainui Foredune Land Drainage Protection: Individual (FS-060) residents who have ALL (100%) properties on the Targeted rate Wainui shore and the UNLIKELY wider community who All other utilise this stretch of funding beach. sources Coastal Protection Coastal Schemes: Individual Erosion residents who have Management properties on the Scheme Rate shore. (FS-062) **River channel** ALL (100%) maintenance and General rate infrastructure works: UNLIKELY There is a mix of • All other community, public funding and identifiable sources parts of the community benefiting. Wider Community - The wider community benefits through continuity of access along some roadways in identified essential channel works areas.

Activity: Land, river a	nd coastal	
Activity: Land, river a	<ul> <li>Identifiable parts         of the community:         <ul> <li>All properties                 and businesses                 including                 residents and                 owners within                 the area of the                 essential                 channel                 maintenance                 warks hangft</li> </ul> </li> </ul>	Wainui Property Protection Capital Works (FS-061) ALL (100%) Targeted rate UNLIKELY All other funding sources
	due to reducing any erosion issues. • The road infrastructure within the area of the essential channel maintenance works benefit due to reducing any erosion issues.	

#### Group Activity: Roads and Footpaths

### Activity: Roads and footpaths

Community	Distribution of Benefits	Period of	Whose Act	Separate	Rationale	Funding
Outcomes	101 (3)(a)(ii)	Benefit	Creates a	Funding		Sources by
101 (3)(a)(i)		101	Need?	101 (3)(a)(v)		Funding
		(3)(a)(iii)	101 (3)(a)(iv)			Stream
This activity primarily	Roading: The roading	The	There is an	Identifying	Subsidies are	Non-
contributes to	network serves the	benefit of	impact of the	separate	primarily sourced	subsidised
Council's outcome:	whole region and	most	actions or	funding assists	from Waka	Local Roads
Connected and	everyone benefits.	operating	inactions of	in the	Kotahi New	(FS-051)
safe	Roads, street lighting,	costs is	others.	accountability	Zealand	ALL (100%)
communities,	signage,	expected	Costs are	and	Transport	Targeted rates
and is	maintenance of	to arise in	driven by	transparency	Agency.	UNLIKELY (0%)
associated with	wharfs and footpaths	the year	traffic volumes	of Council's	Additional	All other
Council's	are provided as a	the	and size (eg	expenditure	funding will be	fundina
outcomes:	public good.	funding is	heavily loaded	on this	sourced	sources
Resilient	Individuals and	sourced.	vehicles cause	activity.	whenever	Subsidised
communities	business benefit		more wear	There are few	available (e.g.	Local Roads
A vibrant city	directly from access to		and tear	reasonably	Provincial Growth	(FS-053)
centre and	property and facilities.		damage on	practicable	Fund)	HIGH (60%-
townships	Roads are necessary		roads than	options for	Council also	80%)
We take	to deliver export		lighter	charges in	collects a small	Grants and
sustainability	products to markets		vehicles)	users directly	amount of	subsidies
seriously.	within Gisborne, New		The forestry	for their use of	regional petrol	LOW (20%-
Our communities	Zealand and the		industry at	or damage to	tax.	40%)
and business are	world. Gisborne		times of	the roads.	Council	General rates
connected to each	District's economic		harvest		maximises the	Targeted rates
other and to our	prosperity is		creates		amount of	
markets by a safe	dependent on		significant		subsidy for the	20%)
efficient and	rural catchmont		boyond that of		it approves	Fees &
integrated transport			other users to		The whole region	Charges
network.	corridors for other		roads The		henefits from the	UNLIKELY (0%)
Walking, cycling	utility providers such as		arowth of the		roading network	All other
and public	nower		forestry industry		Targeted rate for	funding
transport are	communications		is leading to		subsidised and	sources
preferred choices.	water and		greater		non-subsidised	Flood Damage
	wastewater.		roading		roading and	and
	Residential streets,		damage.		flood damage	Emergency
	suburban shopping				and emergency	Reinstatement
	areas (parking) and				reinstatement	(FS-054)
	rural townships benefit				allow for the	HIGH (60%-
	from non-subsidised				differential	80%)
	roading expenditure.				allocation of	Grants and
					benefit to sectors	subsidies
					and adjustment	LOW (40%-
					of costs	60%)
					associated with	Targeted rates
					those whose	24%
					actions cause	MINIMAL (0%-
					damage.	20%)
						General rates
						8%
						UNLIKELY (0%)
						All other
						funding
						sources
L	1		1		1	

Activity: Roads and f	ootpaths			
	Passenger Transport:		An allocation of	Passenger
	The Gisborne Regional		costs to a UAGC	Transport (FS-
	Public Transport Plan		allows for the	052)
	specifies target groups		benefit individual	HIGH (60%-
	of beneficiaries.		rating units get	80%)
	Those less mobile		from access to	Grants and
	members of our		the network.	subsidy
	community, Total		Targeted rate for	LOW (20%-
	Mobility and Super		passenger	40%)
	Gold card holders.		transport limited	Targeted rates
			to the city. Fees	UNLIKELY (0%)
	• Those users without		and charges are	All other
	access to vehicles.		collected by the	funding
	School students		contractor and is	sources
	who don't comply		recognised in the	Note: the
	with Ministry of		contract price.	above does
	Education			not include
	passenger			revenue
	transport criteria.			collected by
	The benefit is limited			the
	to Gisborne City.			contractor.
	Road Safety: Road			
	Safety provides			
	education for the			
	benefit of the whole			
	community.			
	Emergency Works			
	Unplanned			
	maintenance required			
	following weather			
	events. Beneficiaries			
	are the same as for			
	routine maintenance.			

## Group Activity: Solid Waste

Community Outcomes 101 (3)(a)(i)	Distribution of Benefits 101 (3)(a)(ii)	Period of Benefit 101 (3)(a)(iii)	Whose Act Creates a Need? 101 (3)(a)(iv)	Separate Funding 101 (3)(a)(v)	Rationale	Funding Sources by Funding Stream
This activity primarily contributes to Council's outcome of: • We take sustainability seriously and is associated with Council's outcomes: • Resilient communities • A vibrant city centre and townships.	Individuals and businesses benefit directly from having waste and recycling collected from properties. The benefits are expected to accrue: • Primarily to individual users • Partly to the district as a whole Cleaning of defined public places: The whole community benefits from a cleaner environment. Domestic solid waste collections: Individual households (separately used or inhabited part of a property) who receive the service benefit. The whole community benefits with the protection of public health. There is a mix of community public good and identifiable parts of the community benefiting through reducing health risks. Commercial Recycling A service provided to individual businesses by request.	The benefit of most operating costs is expected to occur in the year the funding is sourced.	This activity is only required due to the act of creating waste. Those who create the waste are individuals and business.	Identifying separate funding assists in the accountability and transparency of Council's expenditure on this activity.	The actions of individuals or groups (largely business) create the need to have this activity. Kerb-side refuse collection provides a high level of service that all residents on the route have access to. Targeted rates appropriately recognise this benefit. The whole community benefits from a clean environment. Cleaning of public places can be appropriately funded from general rates. The fees and charges at landfills and transfer stations (where Council provides the services), and part of the rate for refuse collection only partially funds the cost of disposal. Higher fees and charges encourage those who create the waste recognise the cost of their actions and encourage waste reduction.	Cleaning of Defined Public Spaces (FS- 064) ALL (100%) General rates UNLIKELY All other funding sources. Domestic Solid Waste Collections (FS-065) ALL (100%) Targeted rates UNLIKELY All other funding sources. Commercial Recycling (Included in FS-065) ALL (100%) Targeted rates UNLIKELY All other funding sources. Commercial Recycling (Included in FS-065) ALL (100%) Targeted rates UNLIKELY All other funding sources. Rural Transfer Stations (FS- 066) MODERATE (40% - 60%) General rates MINIMAL (0% - 20%) Targeted rates LOW (20% - 40%) Fees and charges

Activity: waste management				
Operation of rura			There is also a	UNLIKELY
transfer stations:	he		small benefit to	All other
whole communit	,		the whole	funding
benefits from a			community of this	sources.
cleaner environm	ent.		activity with	Waiapu
The local townshi	DS		waste not	Landfill (FS-
are major			dumped	067)
beneficiaries as t	neir		elsewhere	MOST (80% -
solid waste make	sup			100%)
the major propor	ion			Conorol Botos
of the waste goin	g to			General Kales
these transfer sta	ions.			MINIMAL (0% -
Operation of the				20%)
Waiapu landfill: T	ne			Fees and
whole communit	,			charges
benefits from a c	ean			UNLIKELY
environment. The				All other
district benefits b	r not			funding
receiving solid wa	ste			sources
from the East Coa	st			Solid Waste
and therefore no				Legacy Debt
having to pay				and Aftercare
additional out of				Provisions (FS-
district cartage fe	es			068)
and landfill charg	es.			ALL (100%)
The East Coast				Conoral rates
townships are ma	jor			
beneficiaries as t	neir			UNLIKELY
solid waste make	sup			All other
the major propor	ion			funding
of the waste bein	9			sources.
landfilled. The dis	rict			
benefits in the ev	ent			
of a civil defence				
emergency with	1			
consented landfi	in			
the region if road				
access to State				
Highway 2 to Nar	iler			
and/or Opotiki is	cut			
Off.				

Activity: Waste minimisation							
Community Outcomes 101 (3)(a)(i)	<b>Distribution of Benefits</b> 101 (3)(a)(ii)	Period of Benefit 101 (3)(a)(iii)	Whose Act Creates a Need? 101 (3)(a)(iv)	Separate Funding 101 (3)(a)(v)	Rationale	Funding Sources by Funding Stream	
<ul> <li>This activity primarily contributes to</li> <li>Council's outcome of:</li> <li>We take sustainability seriously.</li> <li>and is associated with Council's outcomes:</li> <li>Resilient communities</li> <li>A vibrant city centre and townships.</li> </ul>	<ul> <li>The whole community benefits from action in this area to minimise the negative impacts of waste.</li> <li>The benefits are expected to accrue:</li> <li>Primarily to individual users</li> <li>Partly to the district as a whole</li> </ul>	The benefit of most operating costs is expected to occur in the year the funding is sourced.	This activity is only required due to the act of creating waste. Those who create the waste are individuals and business.	Identifying separate funding assists in the accountability and transparency of Council's expenditure on this activity.	The actions of individuals or groups (largely business) create the need to have this activity. There is also a small benefit to the whole community of this activity.	Waste Minimisation (FS-069) MOST (80% - 100%) Grants and subsidies MINIMAL (0% - 20%) General rates UNLIKELY All other funding sources.	

### Group Activity: Wastewater

Activity: Wastewater								
Community		Period of Benefit	Whose Act	Separate	Rationale	Funding		
	101 (3)(a)(ll)	101 (2)(a)(iii)	Need?	101 (2)(a)(v)		Funding		
		101 (3)(a)(III)	101 (3)(a)(iv)	101 (3)(A)(V)		Stream		
This activity primarily contributes to Council's outcome: • A vibrant city centre and townships and is associated with Council's outcomes: • Resilient communities • We take sustainability	The collection, treatment, and disposal of wastewater are primarily a private benefit for people whose properties are connected to the schemes. The entire community benefits by improving and maintaining water quality and safety, protecting	The benefit of most operating costs is expected to arise in the year the funding is sourced. Annual funding is sourced from revenue for	A small number of heavy commercial producers have an adverse impact greater than most users.	Identifying separate funding assists in the accountability and transparency of Council's expenditure on this activity.	In most cases it is not practicable to measure the quantity of each individual's contribution to the wastewater system. In the case of heavy commercial users of the waste system it is practical to	Wastewater (FS-056) MOST (80% - 100%) Targeted rate MINIMAL (0% -20%) General rates Fees and charges UNLIKELY All other funding		
sustainability seriously. Tairāwhiti is a great place to live, work and play and our communities have a sense of belonging. We have increased the resilience of our infrastructure, economy and our communities. Everyone has access to affordable and safe essential services (water, wastewater and energy). We are future focussed and plan and care about the future of the region and how to enhance its natural and built environment for future generations.	<ul> <li>waterbodies and</li> <li>coastal waters that</li> <li>have important</li> <li>ecosystem,</li> <li>recreational and</li> <li>cultural values and</li> <li>moving toward more</li> <li>efficient and</li> <li>sustainable use of</li> <li>freshwater.</li> <li>This community</li> <li>benefit is at the</li> <li>forefront of</li> <li>government policy</li> <li>changes and</li> <li>important to the</li> <li>community.</li> <li>The benefits are</li> <li>expected to accrue:</li> <li>To individual</li> <li>properties</li> <li>The whole</li> <li>community</li> </ul>	depreciation that is likely to be spent partially in the current year and probably in future years. This is managed through reserve funds.			measure the volume and quality of waste and charge appropriately for this Those who (either directly or indirectly) connected targeted rate per pan is an efficient and simple way that approximates benefit of access and use of the services. The community benefit as identified in Tairāwhiti 2050 and in the consideration of the benefits of the wastewater activity is recognised in the general	sources.		

### Group Activity: Water Supply

Activity: Water supply							
Community Outcomes 101 (3)(a)(i)	Distribution of Benefits 101 (3)(a)(ii)	Period of Benefit 101 (3)(a)(iii)	Whose Act Creates a Need? 101 (3)(a)(iv)	Separate Funding 101 (3)(a)(v)	Rationale	Funding Sources by Funding Stream	
Inis activity primarily contributes to Council's outcome: A vibrant city centre and townships and is associated with Council's outcomes: Resilient communities We take sustainability seriously. Tairāwhiti is a great place to live, work and play and our communities have asense of belonging. We have increased the resilience of our infrastructure, economy and our communities. Everyone has access to affordable and safe essential services (water, wastewater and energy). We are future focussed and plan and care about the future of the region and how to enhance its natural and built environment for	Ine communities that are reticulated with a public water supply are beneficiaries. The entire community benefits by providing water for firefighting, improving and maintaining water quality and safety, protecting waterbodies and coastal waters that have important ecosystem, recreational and cultural values, and moving toward more efficient and sustainable use of freshwater. This community benefit is at the forefront of government policy changes and important to the community. The benefits are expected to accrue: • To individual properties • The whole community	Ine benefit of most operating costs is expected to arise in the year the funding is sourced. Annual funding is sourced from revenue for depreciation that is likely to be spent partially in the current year and probably in future years. This is managed through reserve funds.	Ine actions of most individuals or groups have a minor impact. Provision for individual meters can be used for high volume users. Those who use firefighting create the need for firefighting capability within the network. We all benefit from the availability of this network as we do not know where the next fire will be.	identifying separate funding assists in the accountability and transparency of Council's expenditure on this activity.	Inose who (either directly or indirectly) benefit should pay. There are some water users where charging based on actual quantities is practical due to the location, size or the use of the property. Their share of costs is recovered by way of targeted water meter rates. The cost of the water supply and network is equalised across all non-metered connections within the region. The community benefit as identified in Tairāwhiti 2050 and in the consideration of the benefits of the water supply activity is recognised in the general rates.	water Supply (FS-055) MOST (80% - 100%) Targeted rate MINIMAL (0% -20%) General rate Fees and charges UNLIKELY All other funding sources.	

future generations.

### Group Activity: Urban Stormwater

Activity: Urban storm	Activity: Urban stormwater							
Community	Distribution of Benefits	Period of	Whose Act	Separate	Rationale	Funding		
	101 (3)(a)(ii)	Benefit	Creates a	Funding		Sources by		
101 (3)(a)(i)		101 (3)(a)(iii)		101 (3)(a)(v)		Stream		
			101 (3)(a)(iv)			Sirean		
This activity	The collection,	The benefit	The actions of	Identifying	There is no	Urban		
primarily	treatment and	of most	individuals in	separate	practical way to	Stormwater		
contributes to	disposal of	operating	increasing	funding assists	charge	(FS-057)		
Council's outcome:	stormwater are	costs is	hard surfaces	in the	individuals or	MOST (80% -		
A vibrant city	primarily a	expected to	on properties	accountability	groups for any	100%)		
centre and	community benefit in	arise in the	increases	and	direct benefit.	Targeted rate		
townships	serviced	year the	stormwater	transparency	Urban	MINIMAL (0%		
and is associated	communities.	funding is	volumes.	of Council's	stormwater	-20%)		
with Council's	The entire community	sourcea.		expenditure	networks are	General rates		
outcomes:	benefits by having an	Annual		activity	funded from a	UNI IKFI Y		
Resilient	accessible roading	funding is		activity.	mix of general	All other		
communities	and maintaining	sourced			and largeled	funding		
• We take	water quality and	revenue for			the benefit to	sources.		
sustainability	safety protecting	depreciation			property owners			
seriously.	waterbodies and	that is likely			in an urban area			
Tairāwhiti is a great	coastal waters that	to be spent			and the wider			
place to live, work	have important	partially in			community			
and play and our	ecosystem,	the current			benefit of			
communities have	recreational and	year and			stormwater			
a sense of	cultural values and	probably in			managed on			
belonging.	moving toward more	future years.			the road corridor			
We have increased	efficient and	This is			and the			
the resilience of our	sustainable use of	managed			environmental,			
intrastructure,	freshwater.	through			economic,			
economy and our	Some individual	reserve			social and			
communities.	properties or groups	funds.			cultural			
Everyone has	of properties benefit				wellbeing			
access to	from not being				benefits of			
safe essential	flooded.				stormwater			
services (water.	The benefits are				stonnwater.			
wastewater and	expected to accrue:							
energy).	To individual							
We are future	properties							
focussed and plan	The whole							
and care about	community							
the future of the								
region and how to								
enhance its natural								
and built								
environment for								
future generations.								

## Group Activity: Liveable Communities Activity: Catchments and diversity

Community	Distribution of Benefits	Period of	Whose Act	Separate	Rationale	Funding
Outcomes	101 (3)(a)(ii)	Benefit	Creates a	Funding		Sources by
101 (3)(a)(i)		101	Need?	101 (3)(a)(v)		Funding
		(3)(a)(iii)	101 (3)(a)(iv)			Stream
This activity primarily	The whole community	The	The actions of	Idontifying	Patos aro tho	Animal Plant
	herefite from the	hereft of	inelisiels of	laentirying		
		benefit of	individuais and	separate	argest funding	
Council's outcome	quality of information	operating	groups arive	funding assists	source for this	Pest
of:	about natural	COSTS IS	the costs in this	in the	activity	Management
We take	resources including for	expected	activity.	accountability	recognising the	(FS-023)
sustainability	recreational use,	to arise in		and	predominant	HIGH (60% -
seriously	commercial use, and	the year		transparency	community	80%)
and is associated	avoiding hazards.	the		of Council's	benefit. These will	General rates
with Council's	Individuals especially	funding is		costs on this	be split between	LOW (20% -
outcome:	benefit, both urban	sourced.		activity.	general and	40%)
We celebrate	and rural landholders.				targeted rates to	Targeted rates
our heritage.	Because animal pests				recognise that	MINIMAL (0%-
We recognise the	are mobile, and move				some services	20%)
intrinsic value of	freely across property				have a benefit or	Fees and
ecosystems and	boundaries, benefits				contribute to an	charges
biodiversity. There is	are not confined to				outcome for the	Grants and
no further loss of	particular properties				whole region and	subsidies
significant natural	Animal Plant and					
cultural or historic	Animal, Hant and				provide a greater	
baritage We have	Aquatic pesis. Animal				provide a greater	funding
restared key grace	pesis are largely lariu-					runuing
lestored key areas	based and the major					sources.
	beneficiaries are rurai				rees and	5011
as I dirdwnifi grows.	land occupiers.				charges are	Conservation
We all practice	Council adopted the				collected for	(FS-024)
active	10-year Regional Pest				some items that	MOST (80% -
guardianship.	Management Plan in				have a direct	100%)
	October 2017.				benefit to	Targeted rates
					individuals or	MINIMAL (0%-
					groups of	20%)
					individuals. The	Fees and
					Nursery operates	charges
					on a commercial	Grants and
					basis and is	subsidies
					budgeted to	UNLIKELY
					collect fees and	All other
					charges to make	funding
					a surplus.	sources.
						Soil
						Conservation -
						Nurserv and
						Reserve
						Management
						(FS-026.
						included with
						FS-024)
						All (100%)
						Fees and
						Charges
						funding
						runung
						sources.

Community Outcomes 101 (3)(a)(i)	<b>Distribution of Benefits</b> 101 (3)(a)(ii)	Period of Benefit 101 (3)(a)(iii)	Whose Act Creates a Need? 101 (3)(a)(iv)	Separate Funding 101 (3)(a)(v)	Rationale	Funding Sources by Funding Stream	
This activity primarily contributes to Council's outcome of: • We celebrate our heritage and is associated with Council's outcome: • A vibrant city centre and townships. Tairāwhiti is a great place to live, work and play and our communities have a sense of belonging.	Ineatres: There isspecific benefit tothose who use thefacility and attendactivities. The businesscommunity benefitsfrom spending byvisitors attendingfacilities and events.The whole communitybenefits from havingaccess to facilitiesthat enablecommunity gatheringsand allow the publicto experienceperforming and visualarts.Museum: The wholegroups e.g. schools)benefit from themuseum collection.and education,exhibition andmanagement of themuseum collection.Library: The wholecommunity benefits(urban and rural) fromthe activity throughaccess to materialsand services whichthe Library provides.The main beneficiariesof the Library areindividuals through theprovision of recreationand educationalresources.Non-residents alsobenefit throughaccess to the Libraryaccess to the Libraryservices to the Libraryindividuals throughaccess to the Libraryaccess to the Libraryservices.The central businessdistrict benefitsindirectly from flacinitheincreased traffic in the	The benefit of most operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have a minor impact on this activity.	Identifying separate funding assists in the accountability and transparency of Council's costs on this activity.	Theatres provide a benefit directly to the users which can be collected, however a wider benefit to a vibrant community is also recognised by rating across the district with regard to distance from the venues. Museums and Libraries provide some individual benefit are largely for educational benefits of the community and are important for understanding and celebrating our heritage. These all contribute to Toirāwhiti being a great place to live. Council consider it appropriate to fund the rates contribution to these activities using a general rate.	Ineatres (FS- 016)HIGH (60% - 80%)Targeted ratesLOW (20%- 40%)Fees and chargesUNLIKELYAll other funding sources.Museum (FS- 017)MOST (80 - 100%)General ratesMINIMAL (0%- 20%)Fees and chargesUNLIKELYAll other funding sources.MINIMAL (0%- 20%)Fees and chargesUNLIKELYAll other funding sources.Libraries (FS- 008)MOST (80% - 100%)General ratesMINIMAL (0%- 20%)Fees and chargesUNLIKELYAll other funding sources.Libraries (FS- 008)MOST (80% - 100%)General ratesMINIMAL (0%- 20%)Fees and chargesUNLIKELYAll other funding sources.UNLIKELYAll other funding sources.	
	city centre.						

Activity: Recreation and amenity						
Community Outcomes 101 (3)(a)(i)	Distribution of Benefits 101 (3)(a)(ii)	Period of Benefit 101 (3)(a)(iii)	Whose Act Creates a Need?	Separate Funding 101 (3)(a)(v)	Rationale	Funding Sources by Funding Stream
This activity primarily contributes to Council's outcome: • A vibrant city centre and townships and is associated with Council's outcome: • We celebrate our heritage. Tairāwhiti is a great place to live, work and play and our communities have a sense of belonging.	<ul> <li>Leased Properties:</li> <li>Benefits flow to the whole community</li> <li>and to the individual groups who lease</li> <li>Council Land Areas to undertake their</li> <li>activity (e.g., sporting, recreational and</li> <li>other community</li> <li>organisations). There</li> <li>is a benefit gain for</li> <li>visitors and individuals</li> <li>who use and enjoy</li> <li>the other community</li> <li>facilities provided</li> <li>within this activity.</li> <li>Community Buildings:</li> <li>Benefits flow to the</li> <li>whole of the</li> <li>community, through</li> <li>the provision of</li> <li>heritage, leisure, arts</li> <li>and cultural activities,</li> <li>that each act on to</li> <li>educate and enliven</li> <li>our communities.</li> <li>These buildings make</li> <li>the district an</li> <li>interesting destination</li> <li>for visitors or attract</li> <li>new residents to a</li> <li>district that is a great</li> <li>place to live, work</li> <li>and play. The</li> <li>benefits are</li> <li>expected to accrue</li> <li>primarily to the district</li> <li>as a whole.</li> <li>Cemeteries:</li> <li>Individual users,</li> <li>particularly families of</li> <li>the deceased. The</li> <li>community as a</li> <li>whole in the</li> <li>availability of well-</li> <li>maintained open</li> <li>space and as a</li> <li>repository of</li> <li>genealogical and</li> <li>other human interesti</li> </ul>	The benefit of operating costs is expected to arise in the year the funding is sourced. Annual funding is sourced from revenue for depreciation that is likely to be spent partially in the current year and probably in future years. This is managed through reserve funds.	The actions of most individuals or groups have some impact on this activity.	Identifying separate funding assists in the accountability and transparency of Council's costs on this activity.	There is no practical way to collect revenues from some individual benefit across this activity. Local residents enjoy the benefits of landscape amenity in their locality. Council may use the financial contributions reserve funds for some operating expenses, generally of a project nature. Some rents are received.	Aquatic and Recreation Facility (Olympic Pool) (FS-007) HIGH (60% - 80%) Targeted rates LOW (20%- 40%) Fees and charges UNLIKELY All other funding sources. Leased Property(FS- 009) ALL (100%) Fees and charges UNLIKELY All other funding sources. Cemeteries (FS-011) MODERATE (40% - 60%) General rates Fees and charges UNLIKELY All other funding sources. Cemeteries (FS-011) MODERATE (40% - 60%) General rates Fees and charges UNLIKELY All other funding sources.

Activity: Recreation and amenity			
Conveniences:			Conveniences
Individuals, visitors,			(FS-012)
businesses and the			MOST (80% -
wider community all			100%)
benefit from the			General rates
provision of			MINIMAL (0%-
accessible, safe and			20%)
sanitary			Ecos and
conveniences.			charges
Parks and Reserves:			charges
There is a			
public/whole of			
community benefit			UNLIKELY
through the provision			All other
of formal and informal			funding
recreational			sources.
opportunities that			Parks and
ennance and support			Reserves (FS-
			013)
and well-being. There			MOST (80% -
is a private/individual			100%)
community and			Targeted
sporting groups who			rates
use Council			MINIMAL (0%-
recreational facilities.			20%)
There is a benefit gain			Fees and
for event organisers			charges
and sections of the			UNLIKELY
business community			All other
from the commercial			funding
spend of participants			sources.
associated with			
particular events.			

### Group Activity: Regional Leadership and Support Services

Activity: Emergency management							
Activity: Emergency Community Outcomes 101 (3)(a)(i) This activity primarily contributes to Council's outcome of: • Resilient communities and is associated	management Distribution of Benefits 101 (3)(a)(ii) Civil defence activities are provided for the benefit of all the people in the district as anyone can be affected by an emergency event.	Period of Benefit 101 (3)(a)(iii) The benefit of operating costs is in having plans in the event of an emergency	Whose Act Creates a Need? 101 (3)(a)(iv) The actions of natural forces, individuals and groups can have a significant	Separate Funding 101 (3)(a)(v) Identifying separate funding assists in the accountability and transparency	Rationale In the event of an activation Council may be entitled to subsidies for some civil defence costs	Funding Sources by Funding Stream Civil Defence (FS-038) MOST (80% - 100%) General rates MINIMAL (0% - 20%)	
with Council's outcome: • Connected and safe communities.	Civil defence emergency may be initiated in response to threats to life or property. The benefits are expected to accrue primarily to the district as a whole.	at some time in the future. The annual operating costs ensure there are up to date plans and staff and volunteers are trained. Costs are incurred in the year the funding is sourced. Annual funding is sourced. Annual funding is sourced from revenue for depreciation that is likely to be spent partially in the current year and probably in future years. This is managed through reserve funds.	impact in this activity. Everyone living in a hazardous environment creates a need.	of Council's costs on this activity.	such as welfare. The planning for an emergency benefits the whole community and is fully rate funded.	Grants and Subsidies UNLIKELY All other funding sources.	

Activity: Governance and democracy							
Community Outcomes 101 (3)(a)(i)	Distribution of Benefits 101 (3)(a)(ii)	Period of Benefit 101 (3)(a)(iii)	Whose Act Creates a Need? 101 (3)(a)(iv)	Separate Funding 101 (3)(a)(v)	Rationale	Funding Sources by Funding Stream	
<ul> <li>Inis activity primarily contributes to</li> <li>Council's outcome of:</li> <li>A driven and enabled Tairāwhiti and is associated with all other Council outcomes.</li> <li>Council works with</li> <li>Iwi, Hapu, and</li> <li>stakeholders to promote and enable change in the region.</li> <li>Together, we show</li> <li>leadership, advocacy and collaboration and provide certainty about where to invest in Tairāwhiti.</li> </ul>	The activity supports the decision-making function of Council and therefore benefits the community as a whole.	benefit of most operating costs is expected to arise in the year the funding is sourced.	The actions of individuals or groups have a minor impact on this activity.	Council considers that there is little benefit of separately funding this activity.	The benefits of this activity are available to the whole community; the majority of electors are ratepayers.	Governance (FS-045) MOST (80% - 100%) General rates MINIMAL (0% - 20%) Fees and charges Grants and Subsidies UNLIKELY All other funding sources.	

Activity: Science						
Community Outcomes 101 (3)(a)(i)	Distribution of Benefits 101 (3)(a)(ii)	Period of Benefit 101 (3)(a)(iii)	Whose Act Creates a Need? 101 (3)(a)(iv)	Separate Funding 101 (3)(a)(v)	Rationale	Funding Sources by Funding Stream
<ul> <li>This activity primarily contributes to</li> <li>Council's outcome of:</li> <li>We celebrate our heritage and is associated with Council's outcome:</li> <li>We take sustainability seriously.</li> </ul>	The whole community – water, riverbeds and coastal areas are community resources that are highly valued. Users may be in conflict with each other. The need for this activity is created by users (consumptive or otherwise) placing pressure on water resources and the community demanding information and initiatives that will address their concerns.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of individuals and groups drive the costs in this activity.	Identifying separate funding assists in the accountability and transparency of Council's costs on this activity.	Rates are the largest funding source for this activity recognising the predominant community benefit. Fees and charges are collected for some items that have a direct benefit to individuals or groups of individuals.	Water Conservation (FS-027) MOST (80% - 100%) Targeted rates MINIMAL (0% - 20%) Fees and charges Grants and Subsidies UNLIKELY All other funding sources.

Activity: Strategic policy and planning							
Community Outcomes 101 (3)(a)(i)	<b>Distribution of Benefits</b> 101 (3)(a)(ii)	Period of Benefit 101 (3)(a)(iii)	Whose Act Creates a Need? 101 (3)(a)(iv)	Separate Funding 101 (3)(a)(v)	Rationale	Funding Sources by Funding Stream	
This activity primarily contributes to Council's outcome of: • A driven and enabled community and is associated with all other Council outcomes.	Strategic Planning: The whole community benefits from the activity. Performance: The whole community benefits from the activity Maori Responsiveness: The whole community benefits from the activity Private Plan Changes: The private plan change requests to date have had benefits that accrue to clearly-defined private interests. Proposals may be promoted by public interest groups but are more likely to be by someone seeking specific benefits from resource use. Economic Development: The business community primarily benefits from economic development of a region (e.g. increased income and people are likely to increase business wealth). Sectors within the business community benefit through targeted economic development programmes. The not- for-profit sector benefits through indirect effects of economic development such as the promotion of events in the social and sporting sector.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of individual and groups can have a significant impact in this activity.	Identifying separate funding assists in the accountability and transparency of Council's costs on this activity.	This activity supports all activities of Council and has wide community benefits. The economic development services provide a wide range of inputs into an improved economy, leading to more jobs. Mostly funding tools that recognise these wider benefits are preferred while some attention should be given to benefits of groups.	Strategic Planning, Performance, Customer Engagement & Maori Responsiveness (FS-019) MOST (80%- 100%) General rates MINIMUM (0% - 20%) Grants and Subsidies UNLIKELY All other funding sources. Strategic Planning and Customer Engagement: Private Plan Changes (FS- 037) ALL (100%) Fees and charges UNLIKELY All other funding sources.	

Activity: Strategic policy and planning					
The whole community	Economic				
benefits through the	Development				
spin-off impacts of	and Tourism				
economic	(FS-020)				
development and	MODERATE				
through having a	(40%-60%				
coordinated	General rates				
approach to	Targeted rates				
economic					
development, e.g. if					
the district develops	All other				
well then everyone	funding				
benefits.	sources.				

Activity: Support services						
Community Outcomes 101 (3)(a)(i)	Distribution of Benefits 101 (3)(a)(ii)	Period of Benefit 101 (3)(a)(iii)	Whose Act Creates a Need? 101 (3)(a)(iv)	Separate Funding 101 (3)(a)(v)	Rationale	Funding Sources by Funding Stream
This activity primarily contributes to Council's outcome of: • A driven and enabled Tairāwhiti Council works with lwi, Hapu, and stakeholders to promote and enable change in the region. Together, we show leadership, advocacy and collaboration and provide certainty about where to invest in Tairāwhiti.	The activity supports the decision-making function of the Council and therefore benefits the community as a whole.	The benefit of most operating costs is expected to arise in the year the funding is sourced.	The actions of individuals or groups have a minor impact on this activity. The Council in complying with the statutory provisions of the LGA 2002 creates a need through its coercive powers of rates extraction. The whole of the community creates a need through requiring transparency and accountability of funding.	Identifying separate funding assists in the accountability and transparency of Council's costs on this activity.	The benefits of this activity are available to the whole community.	Treasury (FS- 046) ALL (100%) General rates UNLIKELY All other funding sources. Civic and Corporate Expenses of the District (FS- 049) ALL (100%) General rates UNLIKELY All other funding sources.

### Group Activity: Commercial Operations

### Activity: Commercial operations

Community Outcomes 101 (3)(a)(i)	<b>Distribution of Benefits</b> 101 (3)(a)(ii)	Period of Benefit 101 (3)(a)(iii)	Whose Act Creates a Need? 101 (3)(a)(iv)	Separate Funding 101 (3)(a)(v)	Rationale	Funding Sources by Funding Stream
This activity primarily contributes to Council's outcome of: • A diverse economy and is associated with Council's outcome: • We take sustainability seriously.	Direct benefits accrue to customers and forestry joint venture partners. Direct benefits from Forestry accrue to the city ratepayers through the protection of the water supply catchment. Direct benefits from the commercial property activity accrue to purchasers of the land for development. Direct benefits accrue to the lessees of commercial property. Ratepayers benefit from increased utilisation of Council assets. There are indirect benefits to the district through the degree that regional capital investment enhances the local economy. Indirect beneficiaries of commercial operations are ratepayers throughout the district who benefit through reduced rates as a result of the internal dividends paid by these activities. The district as a whole benefits from forestry through the stabilisation of erosion prone land that supports critical infrastructure like roads and the town water supply line.	The benefit of most operating costs is expected to arise in the year the funding is sourced.	The actions of individuals or groups have a minor impact on this activity.	Identifying separate funding assists in the accountability and transparency of Council's costs on this activity.	The benefits of this activity are available to the whole community.	Gisborne Airport and miscellaneous semi- commercial properties (FS- 005) HIGH (60% - 80%) Fees and charges MINIMAL (0% - 20%) General rates UNLIKELY All other funding sources. Community Housing (FS- 014) ALL (100%) Fees and charges UNLIKELY All other funding sources. Staff Housing (FS-015) ALL (100%) Fees and charges UNLIKELY All other funding sources. Staff Housing (FS-015) ALL (100%) Fees and charges UNLIKELY All other funding sources. Dividends to Council from



# Kaupapa Whakapāpātanga me te Hiranga Significance and Engagement Policy

'When' and 'how' Council will engage with its communities about important Council decisions



Our Tairāwhiti: 2021-2031 Long Term Plan

### Contents

Introduction	3
Kupu arataki	3
What is the purpose of this policy?	3
What are the key terms?	4
He aha ngā whakarite matua?	4
What do we mean by significance?	4
What do we mean by engagement?	4
What do we mean by strategic asset?	4
How will we determine the significance of a decision?	5
Ka pēhea tātau e mōhio i te hiranga o tētahi whakatau?	5
Significance criteria	5
Council's strategic assets	6
How will we engage?	7
Ka pēhea tātau e tauwhāinga?	7
Council's approach to community engagement	7
How communities want to engage	7
Phases of engagement for Council's decision-making processes at Council and Committees	8
Engagement on other matters	9
Engaging with tangata whenua and Māori1	1
When we will not engage with our community1	2
Appendices	3
Ngā Āpitihanga1	3
Appendix 1: Engagement matrix1	3
Appendix 2: Phases of Engagement14	4
Appendix 3: Significance Assessment Guidance	6

### Kupu arataki

### Introduction

The purpose of local government includes enabling democratic local decision-making and action by, and on behalf of, communities. Engagement with the community is an important part of fulfilling that purpose.

### What is the purpose of this policy?

The Significance and Engagement Policy guides 'when' and 'how' Gisborne District Council (Council) engages with its communities about important Council decisions. The 'when' to engage is determined by the significance of the decision being made. The 'how' is guided by the engagement framework in this policy.

### He aha ngā whakarite matua?

### What are the key terms?

The key terms used in this policy are 'significance', 'engagement', and 'strategic asset'.

### What do we mean by significance?

Significance is the importance of an issue, proposal, decision or matter before Council. It is measured by its likely impact on the criteria listed in Part 3 of this policy. The criteria have been developed based on three key factors:

- The economic, social, cultural and environmental wellbeing of the district
- Affected people and communities
- Council's ability to perform its role as a local authority and achieve its strategic objectives in the Long Term Plan.

### What do we mean by engagement?

Engagement is the process of seeking information from the community to inform and assist decision-making, and providing the community information on the outcome of a decision-making process. Council values and is committed to meaningful community engagement so that important decisions are made with input from the community. Engagement can also be targeted with specific groups or sections of the community rather than with the community as a whole. Council's approach to engagement, including when we will not engage with our community, is outlined in Part 4.

### What do we mean by strategic asset?

Under the Local Government Act (LGA) 2002 this policy is required to identify 'strategic assets'. Strategic assets are defined in LGA 2002 as an asset (or group of assets) that needs to be retained so that Council can maintain its capacity to achieve or promote any outcome that Council determines to be important to the current or future well-being of the community. These assets include:

- any asset or group of assets listed in this policy;
- any land or building owned by Council and required to maintain Council's capacity to provide affordable housing as part of its social policy; and
- any equity securities held by Council in:
  - o a port company within the meaning of the Port Companies Act 1988;
  - o an airport company within the meaning of the Airport Authorities Act 1966.

# Ka pēhea tātau e mōhio i te hiranga o tētahi whakatau?

### How will we determine the significance of a decision?

Council will determine significance in two ways - criteria, and named strategic assets.

### Significance criteria

All matters for Council decision will be assessed for its impact on the following:

- the effects on all or a large part of the Gisborne district
- the effects on individuals or specific communities
- the impact on the relationship of Māori including the importance of tikanga and their relationship with ancestral land, water sites, waahi tapu, valued flora and fauna, and other taonga
- the level or history of public interest in the matter or issue
- the financial impact
- consistency with Council's current strategies and policies including the Strategic Priorities in the Long Term Plan
- impacts on Council's, Long Term Plan, Annual Plan, and levels of service (also including the Regional Land Transport Plan, if applicable)
- whether the decision is reversible.

Climate change is an important consideration for Council that is assessed using a Climate Impact Statement rather than being a criteria for significance. This enables a more detailed analysis to be conducted and also proposes mitigation/adaptation methods.

Council officers provide a recommendation of a decision's significance to elected members.

The final decision about the significance of any matter rests with elected members. When making this determination other factors may need to be considered; e.g. urgency, safety, commercial sensitivity and public good.

### Council's strategic assets

The list of assets named below are considered to be 'strategic assets' by Council. However not all decisions made about these assets will be significant. For example, the roading network as a whole is strategic but the purchase or sale of small land parcels that make up the network may not amount to a significant decision.

The assets and groups that Council considers to be strategic assets are as follows:

- the HB Williams Memorial Library
- the Council's roading network as a whole
- the water supply network as a whole including storage lakes, reservoirs, pump stations and reticulation, the pipeline (including bridges and trestles), land at Waingake, and water treatment plants
- the land drainage system as a whole including the stormwater pipe network, the Waipaoa River flood control system, the Te Karaka flood control system, other open river systems, waterways, wetlands and retention basins
- the sewage collection, treatment and disposal system as a whole including the sewers, pump stations and the treatment station outfall
- the reserves lands as a whole including land held under the Reserves Act and the land used for parks, gardens, sports fields, recreational areas and cemeteries
- the Council's Olympic Pool Complex and built recreational facilities
- the system as a whole of off-street parking facilities owned or operated by Council
- Council's investment in community housing as a whole
- Council's shares in substantive<sup>1</sup> council controlled organisations
- ownership of the Gisborne Airport site.

<sup>&</sup>lt;sup>1</sup> A substantive council controlled organisation is a council-controlled organisation that is either wholly owned or wholly controlled by the Council and either: is responsible for the delivery of a significant service or activity on behalf of the Council; or owns or manages assets with a value of more than \$10 million.

### Ka pēhea tātau e tauwhāinga?

### How will we engage?

### Council's approach to community engagement

Council communicates and engages with our community all the time to deliver our work - whether it's to gather input at the start of a process, get feedback on a proposal, or just keep people informed of decisions that have been made and work that is being undertaken. There is a responsibility to communicate the work we do with the right information, at the right time, in the right way.

Council has a number of different legal requirements for engagement depending on the matter being decided. The legal requirements are the minimum standards that we then build on in our approach to community engagement.

Council's approach to community engagement is to:

- promote a sense of ownership of Council decisions by the community
- inform people and communities about issues that affect them
- provide opportunity for people and communities to have meaningful input into Council decisions
- create a sense of awareness of the diversity of opinion within the community
- show leadership
- deliver innovation and be responsive in all communication and interactions with our community.

Council's preferences for engagement methods may be different for different types of issues and opportunities, and that these preferences may change over time.

Council, when engaging with affected or interested communities, will recognise the relationship elected members have with the location, specific communities and individuals affected by consultation or engagement initiatives. Participation of elected members in Council engagement is an essential component for our engagement approach.

### How communities want to engage

Communities are dynamic and evolve rapidly. Technology is changing the way that our communities want to engage with us and there is an increased uptake and desire for online engagement. Council's engagement methods are evolving to meet new platforms that our communities use.

Face-to-face opportunities are still important as these opportunities strengthen relationships, and provide visibility and accountability.

Council will continuously review feedback from communities about engagement processes and continue to evolve our methods on an ongoing basis rather than only reviewing methods at a fixed point in time.

### Phases of engagement for Council's decision-making processes at Council and Committees

Council uses three phases of engagement to guide our engagement approach and method. The level of significance determines how many phases of engagement will be undertaken. More information is in Appendices 1 and 2.

#### . Early engagement

#### 2. Consultation

•

- We'll engage with affected communities in the planning or development of concepts for proposed documents or work programmes, to:
- identify needs or aspirations
- find out what people want us to change or improve
- ask for input into solutions or options.
- After drafting proposed documents, changes or work programmes, we present actions, options, implications and benefits to get submissions from affected groups or the wider community, to:
- check it reflects their input or desired outcomes
- find out if they agree or disagree with the proposal or preferred options
- identify if there are any further things to consider before we implement the proposal.

#### 3. Promotion

 We'll inform, educate or promote to our community what we're doing and how it affects them. This is generally when work has been planned, a decision has been made, or change is occurring.
#### **Engagement on other matters**

Not all matters that Council will engage with the community on are linked to a decision-making process through Council and its committees. Examples include decisions made under officer delegations and decisions made through partnership models.

Some of these other matters may have engagement requirements under legislation (e.g. consent notification process) and others may not.

In some cases the different phases of engagement used by Council in its decision-making process will be applied under these other matters. In addition or instead of these phases Council may have a collaborative engagement process and decision-making model with a defined group/s, or empower a defined group/s to make a decision/s under a clearly defined framework.

There will also be matters that may be both subject to a Council decision-making process at Council or a Committee as well as another type of engagement outlined below.

Туре	How we will engage with the community
Officer delegated decision Example: Road closure for works notifications	<ul> <li>Officers also make a number of decisions every day under their delegations that won't be communicated broadly to the community. However, some decisions made under an officer's delegated authority may require a 'promotion' phase of engagement with one or more communities or households.</li> <li>In exercising their delegated authority an officer might also conduct a 'Engagement' phase with a focused set of individuals, households, or communities.</li> <li>An officer may collaborate with a focused set of individuals, households, or communities in exercising their delegated authority.</li> </ul>
Decision from a formal partnership model Example: Joint Management Agreement with Te Rūnanganui o Ngāti Porou for the Waiapu River catchment	<ul> <li>This model is a collaborative decision-making environment with a specified interested group/s on a defined area of interest.</li> <li>There is a high level of engagement between Council and its partners but other phases of engagement ('engagement', 'consultation' or 'promotion') might also need to be extended to other individuals, households, or communities on a case-by-case basis.</li> </ul>
Collaborative decision with other entities Example: Rau Tipu Rau Ora – Covid-19 Recovery Plan	<ul> <li>Council works with a number of different entities in a variety of areas, including central government agencies.</li> <li>There is a high level of engagement between Council and these entities on the projects/programmes they are working on but other phases of engagement ('engagement', 'consultation' or 'promotion') might also need to be extended to other individuals, households, or communities on a case-by-case basis.</li> </ul>

Туре	How we will engage with the community
New central government requirements Examples: Building Act amendments Resource Management Act amendments Local Government Act amendments Dog Control Act amendments	<ul> <li>Council is the regulator for a number of central government regulations and legislative requirements.</li> <li>Although the relevant central government agencies communicate these changes. Council chooses in some instances to provide further engagement with its communities through a 'promotion' phase to increase awareness and understanding. The 'promotion' phase is also sometimes required to communicate changes to existing Council processes or that there is now a new process.</li> </ul>
Civil defence operations and other emergencies led by other agencies Examples: Weather warnings Tsunami warnings Preparation and personal resilience for different events	<ul> <li>Council typically conducts a 'promotion' phase of engagement for any emergency happening in Tairāwhiti or nationally. This will include sharing material from other agencies as well as creating and sharing original material.</li> <li>Council is responsible for civil defence in Tairāwhiti and part of this is readiness and resilience, not just engaging when an emergency event is happening. This will include sharing material from other agencies as well as creating and sharing original material.</li> </ul>
Community-led decision Examples: Township plans Patutahi Reserve Board	Council delegates decision-making power to a specified group/s within a clearly defined process or framework. This may be through a provision in a legislative framework or a Council-set framework.

#### Engaging with tangata whenua and Māori

Council has obligations to Māori in Tairāwhiti<sup>2</sup>. Council provides opportunities and capacity for Māori to contribute to its decision-making processes.

In some cases the different phases of engagement used by Council in its decision-making process will be used. In addition or instead of these phases Council may have a collaborative process or decision-making model with a defined iwi/hapū/whānau/group, or empower a defined iwi/hapū/whānau/group to make a decision/s under a clearly defined framework.

Existing general and project-specific relationship processes between Council and tangata whenua are the starting point for engagement. Any changes to legislation may require a review of our policies and processes for engaging with tangata whenua and Māori to ensure they are legally compliant, and reflected in Council practice.

1. Inform	2. Engage	3. Consult/ Involve	4. Collaborate	5. Empower
<ul> <li>Inform</li> <li>We'll provide Māori with balanced and objective information to assist in understanding the problems</li> </ul>	2. Engage • We'll create opportunity to provide feedback on a defined issue and preferred option, alternative options and participate in the hearing	<ul> <li>Second Second Sec</li></ul>	<ul> <li>4. Collaborate</li> <li>We'll partner in each aspect of the decision and identification of preferred solution</li> </ul>	<ul> <li>5. Empower</li> <li>We'll place final decision making in the hands of Māori</li> </ul>
	options and participate in the hearing process			

<sup>&</sup>lt;sup>2</sup> The 'Fostering Māori Capacity to Participate in Council Decision-making Policy' outlines Council's approach to Māori policy, engagement and outcomes.

#### When we will not engage with our community

There are times where we won't normally engage with the community because the issue/opportunity is routine, or operational, or because there is an emergency. We want to concentrate on having the right conversations on the issues that are genuinely significant for our communities.

Here are some of the things that we won't generally engage with our communities about:

- organisational decisions (e.g. staff changes and operational matters) that do not materially reduce a level of service
- decisions that are consistent with Council's Long Term Plan or another policy or plan that have already been subject to consultation required by legislation or this policy
- emergency management activities during a state of emergency
- decisions taken to manage an urgent issue
- decisions to act where it is necessary to:
  - o comply with the law
  - o save or protect life, health or amenity
  - o prevent serious damage to property
  - o avoid, remedy or mitigate an adverse effect on the environment
  - o protect the integrity of existing and future infrastructure and amenity.
- decisions that are commercially sensitive (e.g. awarding contracts)
- any officer decisions that are made under delegation/sub-delegation
- entry or exit from a development agreement (private contract) under section 207A Local Government Act 2002
- decisions in relation to regulatory and enforcement activities.

## Ngā Āpitihanga

## Appendices

#### Appendix 1: Engagement matrix

Staff must consider the required engagement for a decision or work programme as part of their assessment of significance.

The three-phase engagement model focuses on the connection between significance and engagement in the decision-making process.

If a decision or work programme is considered to have an overall 'High' significance under this policy Council will conduct three phases of engagement (Early Engagement, Consultation, Promotion) as part of the process. The process will start with engagement as part of the design phase, consultation on a proposal, and promotion of the final outcome.

If a decision or work programme is considered to have an overall 'Medium' significance under this policy Council will conduct two phases of engagement (Consultation, Promotion) as part of the process. The process will start with consultation on a proposal, and promotion of the final outcome.

If a decision or work programme is considered to have an overall 'Low' significance under this policy Council will conduct one phase of engagement (Promotion) to communicate the final outcome.

The phases of engagement are sequential – early engagement comes before consultation, consultation comes before promotion.

Hiç	gh significance	Medium significance	Low significance
٠	Early engagement	Consultation	Promotion
٠	Consultation	Promotion	
•	Promotion		

#### **Appendix 2: Phases of Engagement**

Phases	Early Engagement	Consultation	Promotion
	(Early engagement)	(Formal Engagement and Special Consultative Procedure)	(Informing and Educating)
Purpose	<ul> <li>We'll engage with affected communities in the planning or development of concepts for proposed documents or work programmes, to:</li> <li>identify needs or aspirations</li> <li>find out what people want us to change or improve</li> <li>ask for input into solutions or options.</li> </ul>	<ul> <li>After drafting proposed documents, changes or work programmes, we present actions, options, implications and benefits to get submissions from affected groups or the wider community, to:</li> <li>check it reflects their input or desired outcomes</li> <li>find out if they agree or disagree with the proposal or preferred options</li> <li>identify if there are any further things to consider before we implement the proposal.</li> </ul>	We'll inform, educate or promote to our community what we're doing and how it affects them. This is generally when work has been planned, a decision has been made, or change is occurring.
Outcome	We'll use feedback to develop direction, content or actions in proposals or work programmes.	We'll use submissions to determine final recommendations and inform elected members in making decisions.	Communication is typically one-way, however it's intended that the community is aware or takes action as a result. We evaluate if communication is successful via measures of action and/or through feedback where necessary.
Timeframe	2 – 6 weeks depending on significance	4 weeks (minimum)	Following decision or prior to implementing work. As required to provide ample promotion or notice.

Phases	Early Engagement	Consultation	Promotion
Phases Delivery	Early Engagement Surveying What: Surveys, discussion threads, polls, webform or mail out form to database. Who: Targeted groups or communities. How: Promoted online, at council premises or in person via hui. Face to Face What: Meeting face to face, workshops, focus groups or events to present and collect input. Who: Requested with and by affected interest groups, attended by staff and/or relevant partner organisations. How: Community-based meetings, events or locations.	Consultation document / Statement of proposal and submission form What: Draft documents printed and online. Who: Participants in early engagement, interested and affected stakeholders. How: Distributed and promoted via website, direct mail / email, online, at council premises or in person via councillors. Face to Face What: Drop-ins, meetings, deputations or hearings (SCP <sup>3</sup> only) where people discuss/present their view to elected members. Who: Interested or affected stakeholders and elected members How: Meetings can be requested by community members with elected members, presentations to	Promotion Background documents and information posted to website Guides, booklets, pamphlets Direct mail, email News media Social media, video Advertising campaign - radio, digital, print Signage, Billboards Face to Face <i>What:</i> Staff-led or community-led education workshops, seminars, events etc. <i>Who:</i> Delivered by staff. How: Communication plans and campaigns.
		members with elected members, presentations to committees or council, or elected members can schedule regular meetings or drop in sessions.	

<sup>&</sup>lt;sup>3</sup> SCP – Special Consultative Procedure as defined in section 83 of the Local Government Act 2002

Criteria	Higher significance	Lesser significance
The effects on all or a large part of the Gisborne district	The decision would have a major impact on all or a large part of the district	The decision would have a lower impact on all or a large part of the district
The effects on individuals or specific communities	The decision would have a major impact on individuals or specific communities	There is a lower impact on individuals or specific communities
The impact on the relationship of Māori including their tikanga (culture and traditions) with their ancestral land, water sites, waahi tapu, valued flora and fauna, and other taonga	The decision would have a major on the relationship of Māori including the importance of tikanga and their relationship with ancestral land, water sites, waahi tapu, valued flora and fauna, and other taonga	The decision would have a lower impact on the relationship of Māori including the importance of tikanga and their relationship with ancestral land, water sites, waahi tapu, valued flora and fauna, and other taonga
The level or history of public interest in the matter or issue	There is a history of the matter generating wide and intense public interest and a reasonable expectation that this will again be so	There is no history of the matter generating widespread interest
The financial impact	The impact is major and/or long term on either debt levels or rates	The impact on debt levels or rates is of a low level
	There is a major and long term financial impact	There is a low level of long term financial impact
	The decision results in a major departure from the Financial Strategy	There is no or little impact on the Financial Strategy
Consistency with Council's current strategies and policies including the Strategic priorities	The decision results in a major departure from Council's current strategies and policies including the Strategic Priorities (Te taiao, Te hanganga, Ngā tikanga āwhina tāngata)	The decision is consistent with Council's current strategies and policies including the Strategic Priorities (Te taiao, Te hanganga, Ngā tikanga āwhina tāngata)

#### Appendix 3: Significance Assessment Guidance

Criteria	Higher significance	Lesser significance
Impacts on Council's Long Term Plan, Annual Plan, and levels of service (also including the Regional Land Transport Plan, if applicable)	Full exit from an existing activity or adding a new group of activities There is a major and/or long term change to services	Minor change to how Council manages groups of activities There is a medium to low level of change to services
The decision involves a strategic asset	The decision involves the sale or transfer of more than 20% of a strategic asset	The decision does not impact on Council's ownership of the asset
Whether the decision is reversible	The decision is irreversible and would impact negatively on future generations to a high degree	The decision is reversible, or if it is irreversible, the impact on future generations would not be high



# Te whakarite whai wāhitanga Māori ki ngā whakataunga Kaunihera Tairāwhiti Piritahi: Fostering Māori Participation in Council Decision-Making Policy

Fostering Māori participation in Council decision-making

Det terte terte de la constant de la

## Contents

duction Kupu arataki
hy do we have this policy? He aha te take kei a tātau tēnei kaupapa?
hat is the purpose of this policy? He aha te take o tēnei kaupapa?
entral government direction Ngā aronga a te kāwanatanga
at is our approach? He aha ta mātau āhua whakamahi?5
ouncil's anti-racism journey Te takina kaikiri-kore a Te Kaunihera

## Kupu arataki

## Introduction

Tangata whenua have a long historical settlement and connection to Tairāwhiti, and an equally long term role in the future planning and decision-making for the region.

The powers and functions exercised by Council in its rates collection, regulatory and local public service functions have a significant impact on Māori and how they collectively express their values, priorities and lives.

Council acknowledges that there is further work required on this policy due to new spaces of collaboration required such as Te Mana o te Wai, this will include working with Māori as co-creators of the next iteration of this policy.

#### He aha te take kei a tātau tēnei kaupapa?

#### Why do we have this policy?

Council has statutory, constituent and organisational obligations to Māori. Council has a threepronged method to delivering on our obligations to Māori.

- The legal obligations are Council's starting point to deliver on our Māori outcomes. By meeting these obligations, there will be significant contributions by Māori to Council's own planning and decision-making.
- The constituent obligations to Māori in our community as citizens with distinctive cultural aspirations. These aspirations should be understood and incorporated in all aspects of our work. This will result in our service delivery meeting the needs and aspirations of Māori.
- Our organisational obligations are what we have promised to do with Māori. This includes our formal agreements and ensuring they are successful. This will result in partnerships with Māori that contribute to sustainable Tairāwhiti outcomes.

Council is committed to contributing to Māori plans, inter-generational projects and long term aspirations to create better outcomes for Tairāwhiti.

Council therefore requires an understanding of te reo Māori and tikanga and effective relationships with Māori of Tairāwhiti in order to undertake its core role of leading and representing its communities.

#### He aha te take o tēnei kaupapa?

#### What is the purpose of this policy?

This policy promotes and facilitates Māori participation in Council's decision-making processes, including a framework for building organisational capability and additional opportunities for Māori to contribute to Council's decision-making processes<sup>1</sup>.

<sup>&</sup>lt;sup>1</sup> The Significance and Engagement Policy outlines Council's overall approach to engagement, including engagement with Māori

#### Ngā aronga a te kāwanatanga

#### **Central government direction**

Te Tiriti o Waitangi is the guiding document in the relationship between Māori and the Crown. There have been a number of treaty settlements in Tairāwhiti already, further settlements are to be finalised<sup>2</sup>.

In 2019 the New Zealand government adopted Maihi Karauna – the Crown's Strategy for Māori Language Revitalisation 2019-2023<sup>3</sup>. Local government as part of the public service has a role to play in fulfilling the goals set in this strategy. The goals are:

- By 2040, 85% of New Zealanders (or more) will value te reo Māori as a key element of national identity.
- By 2040, one million New Zealanders (or more) will have the ability and confidence to talk about at least basic things in te reo Māori.
- By 2040, 150,000 Māori aged 15 and over will use te reo Māori as much as English.

Section 81 of the Local Government Act (LGA) 2002 requires Council to facilitate enhanced opportunities for Māori to contribute to Council's decision-making processes.

The Resource Management Act (RMA) 1991 recognises Māori interests in natural and physical resources and contains specific provisions and tools for consulting and working with tangata whenua, such as joint management agreements.

<sup>&</sup>lt;sup>2</sup> Te Aitangi a Māhaki, Te Whānau a Apanui, Tūranginui-a-Kiwa

<sup>&</sup>lt;sup>3</sup> https://www.tpk.govt.nz/en/a-matou-kaupapa/maihi-karauna

## He aha ta mātau āhua whakamahi?

### What is our approach?

Our approach to fostering Māori participation in Council decision-making includes building the capability and capacity of the organisation to provide for this, as well as ensuring there are opportunities for it to occur.

The approach is underpinned by the following principles:

- **Tika** a shared commitment to "do the right thing" morally and ethically by making certain that everyone is treated with equal respect and fairness.
- **Pono** a shared commitment to ensure informed decision-making is underpinned by, and made with, honesty, integrity and good faith.
- **Manaakitanga** the mutual elevation of mana in encounters and when engaged in discourse as a means of seeking shared understanding based on the spirit of respect and dignity.
- Kete mātauranga Council recognises that tangata whenua have an embodied set of expertise and skills in providing a Māori world view in decision-making processes.

The following tables outline Council's four approaches under this policy. It includes an explanation of the approach, the type of actions that will be taken under this approach, and what we believe success looks like.

Council's activities span a broad range of areas and the application of the four threads below may vary between activities based on any legislative requirements applicable to those activities. There may be variances in application between activities also due to need.

He rōpū whakamana e aro ana ki ngā tikanga ao Māori An empowered organisation that values te ao Māori			
He whakamārama <b>Explanation</b>	Ngā tukanga <b>Actions</b>	Te āhua o te angitū What success looks like	
<ul> <li>Understanding and recognising te ao Māori, (values, tikanga and decision-making frameworks) is an essential step when developing policy and decision- making in Tairāwhiti settings in order for successful implementation. Acknowledging kaitiakitanga, tikanga, mana whenua, rangatiratanga, mātauranga Māori and their role in better outcomes for Tairāwhiti.</li> </ul>	<ul> <li>We will do this by:</li> <li>supporting staff to build cultural knowledge about Māori through providing training opportunities such as te reo Māori me ona tikanga (basic and advanced courses)</li> <li>build cultural capacity and capability of Council staff by exposure to Māori values, relationships, language and projects</li> <li>supporting staff to incorporate mātauranga Māori into their work</li> </ul>	<ul> <li>All of our statt have a basic level of Māori cultural knowledge.</li> <li>There are a number of opportunities for staff exposure to Māori values, relationships, language and projects – including working with our Māori communities.</li> <li>Council has a mātauranga Māori framework that enables staff to work with the appropriate iwi/hapū/groups/individuals to incorporate it into their everyday work as well as projects.</li> </ul>	

Te whakarite whai wāhitanga Māori ki ngā whakataunga Kaunihera Tairāwhiti Piritahi: Fostering Māori Participation in Council Decision-Making Policy

	owered organisation that values to	e ao Maori
He whakamārama	Ngā tukanga	Te āhua o te angitū
Explanation	Actions	What success looks like
	<ul> <li>networking and capability building opportunities to work with our Māori communities</li> <li>applying the policy framework to all of the work we do. This and its associated tools are evident in our planning and decision-making through Council reports, project plans, engagement plans and outcomes</li> </ul>	Tairāwhiti Piritahi is clearly reflected in our planning and decision-making process including our reports, project plans, engagement plans, and outcomes
	Whakatutuki i Te Tiriti o Waitangi <b>Enable Te Tiriti o Waitangi</b>	
He whakamārama <b>Explanation</b>	Ngā tukanga Actions	Te āhua o te angitū What success looks like
Te Tiriti o Waitangi is the guiding document in the relationship between Māori and the Crown.	We will do this by supporting the spirit and implementation of our district's iwi Treaty settlements (which are now largely settled).	Māori aspirations for Tairāwhi are enabled through recognition of Te Tiriti o Waitangi and Customary Rights.
Te whai wāhi-tc <b>Effectiv</b>	anga rangatira a te Māori ki ngā m e Māori participation in Council de	ahinga Kaunihera <b>emocracy</b>
He whakamārama Explanation	Ngā tukanga Actions	Te āhua o te angitū What success looks like
<ul> <li>Council recognises that Māori decision-making processes are collective in nature. We ensure that we are including the right people, at the right level, at the right time and on the right terms.</li> </ul>	<ul> <li>We will do this by:</li> <li>create and adhere to processes that ensure Māori needs/issues/concepts are considered and Māori are participating effectively throughout</li> </ul>	<ul> <li>Our processes consider Māori needs/issues/concepts ar includes relevant information reflective of Māori audiences.</li> <li>Māori can participate effectively in any Council decision-making process.</li> </ul>

well-resourced and

Te whai wāhi-tanga rangatira a te Māori ki ngā mahinga Kaunihera Effective Māori participation in Council democracy				
He whakamārama <b>Explanation</b>	Ngā tukanga <b>Actions</b>	Te āhua o te angitū <b>What success looks like</b>		
	<ul> <li>with a consistent investment approach</li> <li>allocating the time and resource Māori collectives require in order to make informed decisions about our processes</li> <li>making our information relevant and reflective of Māori audiences</li> <li>developing and maintaining more collaborative partnerships and processes with agreed mutual outcomes instead of one-off consultation on an issue- by-issue basis.</li> </ul>	<ul> <li>contribute to improved outcomes in Council decision-making.</li> <li>There are a number of collaborative partnerships and processes with dedicated mutual outcomes and reliance on consulting on an issue-by- issue basis is reduced.</li> </ul>		

Whakaū ngātahi kaupapa me te whakapakari whanaungatanga ki te iwi Māori <b>Strengthen relationships and share decision making with Māori</b>		
He whakamārama <b>Explanation</b>	Ngā tukanga <b>Actions</b>	Te āhua o te angitū <b>What success looks like</b>
<ul> <li>Council aims to move away from transactions into relationship-based partnering with Māori. This will result in longer term outcomes for the benefit of all Tairāwhiti. Some interactions with Māori are straight-forward customer service transactions, however Council's interactions with Māori collectives (e.g. whānau, hapū, marae, iwi, Māori as communities with cultural perspectives) can benefit from greater preparation, planning and co- ordination.</li> </ul>	<ul> <li>We will do this by:</li> <li>supporting co-designed and co-located projects and processes</li> <li>formulation of effective policy that considers Māori needs and issues and partners early in our process</li> </ul>	<ul> <li>There are co-designed and co-located projects and processes that deliver improved outcomes for the community.</li> <li>Development of policies includes Māori partners early in the process resulting in effective policies that consider and reflect Māori needs and issues.</li> </ul>

In using this approach, Council is open to opportunities for improved innovation.

#### Te takina kaikiri-kore a Te Kaunihera

#### Council's anti-racism journey

The LGA provides the framework and minimum statutory requirements for engagement with Māori, however it does not specify that councils should be anti-racist. There are other mechanisms for this like the Code of Conduct, values and expectations and the policies that guide the behaviour, conduct and actions of councils.

On 13 August 2020 Council committed to an anti-racism journey comprising:

- Historical/contextual understanding research into Gisborne District Council's past and present. Examination of policies and practices.
- Identification of significant issues/interventions and development of a measurement framework.
- Action plan and workshops.

Elements of this policy already support anti-racism through encouraging respect, understanding and participation. It is anticipated that as this work progresses further amendment to this policy will be required to reflect how embracing anti-racism at an individual, collective and systems level will tangibly change our approach and/or actions under this policy.

Our Tairāwhiti: 2021-2031 Long Term Plan 9

2021 – 2031 Long Term Plan Content correct as of 8 July 2021

- ♥ 15 Fitzherbert Street, Gisborne 4010, New Zealand
- GisborneDC
- www.gdc.govt.nz
- 🖂 service@gdc.govt.nz
- **C** 0800 653 800

