

AGENDA



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MEMBERSHIP: Her Worship the Mayor Rehette Stoltz, Deputy Mayor Josh Wharehinga, Meredith Akuhata-Brown, Bill Burdett, Andy Cranston, Shannon Dowsing, Sandra Faulkner, Larry Foster, Debbie Gregory, Isaac Hughes, Tony Robinson, Pat Seymour, Terry Sheldrake and Kerry Worsnop.

EXTRAORDINARY COUNCIL

DATE: Thursday 4 November 2021

TIME: 9:00AM

AT: Te Ruma Kaunihera (Council Chambers), Awarua, Fitzherbert Street, Gisborne

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Council

Chairperson:	Mayor Stoltz
Deputy Chairperson:	Cr Wharehinga
Membership:	Mayor and all Councillors
Quorum:	Half of the members when the number is even and a majority when the number is uneven
Meeting Frequency:	Six weekly (or as required)

Terms of Reference:

The Council's terms of reference include the following powers which cannot be delegated to committees, subcommittees, officers or any other subordinate decision-making body which includes:

1. The power to make a rate.
2. The power to make a bylaw.
3. The power to borrow money, or purchase or dispose of assets, other than in accordance with the Long Term Plan.
4. The power to adopt a Long Term Plan, Annual Plan, or Annual Report.
5. The power to appoint a Chief Executive.
6. The power to adopt policies required to be adopted and consulted on under the Local Government Act 2002 in association with the Long Term Plan or developed for the purpose of the Local Governance Statement.
7. The power to adopt a remuneration and employment policy.
8. Committee Terms of Reference and Delegations for the 2019–2022 Triennium.
9. The power to approve or change a proposed policy statement or plan under clause 17 of Schedule 1 of the Resource Management Act 1991 (RMA).
10. The power to approve or amend the Council's Standing Orders.
11. The power to approve or amend the Code of Conduct for elected members.
12. The power to appoint and discharge members of Committees.
13. The power to establish a joint committee with another local authority or other public body.

14. The power to make the final decision on a recommendation from the Ombudsman where it is proposed that Council not accept the recommendation.
15. Make those decisions which are required by legislation to be made by resolution of the local authority that are not listed in 1-14 above.
16. Consider any matters referred to it from any of the Committees.
17. Authorise all expenditure not delegated to staff or other Committees.

Note: for 1-7 see clause 32(1) Schedule 7 Local Government Act 2002 and for 8-13 see clauses 15, 27, 30 Schedule 7 of Local Government Act 2002 and section 34A of Resource Management Act 1991

3.1. Confirmation of non-confidential Minutes 6 October 2021

MINUTES

Draft & Unconfirmed



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MEMBERSHIP: Her Worship the Mayor Rehette Stoltz, Deputy Mayor Josh Wharehinga, Meredith Akuhata-Brown, Bill Burdett, Andy Cranston, Shannon Dowsing, Sandra Faulkner, Larry Foster, Debbie Gregory, Isaac Hughes, Tony Robinson, Pat Seymour, Terry Sheldrake and Kerry Worsnop.

MINUTES of the EXTRAORDINARY MEETING OF GISBORNE DISTRICT COUNCIL

Held in Te Ruma Kaunihera (Council Chambers), Awarua, Fitzherbert Street, Gisborne on Wednesday 6 October 2021 at 9:00AM.

PRESENT:

Her Worship the Mayor Rehette Stoltz, Deputy Mayor Josh Wharehinga, Meredith Akuhata-Brown, Bill Burdett, Andy Cranston, Shannon Dowsing, Sandra Faulkner, Larry Foster, Debbie Gregory, Tony Robinson, Pat Seymour, Terry Sheldrake and Kerry Worsnop.

IN ATTENDANCE:

Chief Executive Nedine Thatcher Swann, Director Internal Partnerships James Baty, Democracy & Support Services Manager Heather Kohn and Committee Secretary Coral Dunn.

The meeting commenced with a prayer.

1. Apologies

MOVED by Cr Stoltz, seconded by Cr Wharehinga

That the apologies from Cr Hughes be sustained.

CARRIED

2. Declarations of Interest

There were no interests declared.

3. Leave of Absence

There were no leaves of absence.

4. Acknowledgements and Tributes

There were no acknowledgements or tributes.

5. Public Input and Petitions

There were no public input or petitions

6. Extraordinary Business

There was no extraordinary business.

7. Notices of Motion

There were no notices of motion.

8. Adjourned Business

There was no adjourned business.

9. Reports of the Chief Executive and Staff for DECISION

9.1 21-225 Representation Review Initial Proposal - Feedback Received

In response to a question Council was advised:

- A Facebook page hosting submissions resulted in some submissions having the same IP address.
- Separate submissions were received from different people from the same household.
- Duplicate submissions resulted when incompleting submissions were resubmitted.

Wayne Gault - spoke to written submission

Nikki Jefferd - spoke to written submission and responded to questions:

- Supported community committees for specific projects but not community boards as they were expensive.
- Rural voice would be lost with voting at large given city voters had 80% of voting power.

Dr Maurice Alford - spoke to written submission.

Rob MacKenzie - spoke to his tabled submission and in response to a question advised he had never rubbed shoulders with city councillors.

Toby Williams, Gisborne Branch Federated Farmers - spoke to his written submission and responded to questions:

- Community boards were irrelevant and did not work unless they had teeth and budgets.
- Recognised the need for a general region wide ward with two rural and six urban councillors plus two rural Maori and 3 urban Maori councillors.
- Dedicated Maori seats should not be at the cost of rural seats.
- Rural communities of interest differed eg. East Coast differed from Whangara, Matawai differed from Ormond, horticulture differed from dairy and sheep farmers, etc.
- Rural townships and sheep farmers were grouped as a community of interest because it was too hard to draw a line between them.
- Would have to say yes to an at large rural ward, but it would be good to have northern and western rural wards as important to have dedicated rural representatives.

Ron Elder - presented in relation to written submission.

Secretarial Note: The meeting adjourned for morning tea at 9.54am and reconvened at 10.18am.

Anne Gemmell - spoke to written submission and in response to a question advised that if she lived in town she would vote for a rurally based councillor.

Andrew Warren - did not attend the meeting.

Clare Robinson - spoke to written submission and in response to a question advised she would absolutely vote for a strong rurally based councillor.

Roger Wanklyn - spoke to written submission and responded to questions:

- Risk with the general ward plus two rural Maori and three urban Maori councillors was that it could result in none or one rural councillor because of city voter numbers.
- Supported democracy learning in schools especially if it encouraged people to get vaccinated.

In response to his STV voting and voter education queries he was advised:

- STV voting formula would be the same as for the DHB Board ie. a voter could choose to vote for one or all candidates.
- It was anticipated there would be an extensive voting education programme.

Norman Thomas - spoke to written submission and responded to questions:

- Rural Maori representation was acceptable but wanted to retain rural representation.
- Maori incorporations and farmers north of Tolaga Bay had not needed Maori representation because they have been well represented by Crs Burdett and Seymour.

Nick Barclay - spoke to written submission and responded to questions:

- Issue regarding rural councilor numbers was not distance but knowledge of rural issues.
- Would like to retain four rural councillors and add five Maori councillors.
- The proposed model risk for rural communities was that they could end up with councillors from an urban environment.
- Option two supported as a dedicated rural voice was needed at the table for the foreseeable future.
- Was not aware that representation could be reversed in two electoral cycles.

Will Faulks - did not attend the meeting.

Tina Karaitiana - made the following oral submission:

- Irony existed between historical context and present day.
- In 1852 Maori were not allowed to vote and in 1859 only Maori with individual title to land were allowed to vote.
- Supported one general seat each for Maori and non-Maori with those elected to Council representing the entire community.

- Maori boards were separatist and racist.
- Separate voting for Maori and non-Maori was not a new phenomenon but at least now both voted on the same day.
- Impression that only rural communities had a voice was incorrect.
- Te Tiriti o Waitangi ensured Maori had a voice when decisions about land and water were made by local and central government. Could only guess rural representatives and Federated Farmers were not suggesting they take over this responsibility.
- Whakapapa tied Maori to city and rural areas and some local iwi had received treaty settlements which included land reclamation or payment for significant loss of land.
- Technology, which was neutral and had no "club" button, was enabling urban to rural drift and Maori who had strong connections to the land, were returning to work from home.
- The Maori economy of \$50b did not include small SMEs like hers.
- Applauded rural councillors and acknowledged their contribution but hoped they had the courage to change.
- The potential new election construct would not compromise rural wards.

In response to a question she advised:

- Maori were not successful in coming to the Council table because the elections was a popularity contest.
- When one was at bottom of the heap socially, educationally and health-wise, change did not happen overnight and it would take time to change the psyche of our people.
- Council was being brave and bold putting forward this review and our community deserved the passion and drive brought to this table.

Pehemana Brown, Te Aitanga a Mahaki Trust - spoke to written submission and responded to questions:

- Unsure what percentage of the 18k on the Maori role were Te Aitanga A Mahaki.
- Mahaki would support a preferred candidate and the general ward should not be frightened by an up-front collusion of established relationships.
- Voters would determine a councillor's term of service.
- Hoped the proposed system would encourage improvements in Maori voter numbers and participation.

Moera Brown, Rongowhakaata Iwi Trust - spoke to written submission and in response to a question advised:

- Although Parliament controlled the Maori roll and Council had represented iwi, Rongowhakaata, having gone through a stringent Crown process, could stand as an entity on behalf of their iwi.

Gary Hope - spoke to written submission and responded to questions:

- Did not believe a good rural candidate would be disadvantaged from securing a seat at the table.
- Was here to speak about the value of rural wards as it was Council's role to decide number of wards and councillors.
- Face to face contact with the rural community was important and one way of doing this was by attending their community meetings.

Secretarial Note: The meeting adjourned for lunch at 12 noon and reconvened at 12.38pm.

Tina Ngata, Te Kahui Patu Kaikiri Anti-Racism Committee - spoke to written submission and responded to questions:

- Agreed marae was the place to listen to hapu, iwi and runanga who were the most ancestrally mandated voice of Maori.
- As racial disparities developed over time rural wards were not necessarily the answer to address these disparities, challenging issues or the high mortality rate.
- Community boards could function to provide for diverse expression and a level of representation for racial disparity.
- There was concern, across both models, about voters accessing councillors given politicians followed votes.
- Personally having a vote allowed her to draw politicians to her.
- Addressing racial disparity was a challenge across both models.

Owen Lloyd, Nga Ariki Kaiputahi Iwi o Mangatui - spoke to written submission and responded to questions:

- Decisions among iwi leaders were by agreed consensus not democracy.
- Democracy did not fit with Te Tiriti o Waitangi which was about partnership being achieved together.
- Should be fair representation at the table.
- Too many voices can be confusing - it was not about numbers but about the mana of those sitting at the table.

Agnes Walker Ngai Porou Marae Committee - spoke to the tabled submission:

- Supported Council's proposal as it provided commitment to a different future.
- No need for community boards given the small size of our district.
- Faith was needed that elected members all wanted what was best for the district.
- Collaboration was key to transformative change eg. Toi Tu Tairāwhiti COVID-19 Recovery evidenced how well Tairāwhiti worked collectively and collaboratively.
- Maori needed to work collectively hapu to hapu, iwi to iwi.
- Shared property and sense of belonging would be achieved through participation and contribution.

Karen Pewhairangi - spoke to written submission and responded to questions:

- Was supportive of Maori Wards at large.
- Maori get layered in so many spaces that hapu aspirations get lost in translation.
- Wanted to work with Council regarding the two hapu groups that should be included in existing iwi relationship discussions.
- Need to provide for different levels of relationships.

Tui Warmenhoven Chair Trustees of Umuariki Marae and Ahikouka A3B2B Trust - did not attend the meeting.

On completion of the submissions, discussion included:

- City dwelling former rural residents voting for rural councillors.
- Statistics reflecting Council's decision to go at large.
- Creating Maori wards for unique section of the community was correct.
- Rural wards were also a unique section of community whose needs substantially differed to city ratepayers.
- Rural voice strongly wanted to retain dedicated rural representation.
- Not replacing a disenfranchised part of the community with another.
- Continuing deprivation and racism.
- Representation proposal was a step in the right direction.
- Most submissions received in the last 20 years, with the majority not in support of proposal.
- If rural voice was not heard on this issue what chance was there it would be heard on anything else.
- Support Option 3 because it would ensure fairness.
- Both sheep and beef sector and the forestry sector were economically important to the region.
- Many urban voters would join with rural voters to get representation they wanted.

- Regional issues stood out and councillors were elected to make regional decisions.
- Calibre of rural councillors advantaged region-wide wards.
- Obligation to Maori was a Te Tiriti o Waitangi requirement.
- As rural residents were organised and good at advocating there should be no fear their voice would be lost
- Community of interest was defined as an area to which one feels a sense of belonging.
- Multiple pockets of communities of interests existed in the region.
- Given the community was vocal, connected, organized and resourced all would be heard.
- Rural residents were participative voters and voter participation gave power.
- A two councillor rural ward was insufficient to represent rural residents.
- Voting at large and an active voter base would see great voter participation.
- Fairest outcome for our community was that which was best for the greater region.
- Submissions were from land-based businesses not sheep and beef farmers.
- There was level of accountability with rural wards.
- A two people rural ward did not mean they shouldered all that work but that they brought knowledge and experience of rural life.
- Proposal relied heavily on rural councillors restanding and yet there was no certainty any existing rural councillors would stand for re-election.
- An ideal outcome would stand on diversity of knowledge and experience of elected members who were able to deal with the looming magnitude of legislative changes.
- Given urban councilors relied on staff it might mean more staff might need to be appointed if no elected rural councilors were available to be relied on.
- The ward system may not be the best but it was all that existed.
- Council decisions were determined by the calibre of staff reports which were generally regionally comprehensive.
- The voice of 13 councillors for the region was the new order.
- Regardless of the outcome, councillors should get closer to their community to be more effective.
- Elected members were required to serve the region.
- Ideally councillors knowledge needed to encompass rural, technological, legal, financial, infrastructure, etc, however the collective knowledge base was decided by electors.

- Voting at large was the best way and the concept of calling a rural area a community of interest was flawed.

MOVED by Cr Dowsing, seconded by Cr Robinson

That the Council:

1. Receives the submissions on the Initial Proposal (Attachments 2 to 7).
2. Receives the late submissions on the Initial Proposal (Attachment 8).

CARRIED

MOVED by Cr Dowsing, seconded by Cr Robinson

That the Council:

3. Directs the Chief Executive on Council's Final Representation Arrangements Proposal for adoption at Council's 4 November 2021 meeting, includes:
 - a. 13 councillors
 - b. Establishing two district-wide wards (one Maori and one General). The names of the wards are Tairāwhiti Maori Ward and Tairāwhiti General Ward.

Vote by Division

For

Cr Akuhata-Brown
Cr Cranston
Cr Dowsing
Cr Gregory
Cr Foster
Cr Robinson
Cr Sheldrake

Against

Cr Burdett
Cr Faulkner
Cr Seymour
Mayor Stoltz
Cr Wharehinga
Cr Worsnop

CARRIED

MOVED by Cr Dowsing, seconded by Cr Robinson

That the Council:

4. Directs the Chief Executive on Council's Final Representation Arrangements Proposal for adoption at Council's 4 November 2021 meeting, that no community boards are to be established.

CARRIED

10. Close of Meeting

There being no further business, the meeting concluded at 2.24pm.

Rehette Stoltz

MAYOR

9.0. Adjourned Business



21-234

Title: 21-234 Tairāwhiti Resource Management Plan Governance Options
Section: Strategy
Prepared by: Paula Hansen – Senior Policy Advisor
Meeting Date: Thursday 4 November 2021

Legal: No	Financial: No	Significance: Medium
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Report to COUNCIL for decision

PURPOSE

The purpose of this report is for Council to consider how it can partner with mana whenua at a governance level to oversee and provide direction on the Tairāwhiti Resource Management Plan review.

SUMMARY

This report was left to lie on the table at the Sustainable Tairāwhiti Committee meeting on 28 October 2021 and was subsequently workshopped at the conclusion of that meeting. The report will be progressed under "Adjourned Business" at the Extraordinary Council meeting on 4 November 2021.

Council's Strategic Planning Team is leading a review of the Tairāwhiti Resource Management Plan (TRMP). Having a strong and appropriate governance body in place, in terms of decision making, will support the successful delivery of the TRMP review and freshwater planning programme. It is the role of governance to provide vision, direction and leadership to support programme implementation.

Council's Tairāwhiti Piritahi Policy requires 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. By providing opportunities for Māori to participate in TRMP decision making we can give effect to this Policy.

Preliminary discussions have been had with mana whenua about forming a co-governance committee to support the TRMP review process. These discussions are being led by the Chief Executive and the Engagement & Māori Responsiveness Hub. A governance arrangement with mana whenua will further require discussion between Council and mana whenua to develop an agreed terms of reference and format. Making the decision to have a TRMP co-governance Committee of Council will allow for more in-depth discussions to establish a committee with mana whenua to progress.

This report focusses on governance arrangements needed to guide TRMP plan development. Options include:

- Status Quo: Sustainable Tairāwhiti Committee
- TRMP Review Subcommittee of Sustainable Tairāwhiti
- TRMP Review Committee (new co-governance committee of Council).

Analysis of each option has considered:

- Potential effect on Council's/mana whenua partnerships
- The extent to which benefits of the option outweigh the anticipated costs
- Ease of establishment associated with the option
- Any existing agreements with mana whenua that could support decision
- The extent of mana whenua influence on decision making provided by the option
- The extent to which an option gives effect to Council's Tairāwhiti Piritahi Policy (Council's policy on how we will foster Māori participation in Council decision-making)
- Potential impacts to programme delivery
- Potential for the option to meet ongoing legislative change.

The decisions or matters in this report are considered to be of **Medium** significance in accordance with the Council's Significance and Engagement Policy.

RECOMMENDATIONS

That the Council:

- 1. Agrees to establish a new co-governance committee with mana whenua to oversee the review of the TRMP subject to further discussion and confirmation from mana whenua.**

Authorised by:

Joanna Noble - Chief of Strategy & Science

Keywords: Māori participation, governance, resource management, TRMP, mana whenua

BACKGROUND

Tairāwhiti Resource Management Plan review

1. Council's Strategic Planning Team is leading a review of the Tairāwhiti Resource Management Plan (TRMP). The TRMP is our unitary plan, prepared under the Resource Management Act 1991 (RMA). It is a single combined planning document that contains the Regional Policy Statement, and Regional and District Plans.
2. Under the RMA councils must commence review of regional policy statements, regional plans, and district plans if they have not done so in 10 years. The substantive TRMP provisions, including our Regional Policy Statement (RPS), have been in place for more than 10 years (in some cases 20+ years) and have not been reviewed. The current plan is outdated and, in some instances, no longer responds to current and emerging resource management matters – such as freshwater, natural hazards, biodiversity loss and urban development.
3. A budget of \$25.6m (including \$7m for freshwater) was approved in the 2021–2031 LTP to support the TRMP review [[report 21-120](#)]. The programme plan has this carried out in two phases over the next eight years using the standard process.
4. Having gained a better understanding of the phases and timing of the TRMP review, questions around the governance of the programme in terms of decision making have been asked. In particular, how mana whenua can be part of the decision-making process.
5. A key message from iwi/manua whenua is that they would like to be involved in decision making and to be around the decision-making table on various matters. The TRMP review presents an opportunity for this to happen. How that happens needs be considered and decided. This decision requires iwi/manua whenua to be part of the process and as well as a decision maker in the appropriate forum where decision-making on the TRMP can occur.

DISCUSSION and OPTIONS

Governance for decision-making on the TRMP

6. A strong and appropriate governance structure will support the successful delivery of the TRMP review and freshwater planning programme. Project governance provides vision, direction and leadership to support programme implementation.
7. There are three critical decision-making stages in the TRMP plan review process. These are:
 - TRMP plan development decisions
 - Proposed TRMP notification, hearings, and decisions
 - TRMP implementation oversight and monitoring.
8. Each of these stages requires different decision-making bodies, for instance a panel will be specifically appointed for hearings and decisions. This report focusses on governance arrangements needed to guide and oversee TRMP plan development.

What is 'governance' as it relates to development of the TRMP?

9. 'Governance' in the context of development of the TRMP means a governing body established to provide guidance to project leads and make decisions on plan development ahead of notification. This includes:
- Providing high-level oversight, guidance and decision-making on proposed policy direction/options presented by staff.
 - Recommending to Council or approving:
 - Draft catchment plans and regional freshwater plan provisions for notification prepared under the National Policy Statement for Freshwater Management 2020 (NPS-FWM).
 - New Regional Policy statement provisions for notification
 - New urban growth and development provisions for notification to give effect to the national policy statement for Urban development
 - plan evaluation reports supporting proposed changes to the TRMP.
 - Ensuring that legislative obligations for plan making, including national directions relating to the TRMP review are considered and complied with.
 - Responding to Government's resource management reform consultations.
10. Governance sits outside the programme delivery structure and processes of the programme. Operational, management or programme decisions relating to the day-to-day programme management of the TRMP review process, including matters such as time, scope and budget are outside the scope of 'governance.'

Involving Mana Whenua in decision making on the TRMP

11. Changes to the RMA and new national direction have sought to give effect to council's obligations, as an agent of the crown, to mana whenua as Treaty partners in plan-making processes and decision making.
12. Increasingly, institutional, and legislative co-governance arrangements are being put in place to recognise the status of mana whenua in decision-making around natural resources and the environment. This includes through plan-making oversight at the local government level or through bespoke legislation (including Treaty settlement redress legislation). These changes include the three waters reforms with the proposal to include Māori at the governance level when the reforms are finalised.
13. Recent RMA reforms signal a clear intent for plan making to 'give effect' to the Treaty principles (current RMA wording is "shall take into account") with stronger participation in engagement, and the appointment of mana whenua representatives on the regional planning committees that will oversee the development of Natural and Built Environment Plans.
14. Involving mana whenua in decision making is not new to Tairāwhiti. Examples include:
- The Joint Management Agreement between Council and Te Runanganui o Ngāti Porou, provides a mechanism for Ngāti Porou to share in RMA decision-making relating to the Waiapu Catchment
 - The Local Leadership body, established as part of a treaty settlement
 - Wastewater Management Committee.

15. All options provided in this report consider mana whenua participation in Governance level decision making for the TRMP review. Co-governance with mana whenua does not replace the need to undertake effective consultation and engagement.

Role of a technical advisory group

16. A technical advisory group has a different scope and function than a governing body and rests at a different level of input into the plan review process. Inclusion of mana whenua at this level will be required, however it falls short of delivering at a decision-making level. A technical advisory group could influence a decision through the provision of advice. It still does not have the same powers as a governing body, and so has not been included as a governance option in this report.

Proposed options for Governance of TRMP Plan Development

17. There are two key considerations discussed in this report:
- What form of co-governance body is most appropriate for this kaupapa?
 - Does Council wish to make and implement a decision now, or decide in principle on an option and allow time for further engagement with iwi to develop a proposal?

Types of Governance bodies for RMA plan making

Option 1 – Sustainable Tairāwhiti / Toitū Tairāwhiti Committee (STC) (status quo)

18. STC would consider staff reports, make decisions, and subsequently approve recommendations to Council. There would be no mana whenua representation with voting rights on this body.

Option 2 – TRMP Review Subcommittee (of STC)

19. This group would consider TRMP plan development matters requiring decision and provide advice and recommendations to STC. Mana whenua would be represented, and able to decide recommendations alongside other members. Membership structure and numbers would need to be discussed.

Option 3 – TRMP Review Committee (new committee of Council)

20. This would be a new 'co-governance' committee. Its membership is proposed to comprise of 50:50 mana whenua and elected members. It would consider staff reports, and make decisions, on the TRMP review plan making matters.

Analysis of options

21. Staff have considered the following matters when developing and accessing options for determining governance options for the TRMP review:
- The extent to which benefits of the option outweigh the anticipated costs
 - Ease of establishment associated with the option
 - Any existing agreements with mana whenua that could support the option
 - The extent of mana whenua influence on decision making provided by the option
 - The extent to which an option gives effect to Council's Tairāwhiti Piritahi Policy (Council's policy on how we will foster Māori participation in Council decision-making)
 - Potential to strengthen Council's/mana whenua's partnership
 - Potential impacts to programme delivery
 - Potential for the option to meet ongoing legislative change.

Option 1 – Sustainable Tairāwhiti Committee (STC) (status quo)

Opportunities	Challenges	Co-governance in decision-making
<p>STC is already established and already has terms of reference in place to support the TRMP review.</p> <p>STC process is well understood and would have minimal risk to the TRMP review programme delivery.</p> <p>Due to being established there will be no additional governance costs.</p> <p>This option would not conflict with the existing joint management agreement between Ngāti Porou and Council to share in RMA decision making within the Waipū catchment.</p>	<p>No direct participation by mana whenua in decision making.</p> <p>Ideally the governing body will meet every 4-6 weeks. STC may not have sufficient time to focus on TRMP content which will affect the delivery of the TRMP programme.</p> <p>May not provide for future legislative changes and National direction which put mana whenua in the forefront of decision making.</p> <p>This option would not strengthen Council's partnership with mana whenua. It would damage it.</p>	<p>This option does not provide any decision-making ability for mana whenua.</p> <p>It also does not reflect council's commitment that is in Council's Tairāwhiti Piritahi Policy. Nor does it support council's partnership with mana whenua.</p> <p>The introduction of Māori Wards in 2022 could strengthen perceived mana whenua interests at this governance level but these Māori Wards are not mandated to represent mana whenua.</p>
<p>Option 1 does not adequately support Council's partnership with mana whenua or give effect to Tairāwhiti Piritahi.</p> <p>This option prioritises ease of establishment, comfort in existing arrangements, programme timeframes and costs over mana whenua's and council's partnership and partner commitments. There would be reputational risks in terms of mana whenua's view of council as council's commitment through Tairāwhiti Piritahi hasn't been followed through.</p>		

Option 2 – TRMP Review Subcommittee (of STC)

Opportunities	Challenges	Co-governance in decision-making
<p>Sub-committee governance processes are understood and would allow for timely decisions to occur.</p> <p>Mana whenua participation can be accommodated at the decision-making table.</p> <p>A content specific 'sub-committee' has a strong influence on decision-making.</p> <p>This option would complement current agreements between Ngāti Porou and Council to share in RMA decision making within Waiapu catchment.</p>	<p>There would be some additional governance costs, but not cost prohibitive.</p> <p>Moderate complexity in establishing; especially mana whenua representation presenting a moderate risk to the TRMP programme delivery as it would take time to establish. We would be asking who they wanted to represent them as opposed to do they all want to be involved.</p> <p>Potential 'dilution' of mana whenua's decision-making ability resulting in only minor strengthening of partnership between Council and mana whenua.</p> <p>This would provide for future changes and national direction in so far as it is base to build from to involve mana whenua in resource management decision making.</p>	<p>This option present limited or low decision-making ability for mana whenua.</p> <p>There is some consistency with Council's Tairāwhiti Piritahi Policy in that it allows for mana whenua involvement in decision making.</p>
<p>Sub-committees tend to be made up of a smaller number of people than the committee it sits under in order for it to be agile. If the subcommittee involves too many people, it starts to lose its agility. This presents a potential trade-off for mana whenua in terms of who gets to be on the subcommittee to represent them effectively limiting some mana whenua's direct involvement in the decision-making process.</p> <p>This option provides minimal benefits for council and mana whenua. This option prioritises comfort in existing arrangements and time, over partnership commitments under councils Tairāwhiti Piritahi Policy and treaty obligations. The sub-committee delegations will likely require decisions to be made as recommendations to Council or Sustainable Tairāwhiti for approval.</p>		

Option 3 - TRMP Review Committee (new committee of Council)		
Opportunities	Challenges	Co-governance in decision-making
<p>Strong participation by mana whenua by being part of the review committee making decisions to be recommended to Council for adoption.</p> <p>Will provide for future legislative changes and National direction around giving effect to the Treaty of Waitangi.</p> <p>Strengthened partnership between mana whenua and Council and outcomes of the TRMP review</p> <p>Would complement and sit alongside current agreements between mana whenua and Council.</p> <p>Risk to the TRMP delivery timeframe would be shortened as they make individual decisions on whether to be involved as opposed to being asked who they want to represent them.</p>	<p>Perceived 'dilution' of elected officials' decision-making powers in that not all elected members would be part of the committee.</p> <p>Additional governance costs would be involved.</p> <p>Moderate complexity in establishing; especially mana whenua representation. Presenting a moderate to high risk to the TRMP programme delivery as it would take time to establish. We would be asking them do they all want to be involved in decision making and how do they see it working.</p> <p>Ensuring everyone has the same level of understanding of RMA requirements</p>	<p>Depending on the delegations to the committee mana whenua's involvement in decision making could be none, medium or high.</p> <p>Co-governance with mana whenua makes up half of 'TRMP review committee' would allow all to be involved in the decision-making process for the TRMP review.</p> <p>There would be an optional component to allow for Co-chairing of the committee of one elected member and one mana whenua representative.</p> <p>Gives effect to Tairāwhiti Piritahi Policy</p>
<p>Option 3 provides for the strongest involvement of mana whenua in decision making for the TRMP review. This option prioritises council's partnership with mana whenua and council's commitments over cost, project delivery timeframes and ease to set up. Council's partnership with mana whenua would be strengthened as it would be following through on commitments made to mana whenua through councils Tairāwhiti Piritahi policy.</p> <p>Council could delegate to the committee its full powers, functions and duties in relation to plan making under the RMA. No recommendation would be provided to Council for approval. This would give full effect to Tairāwhiti Piritahi.</p> <p>Alternatively, the committee could be delegated to provide leadership, guidance and make recommendations to Council on plan making matters. This would make the committee an advisory body rather than a true decision-making body. Elected members on the committee would play an advocacy role when committee decisions are put to council for approval. Any decisions that the Council does not agree with is then sent back to the committee to reconsider. This will require more work and would not very effective or efficient use of time for all involved.</p>		

Preferred option

22. **Option 3:** A new co-governance committee of Council is the preferred option. This will put Council's partnership with Māori at the forefront of the decision over and above other considerations. It demonstrates Council's commitment to supporting Māori involvement in decision-making. It is expected that the committee would be 50% mana whenua and 50% elected members. This is with the intention that the committee makes all decisions required as part of the TRMP review programme.
23. **Option 3** also shows leadership in that Council understands its communities and their commitments to mana whenua. This option provides for early positioning for the impending resource management reforms being drafted, namely the Natural and Built Environments Act and the Strategic Spatial Plan Act.
24. The purpose of the new committee would be to oversee the review of the TRMP and to consider staff reports, make decisions, and provide approval recommendations to Council on TRMP review plan making matters.

Should Council implement its preferred option now?

25. A key risk to deciding whether to approve a co-governance committee now, is that in-depth dialogue has not taken place between iwi and Council. Rather than implementing its preferred option immediately, Council could agree on an option now, subject to further discussion and confirmation from mana whenua. This will allow time for further engagement with iwi to develop a final governance mechanism.

Options	Opportunities	Challenges	Co-governance in decision-making
Make and implement a decision now	Would have a formal resolution of council to establish a co-governance committee with mana whenua.	Would be seen as Council making decisions again without involving iwi in those discussions or in determining options available. Potential reputational damage to council.	Would allow a co-governance committee to be formed; however, could potentially be undermined by the process used to establish it.
Make a decision subject to further discussion with mana whenua	Supports joint decision making including on the decision to have a co-governance committee. Would strengthen Council's partnership with mana whenua.	It may take time to establish and affect the delivery of the TRMP programme.	Would allow a co-governance committee to be formed. Allows the decision to have a co-governance committee and the associated terms of reference to be made jointly with iwi.
<p>Deciding on a co-governance arrangement without in-depth discussions with mana whenua could undermine good intentions by Council to include mana whenua in decision-making processes.</p> <p>A decision subject to further discussion with mana whenua will give certainty that this option is feasible to discuss and will not be rejected by Council if put forward as the preferred option by mana whenua.</p> <p>While it may take some time to establish, the result could see better processes being put in place to engage or consult iwi/tangata whenua/hapū on a more general basis resulting in better buy-in and quality of information to support the TRMP review.</p>			

Preferred option

26. The preferred option is to make a decision now on a co-governance group for the TRMP review, but to make this decision subject to further discussion and confirmation from mana whenua on the preferred approach. This will allow for in-depth discussions to occur between Council and iwi. This should be undertaken on a governance-to-governance level driven by elected members as opposed to Council staff.

Further considerations: What is the skillset needed for the governance body?

27. The TRMP is a legal document that requires certain considerations to be undertaken and certain processes to be followed. Having the right people at the decision-making table is essential to having a robust plan that can stand up to scrutiny. The right people with the right knowledge are needed at the right time.
28. Key requirements for a panel member should include the following attributes:
- Flexibility in thinking – quick to change approach
 - Adaptable in thinking – willing to change approach
 - Understanding of natural justice
 - Able to identify linkages and consecutiveness between subject matters
 - Understanding of resource management matters under the RMA
 - Understanding of Te Ao Māori and mātauranga Māori.
29. Staff recommend that all members complete the RMA “Making Good Decisions” course. This would set the scene for committee members on how information and evidence is considered when making decisions under the RMA. This includes gaining a collective understanding of mana whenua's role in RMA planning matters and the weighting of evidence/information when considering opposing views. This will help provide robust decisions that will hold up to intense scrutiny. Council would organise this for all committee members.
30. To support Council's Treaty of Waitangi obligations, training on the principles of the Treaty of Waitangi / Te Tiriti o Waitangi should also be undertaken by the governance body overseeing the TRMP review. This is to ensure a collective understanding of what they mean and how they are applied. A collective understanding would aid discussions and debate around the decision-making table.

ASSESSMENT of SIGNIFICANCE

Consideration of consistency with and impact on the Regional Land Transport Plan and its implementation

Overall Process: Low Significance

This Report: Low Significance

Impacts on Council's delivery of its Financial Strategy and Long Term Plan

Overall Process: Low Significance

This Report: Low Significance

Inconsistency with Council's current strategy and policy

Overall Process: Low Significance

This Report: Low Significance

The effects on all or a large part of the Gisborne district

Overall Process: Low Significance

This Report: Low Significance

The effects on individuals or specific communities

Overall Process: Medium Significance

This Report: Medium Significance

The level or history of public interest in the matter or issue

Overall Process: Medium Significance

This Report: Medium Significance

31. The decisions or matters in this report are of Medium significance in accordance with Council's Significance and Engagement Policy. This decision is of interest to mana whenua as decisions made for the TRMP review will impact on their relationship with their land and their role as kaitiaki. 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 is of significance in Council's Significance and Engagement Policy.
32. Mana whenua will need to be engaged to gain an understanding of how they want to be involved in the decision-making process for the TRMP review and determine how that can be accommodated.
33. While there may be a level of public interest in the decision, how Council decides and creates committees is up to Council. Further to this, Council is a Te Tiriti o Waitangi partner and therefore has obligations that it is required to uphold.

TANGATA WHENUA/MĀORI ENGAGEMENT

34. Preliminary discussions have been had with mana whenua about forming a co-governance committee to support the TRMP review process. These discussions are being led by the Chief Executive and the Engagement & Māori Responsiveness Hub. These discussions are ongoing.
35. A decision in-principle will allow for further discussions on feasible options with mana whenua, including co-governance arrangements. This will minimise reputational risk for Council.
36. With mana whenua forming part of the governance body for the TRMP, this would result in more equitable outcomes for mana whenua, as the impacts on mana whenua can be considered and addressed before a particular direction is set by Council.
37. Partnership, collaboration, and input from mana whenua as the TRMP review progresses will be critical to giving effect to the Treaty of Waitangi/Te Tiriti o Waitangi to provide a next generation plan that successfully integrates Te Ao Māori and western science/values.

Consultation and engagement

38. Targeted consultation and engagement will occur throughout the TRMP review. Staff will work with mana whenua to determine what forms of engagement will work best for them. This may require different approaches to suit individual iwi, hapū and Māori interest groups.

COMMUNITY ENGAGEMENT

39. No community engagement has been undertaken as part of this report. The community of interest for this report is mana whenua and how Council gives effect to involving them in decision making throughout the TRMP review process and requires in-depth discussions with them with an opportunity to provide solutions on how best to have them involved in the TRMP decision-making process.
40. Once the TRMP plan development process progresses, input from the wider community will be sought to contribute to and participate in the plan-making process. This will be critical to making the next generation TRMP successful and enduring.
41. Governance in the context of decision making is not engagement, which is about making meaningful connections between people, and describes the process of seeking information from the community to assist and inform decision-making. Nor is it consultation, which is gaining feedback on analysis, alternatives and/or decisions.

Developing an Engagement Plan

42. A Communications and Engagement Plan for Phase 1 of the TRMP review is being drafted which includes stakeholder mapping. Each workstream will require tailored approaches to engagement.
43. A TRMP Communications and Engagement resource is being recruited and will lead the Communications and Engagement workstream of the TRMP review.

CLIMATE CHANGE – Impacts / Implications

44. There are no climate change impacts or implications arising from the matters in this report.

CONSIDERATIONS

Financial/Budget

45. Nil beyond existing budgets. Should iwi participate in governance then there may be remuneration costs for time and expertise. This has been factored into the TRMP review budgets which were agreed to through the 2021–2031 Long Term Plan.

Legal

46. Under section 34 of the RMA Council may delegate to any committee of Council established in accordance with the Local Government Act 2002 any of its functions, powers, or duties under the RMA. This would include approval of a plan or plan changes. The delegations would be reflected in a terms of reference.

47. Formal terms of references will be needed to be adopted by Council when establishing a new committee of Council. Otherwise, there are no legal implications as it is Council's decision alone on how committees and sub-committees are arranged. This extends to who they decide is on those committees.
48. In terms of involving mana whenua in decision making, various parts of the RMA require Council to engage, consult or involve tangata whenua or iwi authorities. Tangata whenua is defined in the RMA as "*the iwi, or hapū, that holds mana whenua over that area*". There is nothing in the RMA that requires Council to have co-governance arrangements with mana whenua or directly involve mana whenua in decision-making. However, change is signalled in the RM reform underway.
49. There are provisions for Council to make optional agreements or provide mana whenua with opportunities to make decisions under the RMA. These include section 33 RMA transfer of powers to iwi authorities, section 34 RMA delegations to a Council committee with mana whenua membership, section 36B joint management agreements and section 58M Mana Whakahono a Rohe: Iwi participation arrangements.
50. Under section 81 of the Local Government Act 2002, Council is required to establish and maintain processes to provide opportunities for Māori to contribute to the decision-making processes of Council and to consider ways in which Council may foster the development of Māori capacity to contribute to the decision-making processes of Council.
51. This is articulated in Council's 'Tairāwhiti Piritahi - Fostering Māori Participation in Council Decision-making' Policy. This policy provides a framework for Council to ensure effective Māori participation in the Council's planning and decision-making processes.
52. Council is developing catchment plans where values and limits must be set by whānau, hapū and iwi. Council is already being led by them in te mana o te wai implementation.
53. Existing agreements between Council and mana whenua have been considered. This focussed on our need to ensure that conflict between this process and existing commitments does not occur.

Pending legislative changes

54. The Natural and Built Environments Bill includes 'giving effect' to the principles of the Treaty of Waitangi. This is a stronger position than what is currently in the RMA, which is to consider the principles of the Treaty of Waitangi. Council needs to understand what this means and looks like for Tairāwhiti.

POLICY and PLANNING IMPLICATIONS

55. The decision will support the TRMP review and support partnership, collaboration and engagement with iwi and mana whenua throughout the TRMP review. It will provide a level of investment on both iwi and Council to participate which, without this, could make the review process more challenging.

RISKS

56. The current STC does not allow mana whenua at the decision-making table and would not achieve Council's partnership aspirations with mana whenua. Mana whenua would likely view Council negatively as it does not support the partnership.
57. Legislative changes may require different arrangements to be put in place. This risk is considered minimal as current direction and recommendations in the New Directions for Resource Management in New Zealand seeks to strengthen mana whenua in resource management decision making.

58. There is a risk that mana whenua may have limited capacity to be involved meaning either the programme timeframes get pushed out or they are unable to be fully engaged in the process. How Council can support mana whenua capacity will need to be addressed if capacity is an issue.
59. While preliminary discussions have occurred with mana whenua there is a risk that agreeing to a co-governance arrangement without more in-depth discussions would be viewed negatively by mana whenua resulting in it being rejected. An in principle decision would allow conversations to occur with the mandate of Council.
60. There is a moderate risk to the delivery of the TRMP programme, through providing time to set up the Committee and to ensure that delegations and terms of references are acceptable to both partners.

NEXT STEPS

Date	Action/Milestone	Comments
01 November 2021	Mayor through the CE to send invitation to iwi chairs to meet to discuss with elected members on the potential to set up a co-governance decision making body to oversee the review of the TRMP.	More than one meeting is likely to be required.
30 November 2021	If co-governance is agreed with iwi/mana whenua the CE/Mayor send invitation to iwi chairs and councillors to nominate potential committee members.	Timeframes may change depending on the outcomes as discussions progress.
16 December 2021	Confirm committee members and establish committee and their terms of reference.	Confirmation of committee members and the committees' terms of reference will need a council resolution.
January- June 2022	Training and development to include: <ul style="list-style-type: none"> • Committee's role and the RMA • relationship building, • treaty of Waitangi/Te Tiriti o Waitangi principles • Making good decisions course undertaken 	

10. Committee Recommendations to Council



21-248

Title: 21-248 Committee Recommendations to Council - October 2021
Section: Democracy & Support Services
Prepared by: Heather Kohn - Democracy & Support Services Manager
Meeting Date: Thursday 4 November 2021

Legal: No	Financial: No	Significance: Low
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Report to COUNCIL for decision

PURPOSE

The purpose of this report is for Council to approve recommendations from the Civil Defence Emergency Management Group and the Sustainable Tairāwhiti Committee.

SUMMARY

Civil Defence Emergency Management Group 27 October 2021

21-218 Emergency Coordination Centre Location

1. Recommends that Council:
 - a. Agrees on Option 1 – Lytton West Reserve as the preferred location of the Emergency Coordination Centre.

Sustainable Tairāwhiti Committee 28 October 2021

21-198 FAR Reserves Released for Emergency Flood Work Delivery

1. Recommends that Council:
 - a. Approves \$15.1m emergency roading reinstatement work that arose from June 2020 and July 2020 adverse weather events noting that 88% of the work will be funded from Waka Kotahi.
 - b. Approves \$1.8m from the Financial Assistance Rates Reserve to fund the local share (12%) of the total \$15.1m emergency roading reinstatement work.

The decisions or matters in this report are considered to be of **Low** significance in accordance with the Council's Significance and Engagement Policy.

RECOMMENDATIONS

That the Council:

1. Adopts the recommendation from the Civil Defence Emergency Management Group:
 - a. Agrees on Option 1 – Lytton West Reserve as the preferred location of the Emergency Coordination Centre.
2. Adopts the recommendation from the Sustainable Tairāwhiti Committee:
 - a. Approves \$15.1m emergency roading reinstatement work that arose from June 2020 and July 2020 adverse weather events noting that 88% of the work will be funded from Waka Kotahi.
 - b. Approves \$1.8m from the Financial Assistance Rates Reserve to fund the local share (12%) of the total \$15.1m emergency roading reinstatement work.

Authorised by:

James Baty - Director Internal Partnerships

Keywords: sustainable Tairāwhiti, FAR reserves, ecc, emergency coordination centre, lytton west reserve

11. Reports of the Chief Executive and Staff for DECISION



21-251

Title: 21-251 Representation Review Final Proposal
Section: Democracy & Support Services
Prepared by: Heather Kohn - Democracy & Support Services Manager
Meeting Date: Thursday 4 November 2021

Legal: Yes	Financial: Yes	Significance: Medium
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Report to COUNCIL for decision

PURPOSE

The purpose of this report is for Council to resolve its Final Proposal for its representation arrangements for at least the 2022 triennial election.

SUMMARY

The decision to introduce Māori wards for the 2022 and 2025 triennial elections was made on 23 November 2020 following community consultation. This has resulted in the need to undertake a representation review prior to the 2022 elections. The last representation review undertaken by Council was in 2019.

The Local Electoral Act 2001 (LEA) requires Council to complete an initial proposal for its representation review (review of membership, wards, boundaries etc.) by 31 August 2021, effective for the 2022 triennial elections. The appeal period of at least a month for the final proposal must be completed by 20 December 2021.

Current representation arrangements are 13 councillors (plus the Mayor) elected from five wards, with no community boards. The five wards and number of councillors per ward are Gisborne (9), Taruheru-Pātūtahi (1), Waipaoa (1), Tawhiti-Uawa (1) and Matakaoa-Waiapu (1). The Mayor is elected at-large.

Council undertook early engagement with the community and resolved the following on 12 August 2021:

- Gisborne District Council comprise, in addition to the mayor, 13 councillors being five Māori ward councillors and eight general ward councillors.
- The Gisborne District be divided into two wards consisting of the following:
 - Tairāwhiti Māori Ward (represented by five councillors) comprising the whole area of the district as delineated on Plan LG-028-2016-W-1.
 - Tairāwhiti General Ward (represented by eight councillors) comprising the whole area of the district as delineated on Plan LG-028 2016-W-1.
- That no community boards be established.

Following public notice of the Initial Proposal and a five-week submission period over 1,000 submissions were received. The submitters who requested to be heard attended a Hearing at a Council meeting on 6 October 2021. Following the Hearing Council deliberated and instructed the Chief Executive to prepare the Initial Proposal as the Final Proposal.

Council is now required to resolve a Final Proposal that best reflects the district's communities of interest and provides for fair and effective representation and publicly notify this.

In notifying the Final Proposal, Council is required by section 19N of the LEA to state both the reasons for any amendments to the Initial Proposal and the reasons for the rejection of submissions.

In light of this requirement and in particular the call by many submitters to establish separate rural and urban general wards, staff have requested more analysis of the potential of the Single Transferrable Vote (STV) electoral system to provide effective representation of the District's communities of interest. This analysis can be found in full as **Attachment 1** and has been provided by Gavin Beattie who is a member of the representation review internal working party.

As noted in **Attachment 1**, STV can provide effective representation for **BOTH** communities of interest spread across Gisborne District **AND** local geographically based communities of interest. However, this will only occur in 'at-large' elections or in sufficiently large wards generally considered to be at least five member wards. This supports Council's decision for its Final Proposal to provide for two district-wide wards.

An 'at-large' election for eight councillors from one general ward and five elected from one Māori ward would also have the following further benefits compared to separate rural and urban general wards:

- Allow general voters to vote for all general councillors giving them a sense of having a greater say in the running of the district.
- Provide voters with a greater choice of candidates.
- Provide residents with more choice when approaching councillors after the elections.
- Make it easier for councillors to act in the interests of the whole district in line with their oath of office.
- Free Council from the constraint of the '+/- 10% rule' and the requirement to seek Local Government Commission endorsement of any non-compliance with the rule.

The Final Proposal will be subject to appeals (from earlier submitters). The appeals will be considered by the Local Government Commission (LGC) and they can choose to hold a hearing if they wish to.

The convention at the LGC hearing is that the Mayor (or a councillor) speaks on behalf of Council and appellants can also be heard.

Council can decide if they want others to speak in support of the Final Proposal at the LGC hearing should any appeals and objections be received. Iwi have expressed a desire to speak in support of the proposal at any hearing.

The decisions or matters in this report are considered to be of **Medium** significance in accordance with the Council's Significance and Engagement Policy.

RECOMMENDATIONS

That the Council:

1. Council resolves, pursuant to section 19N and clauses 1 and 2 of Schedule 1A of the Local Electoral Act 2001 to adopt, as its Final Proposal for the review of representation arrangements for at least the 2022 triennial elections the following:
 - a. Gisborne District Council comprise, in addition to the mayor (elected at-large), 13 councillors being five Māori ward councillors and eight general ward councillors.
 - b. The Gisborne District be divided into two wards consisting of the following:

Tairāwhiti Māori Ward (represented by five councillors) comprising the whole area of the district as delineated on Plan LG-028-2016-W-1 deposited with the Local Government Commission as shown in Attachment 2.

Tairāwhiti General Ward (represented by eight councillors) comprising the whole area of the district as delineated on Plan LG-028 2016-W-1 deposited with the Local Government Commission as shown in Attachment 3.
 - c. No community boards be established.
 - d. The number of Māori ward councillors complies with Schedule 1A of the Local Electoral Act 2001.
 - e. Notes the reason the total number of councillors is proposed to remain at 13 is to give effect to the workload of a unitary authority and to provide effective representation of Gisborne District communities of interest (ensuring accessibility to a large and diverse area made up of populated towns and villages and sparsely populated areas).
 - f. Instructs the Chief Executive to prepare the Final Proposal for the appeals period.
 - g. Instructs the Chief Executive to issue a public notice that informs the public of the Final Proposal as adopted and the opportunity to make an appeal on the Final Proposal from 8 November 2021 to 10 December 2021.
 - h. Instructs the Chief Executive to formally advise the Local Government Commission that iwi also wish to speak in support of the Final Proposal.

Authorised by:

James Baty - Director Internal Partnerships

Keywords: Māori, wards, rural, representation, district wide, submission, hearing, initial proposal, final proposal

BACKGROUND

1. The Local Electoral Act 2001 (LEA) requires every local authority to undertake a representation arrangement's review at least once every six years. Council's last review occurred in 2018 and the LGC made its determination in January 2019 for Gisborne District Council's representation arrangements for the 2019 elections.
2. On 23 November 2020 Council resolved, after community engagement, to introduce Māori wards for at least the 2022 elections. This has resulted in the requirement for a review of Council's representation arrangements.
3. The current representation arrangements are 13 councillors (plus the Mayor) elected from five wards, with no community boards, being:

Gisborne Ward	9 councillors
Matakaoa-Waiapu Ward	1 councillor
Tawhiti-Uawa Ward	1 councillor
Taruheru-Pātūtahi Ward	1 councillor
Waipaoa Ward	1 councillor

4. The current representation arrangements resulted from a determination first made by the Local Government Commission in 2013 and retained in 2019. The determination reflected two rural wards that were outside of the +/- 10% fair representation criteria, based on these wards being isolated communities.
5. Council has previously considered two other representation issues, the choice of electoral system (resolved to introduce the STV electoral system for the 2022 triennial elections) and Māori representation (resolved to have Māori wards for the 2022 triennial elections).

Legislation Requirements

6. Part 1A of the LEA sets out the requirements for a representation arrangements review. Issues that a local authority is required to consider include:
 - whether councillors (other than the Mayor) are to be elected by electors of the district as a whole ('at large'), by electors of two or more wards, or by a mix of electors of the district ('at large') and by electors of wards;
 - the proposed number of councillors to be elected in each category (at large/ward/mixture – if applicable);
 - the proposed name and boundaries for each ward – if applicable;
 - whether there should be communities and community boards, and if so, the nature of a community and structure of a community board;
 - whether one or more communities should be constituted;
 - whether a community should be subdivided for electoral purposes;
 - the number of members of a community board (including the number of members elected and appointed).

Key Principle and good practice

7. In undertaking a representation arrangement's review, the following key principle must be considered:
 - communities of interest in the district
 - effective representation for these communities of interest
 - fair representation for electors.
8. The principle and recommended practice have been discussed at earlier Council meetings/workshops when considering the options.

Legal requirements

9. Public notice of the Initial Proposal was made on 14 August 2021 providing a five week submission period (16 August to 24 September 2021). The notice included information on the opportunity for submitters to be heard by Council if they requested.

Submissions Received

10. A total of 1,149 submissions were received, there were some clear themes in the submissions received. Full information on these can be found in **Report 21-225**.
11. The overall consultation results on the Initial Proposal from submitters were:
 - **Retain 13 councillors** (Overall results = 79% support, 10% did not support, 7% neutral, 4% did not answer), (Māori roll results = 70% support, 13% did not support, 9% neutral, 8% did not answer), (General roll results = 75% support, 12% did not support, 9% neutral, 4% did not answer).
 - **General ward district-wide boundary** (Overall results = 49% did not support, 44% support, 4% did not answer, 3% neutral), (Māori roll results = 70% support, 19% did not support, 7% did not answer, 4% neutral), (General roll results = 67% did not support, 25% support, 4% neutral, 4% did not answer).
 - **Māori ward district-wide boundary** (Overall results = 47% did not support, 42% support, 7% neutral, 4% did not answer), (Māori roll results = 69% support, 20% did not support, 9% did not answer, 2% neutral), (General roll results = 64% did not support, 22% support, 9% neutral, 5% did not answer).
 - **No community boards established** (Overall results = 52% support, 33% did not support, 9% neutral, 6% did not answer), (Māori roll results = 63% support, 17% did not support, 11% did not answer, 9% neutral), (General roll results = 64% support, 18% did not support, 11% neutral, 7% did not answer).
 - **Proposed ward names** (Overall results = 47% did not support, 22% support, 23% did not answer, 8% neutral), (Māori roll results = 72% support, 14% did not support, 9% did not answer, 5% neutral), (General roll results = 64% did not support, 20% support, 11% neutral, 5% did not answer).
12. Following consideration of the submissions on 6 October 2021, and an instruction to the Chief Executive to prepare a report for Council for this meeting that has the Initial Proposal as its Final Proposal, Council must now resolve a Final Proposal at its meeting 4 November 2021.

Final Proposal

13. Council agreed on 6 October 2021, after consideration of public submissions, to keep its Initial Proposal as the Final Proposal.
14. A Final Proposal is accordingly outlined below (for adoption by Council on 4 November 2021):

Council resolves, pursuant to sections 19N and clauses 1 and 2 of Schedule 1A of the Local Electoral Act 2001 to adopt, as its Final Proposal for the review of representation arrangements for at least the 2022 triennial elections the following:

- *Gisborne District Council comprise, in addition to the mayor (elected at-large), 13 councillors being five Māori ward councillors and eight general ward councillors.*
- *The Gisborne District be divided into two wards consisting of the following:*
 - Tairāwhiti Māori Ward (represented by five councillors) comprising the whole area of the district as delineated on Plan LG-028-2016-W-1 deposited with the Local Government Commission as shown in Attachment 2.*
 - Tairāwhiti General Ward (represented by eight councillors) comprising the whole area of the district as delineated on Plan LG-028 2016-W-1 deposited with the Local Government Commission as shown in Attachment 3.*
- *No community boards be established.*
- *The number of Māori ward councillors complies with Schedule 1A of the Local Electoral Act 2001.*
- *Notes the reason the total number of councillors is proposed to remain at 13 is to give effect to the workload of a unitary authority and to provide effective representation of Gisborne District communities of interest (ensuring accessibility to a large and diverse area made up of populated towns and villages and sparsely populated areas).*
- *Instructs the Chief Executive to prepare the Final Proposal for the appeal period*
- *Instructs the Chief Executive to issue a public notice that informs the public of the Final Proposal as adopted and the opportunity to make an appeal on the Final Proposal from 8 November 2021 to 8 December 2021.*
- *Instructs the Chief Executive to formally advise the Local Government Commission that iwi also wish to speak in support of the Final Proposal.*

15. The Final Proposal is subject to a one-month appeal period, and should any appeal be received, the matter is forwarded to the Local Government Commission for determination.

ASSESSMENT of SIGNIFICANCE

Impacts on Council's delivery of its Financial Strategy and Long Term Plan

Overall Process: **Low** Significance

This Report: **Low** Significance

Inconsistency with Council's current strategy and policy

Overall Process: **Low** Significance

This Report: **Low** Significance

The effects on all or a large part of the Gisborne district

Overall Process: **Medium** Significance

This Report: **Medium** Significance

The effects on individuals or specific communities

Overall Process: **Medium** Significance

This Report: **Medium** Significance

The level or history of public interest in the matter or issue

Overall Process: **Medium** Significance

This Report: **Medium** Significance

16. The decisions or matters in this report are considered to be of **Medium** significance in accordance with Council's Significance and Engagement Policy.

TANGATA WHENUA/MĀORI ENGAGEMENT

17. Tangata whenua and Māori engagement has been a key part of the Representation Review, utilising Council's Māori responsiveness capacity and including Tina Ngata on the internal working group.
18. More details on the early engagement and Initial Proposal consultation with tangata whenua and Māori are included in **Reports 21-157 and 21-225**.
19. Submissions were received from Ngā Arikaiaputahi Iwi o Mangatū, Rongowhakaata Iwi Trust, Te Aitanga a Māhaki Trust, Taumata o Mihi Marae, Te Whānau a Iwi Hapū Trust, Te Whānau a Tamaihitia Ki Te Rangi Te Kani, Ngāti Porou Marae Committee, and Te Rūnanganui O Ngāti Porou.
20. The key points from their submissions were:
- **Ngā Arikaiaputahi Iwi o Mangatū:** Not supportive of the proposal. Would like General wards to be representative of local communities, and Māori wards representative of iwi.
 - **Rongowhakaata Iwi Trust:** Support the proposal. Would like to see Māori ward representation made up from mana whenua and tribal groupings spanning across the region. See the single ward as a first step on the journey to having iwi specific wards.
 - **Te Aitanga a Māhaki Trust:** Would like reduced number of councillors. Support other aspects of the proposal.
 - **Taumata o Mihi Marae:** Support the proposal.

- **Te Whānau a Iwi Hapū Trust:** Preferred introduction of community boards, specifically topic-specific boards e.g. freshwater management, climate change, homelessness, and housing.
- **Te Whānau a Tamaihihiā Ki Te Rangi Te Kani:** Support the proposal.
- **Ngāti Porou Marae Committee:** Support the proposal.
- **Te Rūnanganui o Ngāti Porou:** Support the proposal.

21. Iwi have expressed their wish to be heard at the Local Government Commission Hearing should there be any appeals or objections to the Final Proposal.

COMMUNITY ENGAGEMENT

22. Details on early engagement and consultation on the Initial Proposal can be found in **Reports 21-157 and 21-225**.

23. The outcome of the Initial Proposal consultation was significant, particularly given the disruption due to COVID-19 Alert Levels changing – 1149 submissions. This is the greatest number received on any Council proposal. During the last Representation Review there were 27 submissions on the Initial Proposal and in 2012 there were 207 submissions received in relation to the Initial Proposal.

24. Paragraph 11 has detail on the outcome of the submissions.

CLIMATE CHANGE – Impacts / Implications

25. There are no major climate change impacts or implications arising from the Final Proposal decision.

CONSIDERATIONS

Financial/Budget

26. The costs of elected member honoraria by way of a remuneration pool is determined by the Remuneration Authority and divided amongst members based on positions of additional responsibility.

27. The costs of the representation review were unbudgeted for in the 2020/21 financial year but have been included in this financial year to accommodate the remainder of the process.

Legal

28. The Local Electoral Act 2001 (LEA) provides for greater flexibility and local choice in several electoral related matters. The principal matters requiring consideration by local authorities for the 2022 elections are:

- The choice of electoral system (FPP or STV).
- Whether or not to introduce Māori representation.
- Undertake representation arrangements review to determine the number of electoral subdivisions, and the boundaries, names and numbers of members.

29. The principles in the LEA are:

- Fair and effective representation.
- Reasonable and equal opportunities to vote and nominate or be nominated.
- Public confidence and understanding of local electoral processes.

30. Deadlines include:

- Consideration of the electoral system (12 September 2020).
- Optional consideration of Māori representation (23 November 2020).
- Representation arrangements review (Initial Proposal by 7 September 2021).
- Appeals and objections to the Final Proposal (by 20 December 2021).
- Local Government Commission considers and makes determination (by 10 April 2022).

31. Local authority elections occur on the second Saturday of October every third year. The date is set in law. The next election for the Gisborne district is 8 October 2022. Any changes because of this process will be implemented for the upcoming election in 2022.

POLICY and PLANNING IMPLICATIONS

32. Council has broad powers under the Local Government Act 2002 to act on behalf of their communities. The general decision-making principles which guide Councils in their interactions with the community include:

- Being aware of and having regard to the views of all their communities.
- Taking account of the diversity of their community's interests, both current and future.
- Providing opportunities for Māori to contribute to Council decision-making processes.
- Taking a sustainable development approach (thinking about the social, economic and cultural interests of people and communities, the need to maintain and enhance the quality of the environment, and the reasonably foreseeable needs of future generations).

33. How a sense of community is expressed provides insight for how communities can be represented around Council. Communities of interest is made up of:

- **Perceptual (and attitudinal):** a sense of belonging to a clearly defined area or locality.
- **Functional:** the ability to meet with reasonable economy the community's requirements for comprehensive physical and human services.
- **Political:** the ability of the elected body to represent the interests and reconcile the conflicts of all its members.

34. The perceptual and functional aspects can be extended to define a community of interest as having:

- A sense of community and identity belonging reinforced by:
 - Distinctive physical and topographical features.
 - Similarities in economic or social activities carried out in the area.
 - Similarities in demographic, socio-economic and or ethnic characteristics of the residents of a community.
 - Distinct local history.
 - Rohe or takiwā of local iwi and hapū and shared whakapapa links.
- Dependence on shared facilities and services in the area including:
 - Schools, recreational and cultural facilities.
 - Retail outlets, transport and communication links.

RISKS

35. The 2021 representation review process and Initial Proposal has been conducted and prepared in accordance with the requirements of the LEA. The LEA prescribes the process and timelines that councils are required to follow when undertaking a representation review. Any delay in making the decision on the Final Proposal will risk these timeframes not being met.

NEXT STEPS

Date	Action/Milestone	Comments
5 November 2021	Notify the Final Proposal and call for appeals.	
8 November to 10 December 2021	Period for appeals.	Period of at least a month but by 20 December 2021.
By 15 January 2021	Send appeals to the LGC.	

ATTACHMENTS

1. Attachment 1 - Gisborne District Council Single Transferrable Vote Analysis [21-251.1 - 3 pages]
2. Attachment 2 - Tairāwhiti Māori Ward District Wide [21-251.2 - 1 page]
3. Attachment 3 - Tairāwhiti General Ward District Wide [21-251.3 - 1 page]
4. Attachment 4 - Summary of Supporting information for the Final Proposal [21-251.4 - 9 pages]

*Appendix***Effective representation of Gisborne District communities of interest****Requirements and considerations**

In determining the basis of election for councillors, i.e. 'at large', by wards or a mix of both, the council is required by section 19T of the Local Electoral Act (LEA) to ensure that the preferred option will provide effective representation of communities of interest within the district.

Effective representation is not defined in the LEA, but the Local Government Commission's good practice guidelines identify factors to consider such as the size, nature and diversity of the district and its various communities of interest.

The council has received a comprehensive report on communities of interest in Gisborne District. In relation to the general electoral population (GEP) of the district, the report identified three groupings based on perceptual, functional and political dimensions of communities of interest. These groupings are East Coast rural, Western rural and Gisborne urban.

While noting it is not formally part of the representation review process, the Commission's guidelines also identify the preliminary council decision on the choice of electoral system (FPP or STV) as important in helping to identify appropriate representation arrangements for the district.

The nature of STV

STV is first a preferential voting system in which voters rank candidates according to their preferences. Subject to the number of preferences a voter identifies, they will contribute to the election of at least one candidate. Given this, STV can be seen to be a fairer system in that votes will not be 'wasted' on unsuccessful candidates i.e. they will be transferred to voters' next preferences.

STV can also be a proportional representation system providing representation of communities of interest in approximate proportion to their size. But this will only occur in certain circumstances. It will occur in 'at large' elections or when wards are sufficiently large, generally considered to be at least 5-member wards. By way of contrast, you cannot achieve proportional representation in one- or two-member wards.

Applying STV to Gisborne District

In order to achieve effective representation under STV, it firstly needs to be understood that to be elected to the council, a candidate needs a certain share of the votes called the 'quota'. Applied in Gisborne District for the election of 8 councillors from one general ward, the quota of votes to be elected would be just over one-ninth of the valid votes cast. Based on 2019 election statistics, the maximum possible quota to be elected would then have been 2,380 votes¹. This, however, is using the total number of electors on the roll, whereas only approximately half this number typically vote, meaning the quota to be elected is more likely to be around 1,190.

¹ Calculated by taking the total number of Gisborne District electors in 2019 of 32,508, subtracting the number of electors currently on the Māori roll of 11,088, which equals 21,420, and divide this by 9.

Potential of STV to achieve effective representation for Gisborne District

Using a rounded quota of say 1,200 votes, both urban and rural candidates in an 'at large' Gisborne District election (i.e. one general ward alongside the proposed Māori ward) can be elected with appropriately focused campaigns. As shown in the following table, a rural candidate could achieve the quota either in one or other of the two main rural areas (East Coast rural or Western rural) or across the combined rural area.

Rural/urban areas	Number of electors on roll in 2019	Number of GEP electors ²
East Coast rural:		
Matakaoa-Waiapu	1,529	963
Tawhiti-Patutahi	1,803	1,136
Western rural:		
Waipaoa	2,277	1,435
Taruheru-Patutahi	2,749	1,732
Gisborne urban	24,150	15,215

It can be seen that the total number of GEP electors in the combined rural area (5,266) comprise 25% of total GEP electors, meaning they could elect at least two rural councillors.

Equally important, however, in addition to enabling local geographically-based candidates to be elected, an 'at large' election using STV to its full potential would also enable candidates representing other significant communities of interest spread across the district to be elected. Included here would be candidates representing, for example, interest groups such as young people, Māori (not on the Māori roll), other ethnicities and business interests.

It is not possible to break down currently enrolled Gisborne District electors associated with such groups/interests. However, the following statistics are relevant in relation to a quota of 1,200 votes:

- approximately 12% of the district's population was between 20 and 29 years in 2018 (Statistics NZ census data) and this equates to about **5,700 young electors** across the district being eligible to vote in one general ward (reduced slightly for some on the Māori roll) and to which 18- and 19-year olds can also be added
- approximately **7,500 Māori electors** across the district would be eligible to vote in one general ward (i.e. Māori electors not on the Māori roll)³
- approximately **1,000 Asian** and **1,600 Pasifika electors** would be eligible to vote in one general ward.

It can be seen that an 'at large' election (one general ward and one Māori ward) in Gisborne District, with a reasonable understanding of how STV works and particularly the quota needed to be elected (say around 1,200), could result in enhanced representation for the district. This is in the form of effective representation for both local geographically-based communities of interest and communities of interest, like the ones identified above, spread across the district.

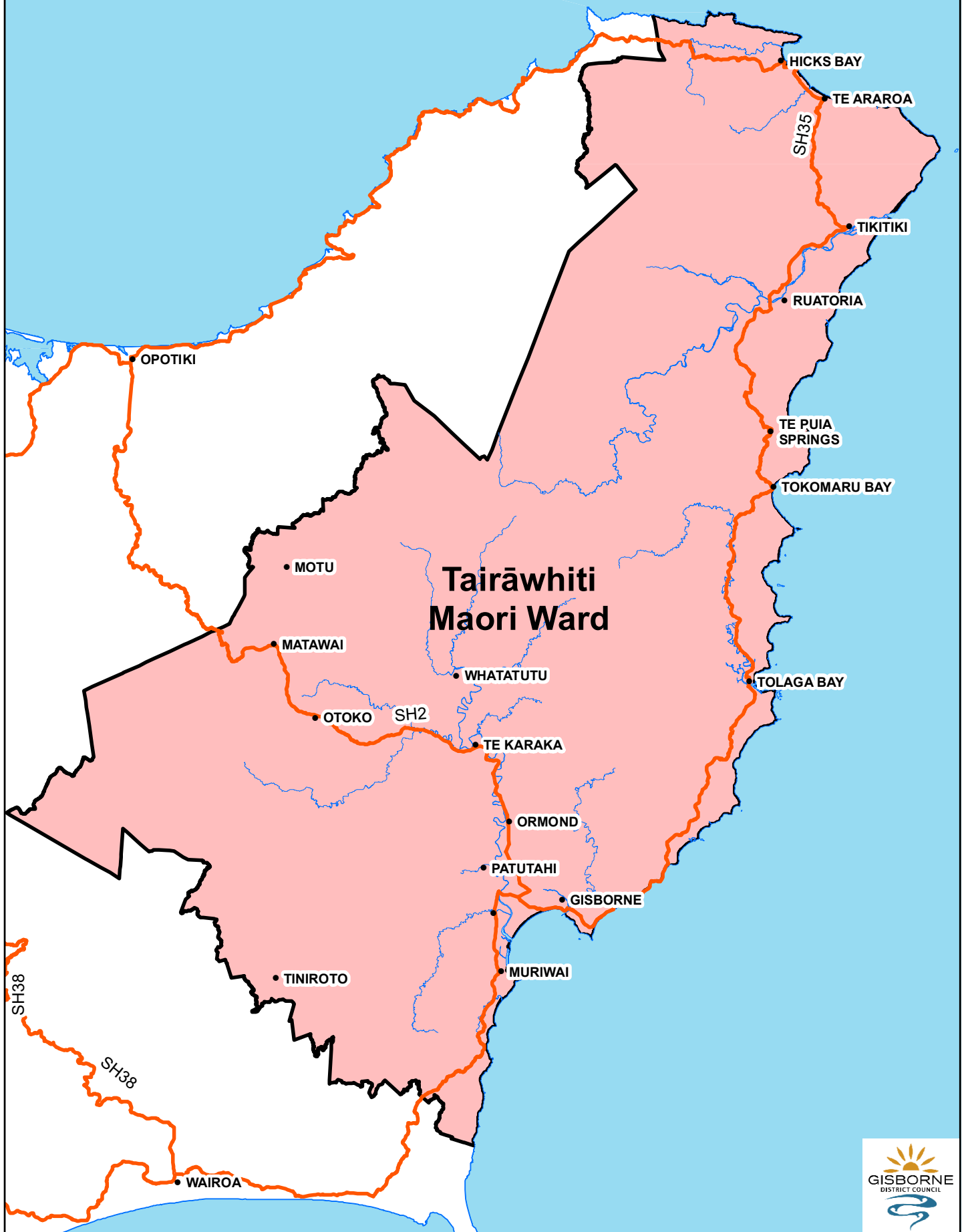
² Calculated by taking the proportion of GEP electors to the total electoral population (i.e. GEP plus Māori electoral population) for the district as a whole ($31,800/31,800 + 18,900 = 63\%$) and applying this in each area.

³ Calculated by taking 75% of the total Māori population in Gisborne District of 25,134 in 2018 (Statistics NZ website) as being over 18 years, equalling approximately 18,850, and then subtracting 11,088 being the number of people currently registered to vote in the Māori ward (Electoral Commission website).

Further benefits of an 'at large' election

An 'at large' election for 8 councillors from one general ward (and 5 elected from one Māori ward) would have the following benefits compared to separate rural and urban general wards:

- allow general voters to vote for all general councillors giving them a sense of having a greater say in the running of the district
- provide voters with a greater choice of candidates
- provide residents with more choice when approaching councillors after the elections
- make it easier for councillors to act in the interests of the whole district in line with their oath of office
- free council from the constraints of the '+/-10% rule' and the requirement to seek Local Government Commission endorsement of any non-compliance with the rule.



Land Information

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 Date: 26/10/2021
 User: mdc

Contains Crown Copyright Data -
 Sourced from Land Information NZ.
 Aerial Imagery - AAM NZ Ltd.
 Gisborne District Council

Scale 1:670,000



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Gisborne District Council

Scale 1:670,000



Supporting information for the Final Proposal

Number of councillors

Gisborne is a relatively large district (8,385 sq. kms) currently with 13 councillors.

The level of representation for the population of Gisborne District is on a par with other unitary authorities with similar sized populations (based on 2020 estimates).

Council	Population	No. of councillors	Average population per councillor	Area (sq. km.)	Average area per councillor	Community boards
Tasman	56,390	13	4,338	9,616	740	2 (parts of district)
Nelson	54,600	12	4,550	422	35	No
Gisborne	50,740	13	3,903	8,385	645	No
Marlborough	50,240	13	3,865	10,458	804	No

Table 1 Unitary council representation

Early engagement

We asked if we had the right number of councillors to ensure fair and effective representation. The majority (333 out of 737) thought that we should have fewer elected members. The majority of people on the Māori roll (53 out of 114) and of Māori ethnicity (72 out of 180) preferred to have more elected members.

The next preferred option was to retain to the status quo (13 councillors).

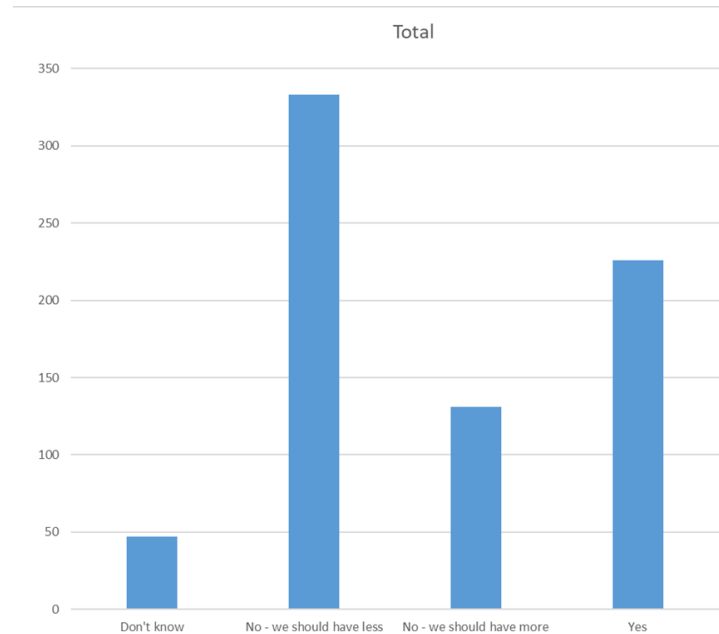


Figure 1 Overall responses - does the current number ensure fair and effective representation

The majority options for the number of councillors were:

- 13 Councillors – 8 General and 5 Māori (226)
- 9 Councillors – 6 General and 3 Māori (138)
- 15 Councillors – 9 General and 6 Māori (78)

Consultation

We asked if the community supported the proposal to have 13 councillors. The majority supported retaining 13 councillors – with a split of 8 General and 5 Māori.

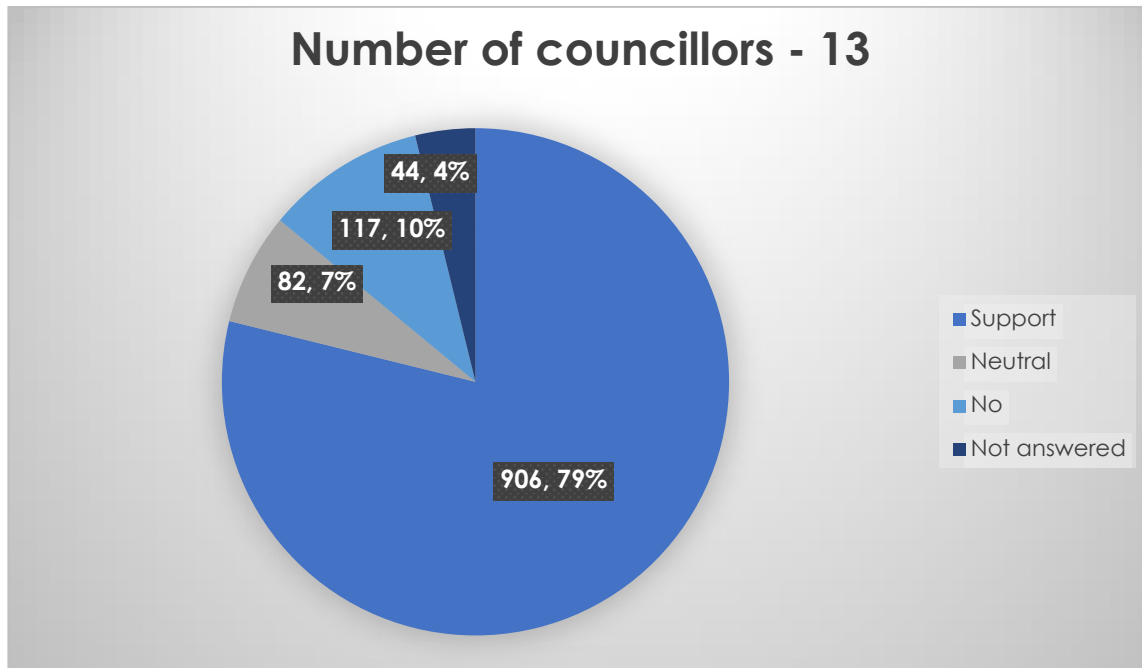


Figure 2 Support for 13 councillors

There was no difference in opinion for those on the Māori roll.

Ward boundaries

Communities of interest information

Population

There has been some population growth in the district, particularly in recent years, which is projected to continue:

- 2006 census: 44,499
- 2013 census: 43,653
- 2018 census: 47,517
- 2020 estimate: 50,740
- 2048 medium projection (from 2018 base): 55,200

The median age was 37 years at the 2018 census, similar to NZ as a whole (37.4 years).

The Tairāwhiti DHB website notes 39% of the population are under 25 and 12% are over the age of 65. It notes "our district has the highest proportion of under 25's in NZ and one of lowest proportions of those over 65. For Māori only, 1 in 20 of the population are 65 or over, this compares to 1 in 6 for the non- Māori population being 65 or over".



Ethnicity

Compared to NZ as a whole, the district has a high Māori population and less diversity of other ethnicities. The Māori population in 2018 was 25,134 which was 53% of the total population.

	Gisborne	New Zealand
European	58.1%	70.2%
Māori	52.9%	16.5%
Pacific people	4.5%	8.1%
Asian	2.8%	15.1%
Middle Eastern/Latin American/ African	0.4%	1.5%
Other ethnicity	0.9%	1.2%

Table 2 Population by ethnicity

Occupations

The most common occupation groups in 2018 were:

- professionals
- managers (includes farmers and farm managers)
- technicians & trade workers
- clerical & administrative workers

Social deprivation

Tairāwhiti DHB website notes Gisborne District has the highest level of deprivation of any district, with two thirds of the population (65%) living in decile 8-10. It notes "this trend is further exacerbated when split by ethnicity, with 77% of Māori in Te Tairāwhiti living within deciles 8-10, and 78% of Māori children under 10 living in deciles 8-10. It concludes that this remains the most important determinant of health for Tairāwhiti and its continuing inequity poses the biggest challenge in improving health and reducing inequality".

Sense of belonging and identity

Gisborne District, as established by the local government reforms of the late 1980s, can be seen to be a distinct community of interest. This was reflected in the decision of the then Local Government Commission to reject alternative options of combining Gisborne with either of the neighbouring regions of Hawke's Bay or Bay of Plenty. This led to Gisborne District Council being established as a unitary authority (territorial authority also performing regional council functions).

Gisborne's geography continues to make it a distinct community of interest today, relatively isolated from neighbouring areas and, as a region as well as a territorial authority district, it contains a number of whole river catchments.



As outlined above, Gisborne also has a number of socio-economic characteristics, including ethnic breakdown and social deprivation status, which reinforce it as a distinct community of interest.

Non-council services

A number of non-council services are provided across Gisborne District as a whole. These include:

- Hauora Tairāwhiti District Health Board
- Fire and Emergency Tairāwhiti District (in Bay of Plenty Region 2)
- Sport Gisborne Tairāwhiti

Gisborne District is combined with Hawke's Bay to form an East Coast/Eastland region or district in relation to some other non-council services:

- Work and Income
- Heartland Services
- Police

Council services

Council provides a range of territorial authority and regional council services from its main office in the Gisborne urban area which comprises nearly three-quarters of the district's population. Particular community services are provided in this area, exclusively or very largely for the district as a whole, including a library, museum, theatres, swimming pool and sportsgrounds.

Other council services are provided across the district, roughly reflecting the proportions of urban and rural populations. These include parks and gardens, walkways, open spaces, cemeteries and transfer stations. There is a Council Service Centre in Te Puia Springs.

Māori representation

Te Kahui Mangai website identifies five iwi/hapū with interests in the district. These include mandated or recognised organisations under the Māori Fisheries Act 2004 and for Treaty of Waitangi settlement purposes. They may also exercise kaitiakitanga in the area for the purposes of the Resource Management Act 1991. The identified iwi/hapu are: [Ngāi Tāmanuhiri](#), [Ngāti Porou](#), [Rongowhakaata](#), [Te Aitanga ā Māhaki](#), [Te Wairoa Iwi and Hapū](#).

Other representation

There are a number of other organisations representing particular interests covering Gisborne District as a whole or a wider area. These include Gisborne/Wairoa Province of Federated Farmers, Gisborne Chamber of Commerce, Grey Power Gisborne Association, and Sport Gisborne Tairāwhiti.



Early engagement

More than one question in the early engagement survey contributes evidence to the establishment of district-wide General and Māori wards.

We asked our community:

- What structural system they would prefer to elect their councillors. The majority preferred to have voting 'at large' where they vote for all councillors depending on what roll they are on (329 out of 752).
- How they thought their community's representation was best guaranteed (this question was multi-select). The majority thought that councillors elected at large best guaranteed their community's representation (259 out of 748).
- If there was a community or geographic feature that they felt they belong to or identify with. They could select as many options as they wished for this question. The majority felt they belong to or identify with the whole of Tairāwhiti district (445 out of 769).
- What arrangement would make them more likely to vote, some selected multiple answers. The majority said that being able to choose from all candidates would make them more likely to vote (347 out of 696).

For Māori they more strongly identified with iwi and/or hapū. However, given issues with defining clear geographical boundaries, the +/-10% rule and the inability to vote in the area associated with their iwi/hapū if they lived elsewhere, it has been acknowledged that under the current constraints in the Local Electoral Act that an iwi/hapū based electoral system would be problematic.



Consultation

We asked if the community supported the proposal to have two district-wide wards – Tairāwhiti (General) Ward and Tairāwhiti (Rohenga) Māori Ward.

Support for the general ward opinion was split:

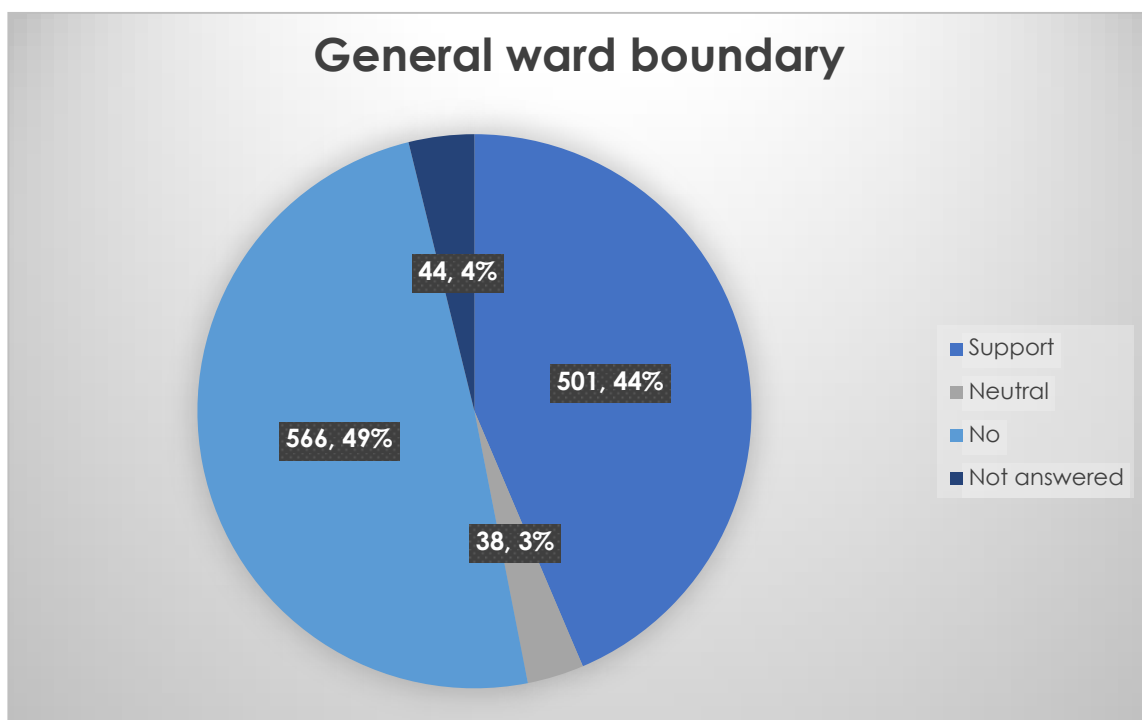


Figure 3 Support for General ward boundary



This split in support was the same for the Māori ward boundary:

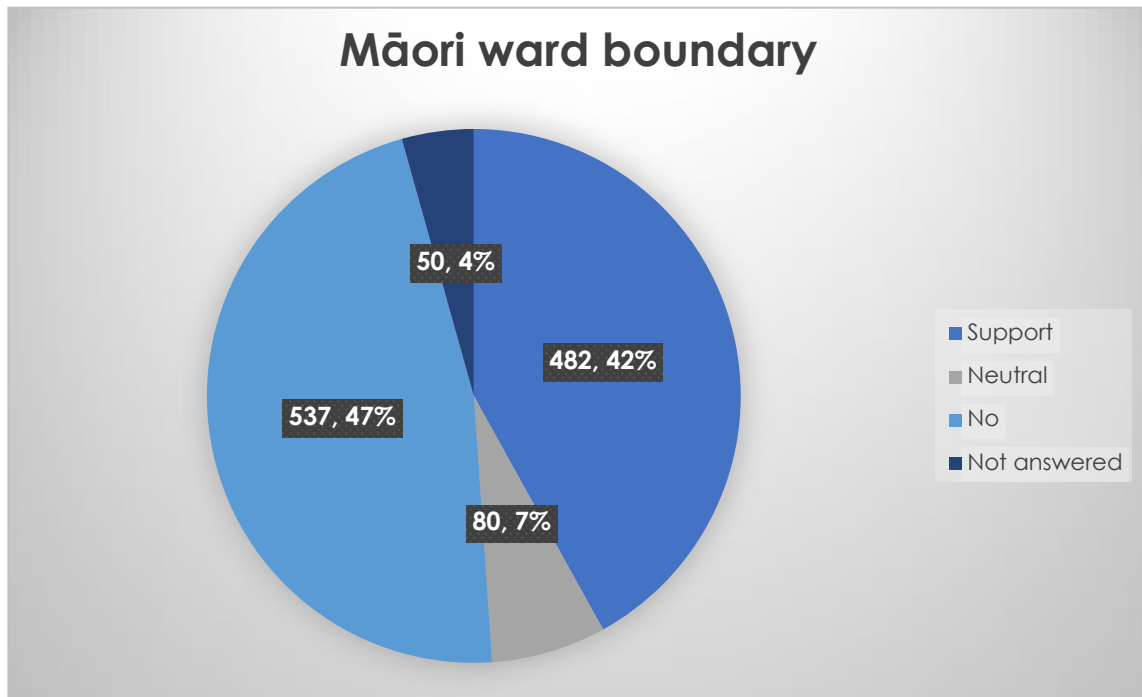


Figure 4 Support for Māori ward boundary

Those on the Māori roll were supportive of a district-wide Māori ward:

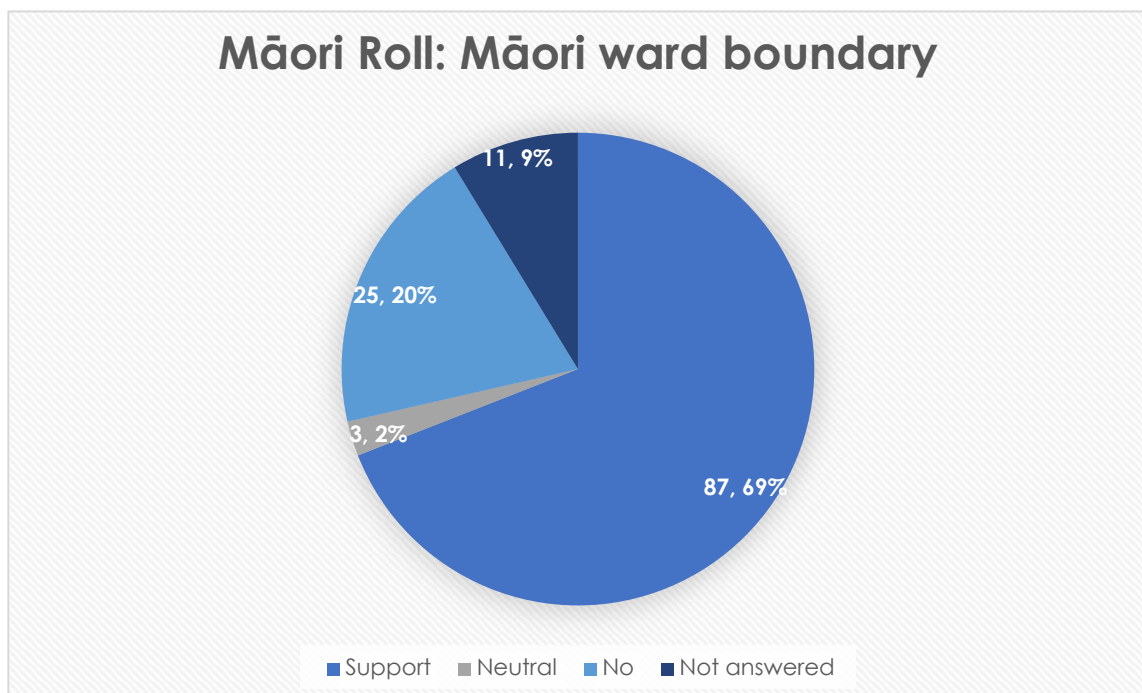


Figure 5 Support for Māori ward boundary – Māori electoral roll



No community boards

Early engagement

More than one question in the early engagement survey contributes to evidence not to establish community boards.

We asked our community:

- How they thought their community's representation was best guaranteed (this question was multi-select). Only 36 of 748 selected the 'community board option'. 146 selected 'Both ward councillor and community board' and 86 selected 'Both councillors elected 'at large' and community boards'.
- If they thought a Community Board would provide them with more effective representation than they have currently. The majority thought that community boards would not provide their community with more effective representation than it currently has (348 out of 751).
- What arrangement would make them more likely to vote, some selected multiple answers. Only 62 out of 696 selected 'Being able to vote for a community board'.

Consultation

There was support from submitters to not establish community boards:

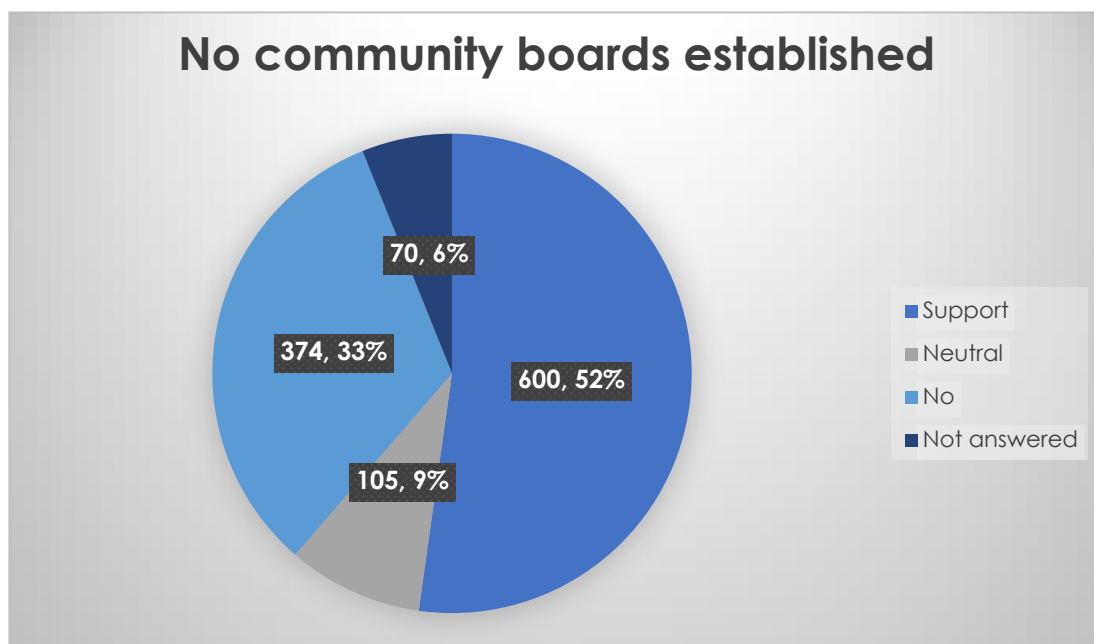


Figure 6 Support for establishing no community boards

Title: 21-238 Gisborne Holdings Limited 2021 Annual General Meeting and Appointment of Shareholder Proxy

Section: Democracy & Support Services

Prepared by: Heather Kohn - Democracy & Support Services Manager

Meeting Date: Thursday 4 November 2021

Legal: Yes

Financial: No

Significance: **Low**

Report to COUNCIL for decision

PURPOSE

The purpose of this report is to appoint a proxy for Gisborne Holdings Limited's (GHL) Annual General Meeting (AGM) that was to be held 5 October 2021 but was postponed at Council's request to 9 November 2021.

SUMMARY

Council has the right to appoint a Proxy to exercise its vote as the Shareholder on the resolutions that will be considered at the AGM. The matters in the resolution below are the usual items that are voted on at the AGM. It is recommended that the Mayor be appointed Proxy and the Deputy Mayor Josh Wharehinga signs the proxy on behalf of Council (**see Attachment 1**).

The decisions or matters in this report are considered to be of **Low** significance in accordance with the Council's Significance and Engagement Policy.

RECOMMENDATIONS

That the Council:

1. **Notes the 2021 Annual Report and Financial Statements for Gisborne Holdings Limited.**
2. **Appoints the Mayor as Proxy for the Annual General Meeting of Gisborne Holdings Limited to be held at 5.30pm 9 November 2021 at Waikanae Surf Lifesaving Club.**

3. Instructs the Proxy to vote as follows:

- a. To receive, consider and adopt the annual report, including the financial statements and the audit report thereon, for the year ended 30 June 2021.**
- b. To approve the dividend recommended by the Directors.**
- c. To confirm the appointment of Ernst & Young as agents for the Office of the Auditor General to act as the Company's auditor for the ensuing year in accordance with section 70 of the Local Government Act 2002, and to authorise the directors to fix their remuneration.**
- d. To approve the Directors recommendation for the directors' fee pool to remain at \$200,000 for the ensuing year.**
- e. To deal with any other business that may properly be brought before the meeting.**

Authorised by:

James Baty - Director Internal Partnerships

Keywords: Gisborne Holdings Limited, GHL, Annual General Meeting, AGM, 2021, proxy, directors, annual report, financial statements

BACKGROUND

1. Council originally received a notice of Annual Meeting from the Company Secretary on 1 October 2021 that the Annual General Meeting (AGM) of Gisborne Holdings Limited (GHL) would be held at the conference room of Waikanae Surf Lifesaving Club, 280E Grey Street, Awapuni, Gisborne at 5.30pm on Tuesday 5 October 2021. This notice was replaced with **Attachment 1** following the postponement of the meeting.
2. GHL were asked to postpone this meeting to a later date because Council, as shareholder, also has a process to appoint and instruct a Proxy. This needs to be done at a Council meeting.
3. The notice is required to set out the nature of the business to be transacted at the meeting in sufficient detail to enable the Shareholder to make a reasoned judgment in relation to it. It must also advise the text of any special resolution (see clause 22.2 of the GHL Constitution).
4. The Annual Report and Financial Statements are included in this report as **Attachment 2** with the Auditor's report.
5. As set out in clause 21.4 of the GHL Constitution, Council has the right to appoint a Gisborne District Council representative as its proxy to attend and vote at the AGM.
6. One of the principal objectives of GHL is to achieve the objectives of Council (see section 59 of the Local Government Act 2002 (LGA)). Section 65 of the LGA legislates regular performance monitoring of council organisations to ensure that organisation is meeting the local authority's objectives and desired results. The Office of the Auditor General's guideline "Governance and Accountability of Council-controlled Organisations" includes the Principles of Good Governance. These outline the need for a local authority to have structures, systems, information and capability in place to hold the council-controlled organisation to account.
7. Sending a Proxy to the AGM with authority to vote as resolved by Council assists Council to guide and contribute to the achievement of the objectives of GHL.
8. It is recommended that the Mayor be appointed Proxy and Cr Wharehinga sign the proxy on behalf of Council, as Deputy Chair of the Finance & Performance Committee.

ASSESSMENT of SIGNIFICANCE

Impacts on Council's delivery of its Financial Strategy and Long Term Plan

Overall Process: Low Significance

This Report: Low Significance

Inconsistency with Council's current strategy and policy

Overall Process: Low Significance

This Report: Low Significance

The effects on all or a large part of the Gisborne district

Overall Process: Low Significance

This Report: Low Significance

The effects on individuals or specific communities

Overall Process: Low Significance

This Report: Low Significance

The level or history of public interest in the matter or issue

Overall Process: Low Significance

This Report: Low Significance

9. The decisions or matters in this report are considered to be of Low significance in accordance with Council's Significance and Engagement Policy.

TANGATA WHENUA/MĀORI ENGAGEMENT

10. No engagement with Tangata Whenua is required.

COMMUNITY ENGAGEMENT

11. No community engagement is required.

CLIMATE CHANGE – Impacts / Implications

12. There are no climate change impacts or implications arising from the decisions made in this matter.

CONSIDERATIONS

Financial/Budget

13. There are no financial implications arising from this decision.

Legal

14. Council is required to regularly undertake performance monitoring of GHIL (section 65 of the LGA).
15. Section 70 of the LGA provides that the Auditor-General is the auditor of council-controlled organisations.

POLICY and PLANNING IMPLICATIONS

16. There are no policy or planning implications.

RISKS

17. If a proxy is not appointed as a representative and Council does not attend GHIL's AGM, Council loses the opportunity to promote its interests, influence the direction of GHIL and monitor performance. This may breach the Office of the Auditor General's Principles of Good Governance and Council's obligation to monitor GHIL under section 65 of the LGA.

ATTACHMENTS

1. Attachment 1 - GHIL 2021 AGM [21-238.1 - 2 pages]
2. Attachment 2 - 2021- GHIL Annual Report [21-238.2 - 38 pages]

GISBORNE HOLDINGS LIMITED

NOTICE OF ANNUAL MEETING

NOTICE IS HEREBY GIVEN that the 2021 Annual Meeting of Shareholders of Gisborne Holdings Limited will be held at the conference room of Waikanae Surf Lifesaving Club, 280E Grey Street, Awapuni, Gisborne 4010, on 9th of November 2021, at 5.30pm.

BUSINESS


1. **Apologies**
2. **Financial Statements & Annual Report.** To receive, consider and adopt the annual report, including the financial statements and the audit report thereon, for the year ended 30 June 2021.
3. **Dividend.** To approve the dividend recommended by the Directors.
4. **Auditors.** To confirm the appointment of Ernst & Young as agents for the Office of the Auditor General to act as the Company's auditor for the ensuing year in accordance with section 70 of the Local Government Act 2002, and to authorise the directors to fix their remuneration.
5. **Remuneration of Directors.** To approve the Directors recommendation for the directors' fee pool to remain at \$200,000 for the ensuing year.
6. **General Business.** To deal with any other business that may properly be brought before the meeting.

PROXIES

Any shareholder entitled to attend and vote at the above meeting may vote either by being present in person or by proxy. A proxy must be appointed by a written notice signed by the shareholder, which must state whether the appointment is for a particular meeting or for a specified term not exceeding 12 months. A proxy need not be a shareholder of the company but is entitled to attend and be heard as if the proxy were the shareholder. A proxy form is enclosed. To be effective the proxy form must be produced to the company not later than immediately prior to the meeting.

By order of the Board

1 October 2021



On behalf of
the chair

Dave Mullooly

Board Chairperson

GISBORNE HOLDINGS LIMITED

INSTRUMENT APPOINTING A PROXY

We/I _____ of the **GISBORNE DISTRICT COUNCIL** being a shareholder of **GISBORNE HOLDINGS LIMITED** hereby appoint _____ of _____ as our Proxy to vote for us and on our behalf at the Annual Meeting of the Company to be held at the conference room of Waikanae Surf Lifesaving Club, 280E Grey Street, Awapuni, Gisborne 4010, on 9th of November 2021, at 5.30pm and at any adjournment thereof.

We direct our Proxy to vote in the following manner:

RESOLUTIONS

	Vote with a Tick	
	For	Against
To adopt the 2021 Annual report and Financial Statements with the Auditor's Report thereon, for the year ended 30 June 2021.		
To approve the dividend recommended by the Directors.		
To confirm the appointment of Ernst & Young as agents for the Office of the Auditor General to act as the Company's auditor for the ensuing year in accordance with section 70 of the Local Government Act 2002, and to authorise the directors to fix their remuneration.		
To approve the Directors recommendation for the directors' fee pool to remain at \$200,000 for the ensuing year.		

SIGNED this _____ day of _____ 2020.

Signature

Signature

NOTES:

1. If you wish you may appoint as your Proxy, the chairperson of the meeting.
2. If the form is returned without a direction as to how the Proxy shall vote on any particular resolution, the Proxy will exercise the Proxy's discretion as to whether to vote and, if so, how.
3. This form must be signed by the appointer or his/her/their attorney duly authorised in writing of if the appointer is a corporation, under the hand of a signatory/s or attorney duly authorised. Joint holders shall all sign this form.
4. The Proxy form must be signed and produced to the Chairman of the Company not later than immediately prior to the meeting.

Giving back to the future

Five years of progress



**GISBORNE
HOLDINGS LTD**
Investment for local return

Annual Report 2021



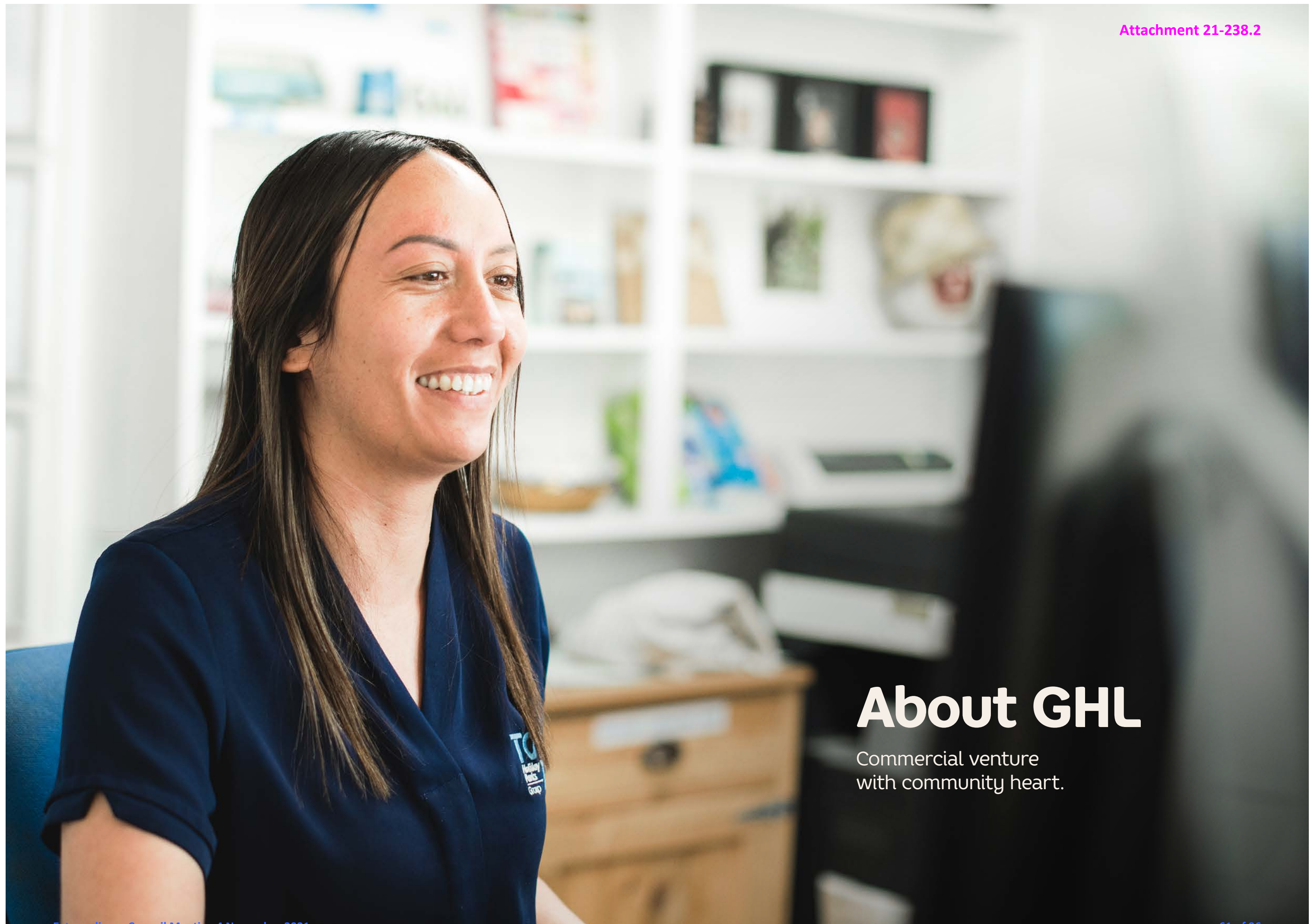
5 years ago, GHL set out to support Tairāwhiti by generating profits to feed back into the community.

This report is not just a recap on this year, but a celebration of what we've achieved so far...

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About GHL

Commercial venture
with community heart.



Our Purpose

Investment for local return

Gisborne Holdings Ltd (GHL) is a commercial venture with a community heart. It was established, in its current form, in 2016, to run council's commercial investments, outside of the political environment and return profits back to the local community.

Investment for local return means:

- We invest in economy owned assets for the benefit of current and future generations
- We make distributions to, and support, Gisborne District Council
- We create wealth and jobs for the region
- We support local businesses by utilising their services.



Our Businesses

While seemingly unrelated, there are unique synergies between each of our businesses. From asset growth, to strong cash flow, social purpose and business enablement – each part of our organisation provides an important ingredient to the success of GHL.



Tauwhareparae Farms

11,250 total hectares of land covering Puketawa, Tamatea and Tauwhare stations.



Waikanae Beach Top 10 Holiday Park

The region's largest accommodation provider.



Commercial Property and Projects

Property management and development.



Gisborne Vehicle Testing

Independent testing station, AA agency and fleet management services.



Wash'n Go

Gisborne's super easy-pay cashless auto wash system.

Our Philosophy



Five years of GHL:

Our Achievements

Five years ago, we started on this journey with big dreams and an unwavering determination to achieve as much as possible with the assets transferred to us.

From the start, we set out with a clear ambition to:

- Achieve increasing and sustainable financial returns
- Sustainably manage and protect community owned businesses
- Deliver growth through investment in complementary core businesses
- Be the best employer in the region
- Be a respected household name in Tairāwhiti.

While we are proud of every milestone achieved on our journey to date, our greatest success is being in the position we have now created for ourselves.

It has taken five years, but we are now more united as one cohesive group than ever before – allowing us to move forward and grow as a true collective power under the GHL umbrella. We genuinely believe all of our businesses bring something to the table, financially and at a community level and that each has an important role in the future success of GHL.

Key highlights

Resilience
through COVID-19,
weather and
commodity price
challenges

\$9.8m
amount invested
back into the
community

50% growth
in equity from
\$82m to **\$123m**

Development
of new Council
administration
building

Delivery
of pool and new
units at Waikanae
Holiday Park

**59% year on
year growth**
in assets from
\$94m to **\$149m**

Our Directors



Dave Mullooly - Chair

"I am proud of how the combined GHL Team across all business units have dealt with the challenges that have come our way in the past disruptive year. Great effort, thanks so much."



Andrew Allan

"While climatic and pandemic events outside our control have challenged the business this year, we should take comfort from the year's results on the back of hard work from the GHL team in all business units. Great result."



Rob Telfer

"I am proud of the company's achievement this year, and our focus on supplying our shareholder with solid dividends while still growing the company for future generations."



Hayden Swann

"Highlight for me is the solid net profit achieved in an uncertain environment where business diversification is key. Stunning result from the Top 10 Waikanae Holiday Park."



Jacqueline Blake

"We are proud of the financial and non-financial benefits generated by the contributions of our directors and staff in pursuit of our Company's vision."



Chair and Chief Executive Report

Despite coming with its own challenges, including an ongoing pandemic and a prolonged recovery from the previous summer's drought, our fifth year in operation managed to exceed expectations.

We are pleased to report a net profit after tax of \$16.3 million as well as the meeting of all financial targets outlined in our Statement of Intent.

Our culture of continuous improvement and operational efficiency led to the Board voting unanimously to merge Tauwhareparae Farms Limited into Gisborne Holdings Limited. TFL was in effect, being managed as a division of GHIL, however requirements such as separate Board meetings, financial statements and audits due to its separate legal entity status were a key driver to the merger.

During the year, we completed the Wash'n Go development on unused land adjacent to the Gisborne Vehicle Testing Station. This expertly-managed project came in on budget and only slightly behind schedule due to international shipping delays. Operational for less than two weeks prior to year-end, initial results far exceeded business case expectations.

Meanwhile, investment continued at the Holiday Park and on the Farm housing and building upgrade programme.

Financial Results

Net profit before tax was \$17.7m, up from last year's net loss of \$0.1m. This was largely driven by exceptionally positive revaluations of our investment property and an increase in forestry assets, offset by a decrease in the livestock valuation due to a combination of commodity prices and volume of stock on hand at year end.

Earnings before interest, tax, amortisation, and revaluation (EBITDAR) was \$5.3 million, up 15% (\$0.7m) on prior year.

Equity rose \$23.7m and 24% to \$123.0m as property and carbon credits values also improved. This equates to a 50% increase in value over the past five years.

Total assets grew 20% to \$149.3 million, an increase of 59% over the past five years.

Cashflow for the year was positive, ending the year \$0.5m up on the opening position. GHIL's debt ratio reduced from 14% to 12% due to the positive cashflow and increase in equity.

Distribution

GHIL will make a cash distribution to Gisborne District Council of \$2.0m for the year ending June 2021. This is 11% higher than our Statement of Intent commitment and \$0.2m higher than prior year.

Payment will be made in March 2022 as per our distribution policy.

Distributions pertaining to the five years to June 2021 total \$9.8 million. These distributions are used by Council to fund their work across the region that otherwise would need to be funded by rates.

Health and Safety

The safety of our staff, contractors and customers is a priority for the company and a key metric within GHIL's reporting functions. Our focus on ensuring the company has a healthy and safe culture, where leaders are committed and staff are empowered to put safety first, is improving every year and this is reflected in an increased reporting of events.

Notwithstanding this focus, there were two lost time injuries to farm employees this year.

Outlook

The effects of the recent droughts continue to be felt on the farm, however a mild winter to date, destocking of all but capital stock prior to year-end, and careful pasture and stock management gives us the confidence to meet or exceed kilograms of protein off the farm in the year ahead.

The Holiday Park continues to be at risk from further COVID-19 lockdowns. While we monitor staffing levels and diversify our customer base with trade customers, any further lockdowns will have a negative impact on guest nights and profit expectations with no guarantees of bouncing back like we did following the 2020 lockdown.

Due to the everchanging environment within this industry, GVT, unfortunately, continues in a rebuilding phase. Management and staff are committed to improving turnover and returns by looking at all possible options and opportunities. This is being monitored closely.

There continues to be significant regulatory changes on the horizon, especially for the farm and forestry operations. GHIL aims to be at the forefront of these changes, leading by example for the region.

With low debt levels and great diversity within the business, we are confident GHIL is in a sound position to meet the likely challenges of further disruption caused by COVID-19 and any regulatory changes we may face. We will also continue to seek opportunities to diversify or strengthen our current businesses to ensure the preservation of shareholder value and resilient increasing distributions.

Our People

We are privileged to work with a fantastic team of passionate staff, who work collaboratively to help us achieve our goals. In return we are striving to ensure we have a workplace that recognises and rewards the hard work of our most important asset – our people. We would like to take this time to thank everyone for their continued hard work.

For continuity, Rob Telfer stood down as Chair during the year but remains on the Board. Dave Mullooly was appointed Chair, with Andrew Allan appointed Deputy Chair.

Our Board and Management team reflect a diversity of thought and experience, which ensures robust discussions, well thought through business decisions with the community at the heart of it all.

We are pleased to be presenting this 2021 Annual Report and look forward to working in collaboration with our shareholders and key business partners on the delivery of our 2021/2022 Statement of Intent.



Dave Mullooly
Chair



Tracey Johnstone
Chief Executive

EBITDA

\$5.3m

up 15% on prior year

Distribution

\$2.0m

11% higher than our Statement of Intent commitment and \$0.2m higher than prior year

Equity

\$123m

up 24% on prior year

Merger

Tauwhareparae Farms Limited

was merged into GHIL on 30 June 2021

Holiday Park

62% revenue rise

to a record \$3.1m

Property & Projects

Wash'n Go

project successfully completed during the year within budget



TFL (Tauwhareparae Farms)

Future proof farming through genetics and sustainable land use



Tauwhareparae Farms is at the foundation of our portfolio, providing strong asset growth to help sustain GHL’s overall performance.

Goals

Each year we commit to delivering 15,000 fat lambs to Ovation, from across our three farming stations. This partnership with Ovation which aligns with our ethos of supporting local, provides consistency around our lamb prices, ensuring we get a good price each year.

Performance

We are delighted to have achieved our fat lamb commitment to Ovation Gisborne by April 2021. Our commitment is 15,000 but we sent 18,500 lambs to them. Considering this was achieved during a drought, this was a great result from a dedicated and resilient team.

We are also pleased to report that the new water reticulation scheme at Tauwhare Station performed faultlessly throughout the drought. Cow and heifer scanning results across this period were above the district average on two stations, Puketawa and Tamatea, while Tauwhare achieved the district average. This shows what a great job the team are doing in caring for and farming the animals.

Challenges

As with every year, seasonal changes, commodity prices and weather unpredictability provide plenty of challenges for the team. While relatively unaffected by COVID-19, this season we faced another drought during summer, along with the turnover of two managers who left to pursue new opportunities.

As an organisation that prides itself on supporting local, we’re happy to announce that all TFL vacancies over the past season have been filled by local people. For the second year in a row, it was an honour to support SuperGrans with beef, which was then donated throughout the Tairāwhiti community for those in need. Our partnership with SuperGrans is greatly rewarding for us and something we are looking forward to continuing in the future.

Key highlights

**All
vacancies**
in the year filled
by local people

100%
capital stock
maintained during
the drought

**18,500
lambs**
delivered to
Ovation



“At the farm, we take pride in providing well-handled, grass-fed only, beef and lamb to Gisborne and around the world. We focus on lifting stock performance and infrastructure, as well as our environmental impact.”

Trent Boyd. Puketawa Farm Manager | Tauwhareparae Farms



Waikanae Beach Top 10 Holiday Park

A community asset assisting regional tourism and development



Waikanae Beach Top 10 Holiday Park provides quality accommodation services for visitors, and enables more companies to stay and do business in the region.

Goals

As with previous years, our two key performance indicators are increased revenue and strong customer review scores.

In order to achieve this, our primary focus is on improving efficiencies, maintaining an ideal occupancy rate of 75%, and retaining great staff. This year we have put a lot of emphasis on staff retention, looking at ways to improve their conditions, including salary increases towards the living wage and initiatives to enhance wellbeing.

Performance

This was a bumper year for the holiday park, with record levels of occupancy and profit. This is due in large part to an increase in kiwis travelling to and within the region and the success of the Top 10 promotions throughout the region, combined with tireless work from an amazing team and continued efficiencies in our processes.

Challenges

With record levels of occupancy throughout the year and an abnormally busy off-peak season, staff burnout was the immediate cause for concern. We have taken a proactive approach to protect our greatest asset by bringing in casual staff to alleviate overloads.

The ongoing issue of noise levels caused by commercial operations and heavy traffic, while being out of our control, has a direct impact on our overall customer review scores.

Our focus on investing in our core team has paid dividends, as we continued to maintain staff in key roles within the customer service team. This was evidenced by our core team putting in an amazing effort and shining brightly during an unprecedented year for the business.

Key highlights

112%
increase in profit
before tax

rated #1
for best value in
Gisborne

**Major
infrastructure
investment**
ablution block





New occupancy record

for roofed accommodation
and campsites



Property Holdings

**Investing in
community
owned assets
for the benefit
of current
and future
generations**



The Property Holdings division manages a large and diverse portfolio of property that helps maintain a solid cashflow for the organisation.

Goals

Every year we aim for fully tenanted, well maintained buildings with no need for remedial work. This year we have focused on the maintenance of existing properties and supplier relationships along with the development of our new Wash'n Go carwash.

Performance

We're proud to report on a successful year, with incremental asset growth while delivering several new projects on time and on budget in spite of COVID-19.

Our team has worked extremely hard managing the design and build of the new Wash'n Go carwash at our Childers Road site, which features water recycling technology to reduce our environmental impact.

Project management is one of our strengths, shown here by delivering a high-quality build under budget whilst navigating the impact of COVID-19.

Challenges

COVID-19 has presented a major challenge in the availability of contractors available for projects. This labour shortage affects the entire construction industry and has been a risk well managed by our team, whose strong relationships have ensured our projects are always completed on time.

This year we also focused on the farm buildings at TFL, which resulted in several major roof repairs and full replacements ensuring weather tightness and long-term durability for the buildings.

We manage 130 community and staff houses on behalf of GDC. We have already ensured each property meets all the healthy home requirements set out by the government and are aiming to have all properties up to the new ventilation standards before the end of 2021, significantly earlier than the 2024 due date. So far 80% of the properties have been completed.

Key highlights

0 lost hours
Injury time

100% occupancy
across entire portfolio

Wash'n Go
completed



“Keeping our buildings well-maintained and compliant ensures that they can be utilised by the Tairāwhiti community now, and in years to come.”

Chris West, Maintenance Officer | Property Holdings

GVT (Gisborne Vehicle Testing)

**Keeping our
people safe
on the road**



Gisborne Vehicle Testing exists to keep our community safe on the road, while ensuring competitive prices among testing stations in the region.

Goals

For Gisborne Vehicle Testing, it was a year of consolidation, as we looked to rebuild for the future while minimising losses. Our main focus for this year was staff recruitment and retention in order to get us back to full capacity and able to deliver a high-quality service.

Performance

It was a successful year in terms of staffing. We led a major drive for new staff, including out of region talent, offering temporary accommodation at Waikanae Top 10 Holiday Park to help them make the transition. We are pleased to welcome three inspectors, who have committed to long-term contracts as we establish greater continuity and reliability for our customers.

Challenges

Changing market dynamics have created multiple challenges for the business, with AA services decreasing as people are driven online as well as an increase in modern fleets requiring less WOF and maintenance. As a flow-on effect, retaining staff has become the largest issue. Being understaffed for parts of the year has led to a decrease in our level of customer service and impacted public perception. Our key challenge for the coming year will be to rebuild our solid reputation as customers return for their annual service.

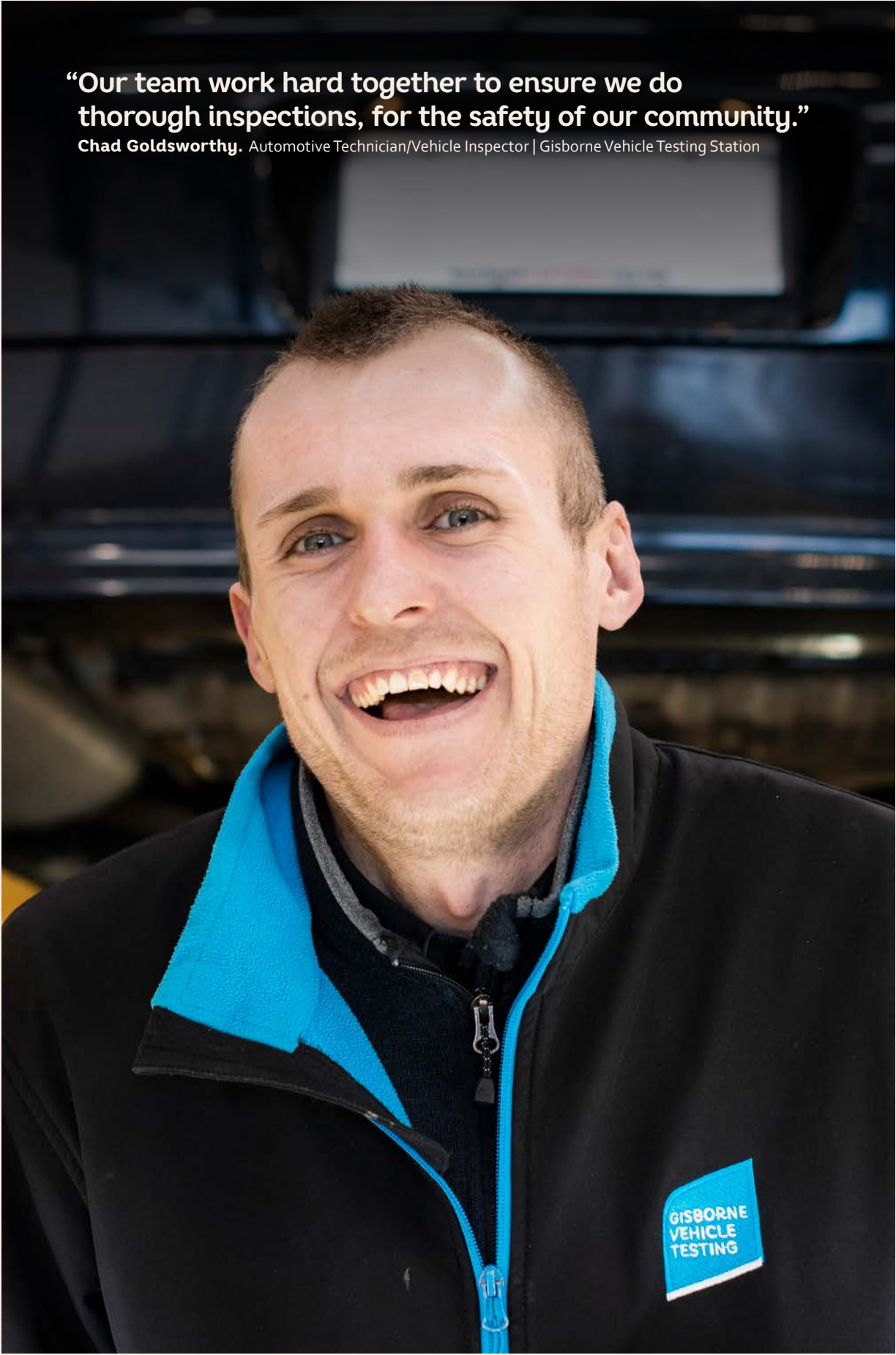
Rebuilding business share will be more of a long game, but we are confident that once customers return during the coming year, positive word of mouth will start to gain traction. Despite our various challenges, we're proud to have maintained key commercial customers throughout the year while growing the number of fleets that we service.

Key highlights

100%
staff retention

3 new
inspectors

More fleets
serviced



“Our team work hard together to ensure we do thorough inspections, for the safety of our community.”
Chad Goldsworthy. Automotive Technician/Vehicle Inspector | Gisborne Vehicle Testing Station



Wash'n Go

Introducing Gisborne’s super easy-pay cashless auto and self service wash facility.

While looking for opportunities to develop a vacant lot, GHL identified a gap in the market for a future focused auto wash facility.

When developing the business, it was of paramount importance to build this facility with sustainably-led features in mind including water harvesting, storage and recycling.

Key highlights

90%
recycled water
in the auto wash

4 x
10,000-litre
underground
rainwater tanks

1st
of its kind in
Gisborne



“Initial upfront costs for water storage and recycling will pay off in the long term through savings for GHL from less water use, and benefits to our community via less impact on our environment from discharges and less reliance on Gisborne utilities infrastructure.”

Rob Budd. GHL Commercial Property and Projects General Manager

Financial Statements


Directors' report
Audit report
Statement of comprehensive income
Statement of changes in equity
Statement of financial position
Statement of cash flows
Notes to and forming part of the financial statements
Statutory information
Directory


Directors' report 2021

For the year ended 30 June 2021


The Board of Directors present their consolidated financial statements for Gisborne Holdings Limited for the year ended 30 June 2021 and the auditor’s report thereon.

For and behalf of the Board of Directors:


D. Mullooly


A. Allan

16 September 2021



Building a better
working world

INDEPENDENT AUDITOR’S REPORT

TO THE READERS OF GISBORNE HOLDINGS LIMITED’S FINANCIAL STATEMENTS AND
PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2021

The Auditor-General is the auditor of Gisborne Holdings Limited (the company). The Auditor-General has appointed me, David Borrie, using the staff and resources of Ernst & Young, to carry out the audit of the financial statements and performance information of the company on his behalf.

Opinion

We have audited:

- the financial statements of the company on pages 42 to 69, that comprise the statement of financial position as at 30 June 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the company on pages 69 and 70.

In our opinion:

- the financial statements of the company on pages 42 to 69:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2021; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime; and
- the performance information of the company on pages 69 and 70 presents fairly, in all material respects, the company’s actual performance compared against the performance targets and other measures by which performance was judged in relation to the company’s objectives for the year ended 30 June 2021.

Our audit was completed on 16 September 2021. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General’s Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General’s Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Responsibilities of the Board of Directors for the financial statements and the performance information

The Board of Directors is responsible on behalf of the company for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparing the performance information for the company.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board of Directors is *responsible on behalf of the company for assessing the company's ability to continue as a going concern*. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Local Government Act 2002.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the company's statement of intent.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We evaluate the appropriateness of the reported performance information within the company's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty

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exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 8 to 38 and 71 to 72, but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the company in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the company.

David Borrie
Ernst & Young
Chartered Accountants
On behalf of the Auditor-General
Wellington, New Zealand

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Statement of comprehensive income for the year ended 30 June 2021

	Notes	Actual 2021 \$000	Budget unaudited 2021 \$000	Actual 2020 \$000
Revenue from contracts with customers				
Tauwhareparae Farms		7,419	6,934	7,116
Property Holdings		222	312	203
Gisborne Vehicle Testing Station		727	971	677
Waikanae Holiday Park		3,068	1,324	1,904
Total Revenue from contracts with customers	5.1	11,436	9,541	9,900
Revenue other				
Rental Income		2,258	2,300	2,293
Change in Valuation of Investment Property, Livestock, Forestry and Carbon Credits		13,503	-	(3,294)
Total Revenue other		15,761	2,300	(1,001)
Total Revenue		27,197	11,841	8,899
Cost of sales				
Tauwhareparae Farms		2,573	2,720	2,548
Property Holdings		441	554	490
Gisborne Vehicle Testing Station		108	194	71
Waikanae Holiday Park		484	225	338
Total Cost of Sales		3,606	3,693	3,447
Gross Profit		23,591	8,148	5,452
Total Income		23,591	8,148	5,452
Expenditure from continuing operations				
Salaries and Wages		3,544	3,213	3,206
Administrative Expenditure		1,146	993	951
Depreciation		731	726	740
Loss on sale of assets		130	-	15
Financing Expenditure		367	596	667
Total Expenditure		5,918	5,528	5,579
Net Operating Profit/(Loss) before taxation	5.2	17,672	2,620	(127)
Subvention Payment – Gisborne District Council		(400)	-	(550)
Taxation (expense)/credit	8	(946)	(600)	564
Net Profit/(Loss) for the period		16,326	2,020	(113)

Statement of comprehensive income for the year ended 30 June 2021 (continued)

	Notes	Actual 2021 \$000	Budget unaudited 2021 \$000	Actual 2020 \$000
Other comprehensive income				
Revaluation gain on property, plant and equipment	15	8,519	-	812
Deferred tax on building revaluations		(1,399)	-	-
Revaluation gain/(loss) on carbon credits	18	2,049	-	1,517
Deferred tax on carbon credits revaluation		(574)	-	(425)
Other comprehensive income for the year attributable to owners of the Company		8,595	-	1,904
Net profit/(loss) for the year		16,327	2,020	(113)
Total comprehensive income for the year attributable to owners of the Company		24,922	2,020	1,791

Statement of changes in equity for the year ended 30 June 2021

	Ordinary Shares \$000	Asset Revaluation Reserve \$000	Carbon Credit Revaluation Reserve \$000	Fair Value Reserve \$000	Retained Earnings \$000	Total \$000
At July 2020	33,478	41,748	1,689	(5)	22,428	99,338
Net profit/(loss) for the year	-	-	-	-	16,327	16,327
Other comprehensive income	-	7,120	1,475	(5)	-	9,994
Total comprehensive income for the year	-	7,120	1,475	-	16,327	24,923
Transactions with owners in their capacity as owners						
Shares Issued	-	-	-	-	-	-
Dividend	-	-	-	-	(1,250)	(1,250)
At 30 June 2021	33,478	48,868	3,164	(5)	37,505	123,010

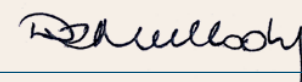
Statement of changes in equity for the year ended 30 June 2020

	Ordinary Shares \$000	Asset Revaluation Reserve \$000	Carbon Credit Revaluation Reserve \$000	Fair Value Reserve \$000	Retained Earnings \$000	Total \$000
At July 2019	33,478	40,936	597	(5)	23,741	98,747
Net profit/(loss) for the year	-	-	-	-	(113)	(113)
Other comprehensive income	-	812	1,092	-	-	1,904
Total comprehensive income for the year	-	812	1,092	-	(113)	1,791
Transactions with owners in their capacity as owners						
Shares Issued	-	-	-	-	-	-
Dividend	-	-	-	-	(1,200)	(1,200)
At 30 June 2020	33,478	41,748	1,689	(5)	22,428	99,338

Statement of financial position as at 30 June 2021

	Notes	Actual 2021 \$000	Budget unaudited 2021 \$000	Actual 2020 \$000
Contributed Equity	6	33,478	33,478	33,478
Retained Earnings	7	37,505	25,785	22,428
Reserves	7	52,027	41,601	43,432
Total Equity		123,010	100,864	99,338
Represented by:				
Current Assets				
Cash and cash equivalents		2	-	2
Trade and other receivables	10	264	405	867
Inventories	11	196	186	129
Total Current Assets		462	591	998
Current Liabilities				
Bank	12	102	18,198	571
Payables and Accruals	13	1,475	1,240	1,665
Gisborne District Council - Current Account		408	600	557
Taxation		332	-	434
Lease liability	15.2	57	-	55
Total Current Liabilities		2,374	20,038	3,282
Net Working Capital		(1,912)	(19,447)	(2,284)
Non-current Assets				
Investment property	14	48,751	34,334	35,293
Property, plant & equipment	15.1	70,552	62,728	60,724
Right of use assets	15.2	1,447	1,176	1,523
Biological assets	16	20,013	24,184	19,955
Equity Instruments at fair value through other comprehensive income	17	497	464	497
Investments in shares	17	2	2	2
Intangible assets - NZ Emission Units	18	7,586	4,018	5,537
Total Non-current Assets		148,848	126,906	123,531
Non-current Liabilities				
Financial liabilities - term loan	12.1	15,900	-	15,900
Deferred tax	8	6,582	5,465	4,512
Lease liability	15.2	1,444	1,130	1,497
Total non-current Liabilities		23,926	6,595	21,909
Net Assets		123,010	100,864	99,338

For and on behalf of the Board, who authorise the issue of these financial statements on 16 September 2021.



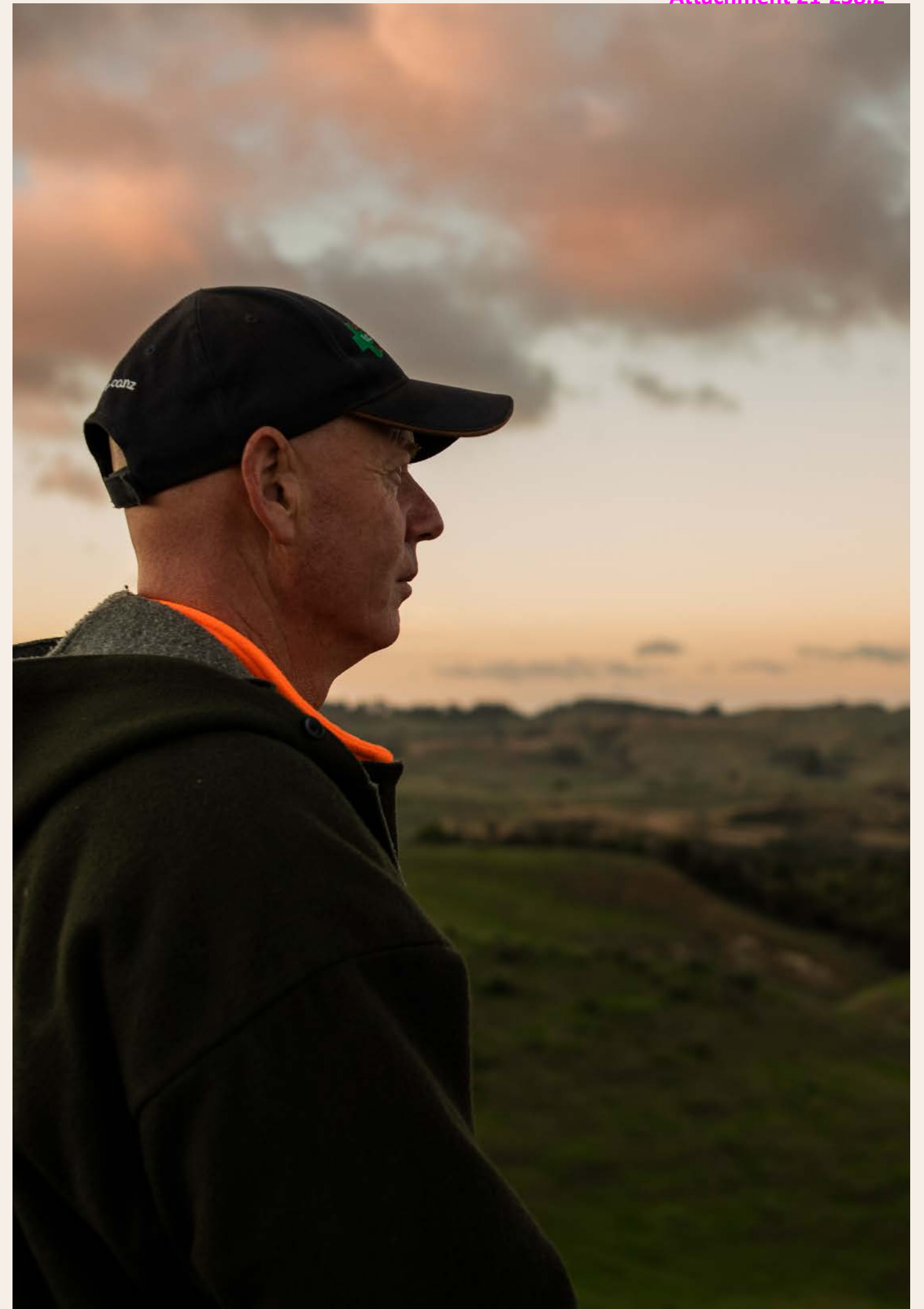
D. Mullooly



A. Allan

Statement of cash flows for the year ended 30 June 2021

	Actual 2021 \$000	Budget unaudited 2021 \$000	Actual 2020 \$000
Cash flows from operating activities			
Cash was provided from:			
Receipts from customers	14,297	14,200	12,147
Goods and services tax (net)	-	-	-
	14,297	14,200	12,147
Cash was applied to:			
Payments to suppliers & employees	8,705	10,279	8,022
Income tax refunds payments / (refunds)	897	-	934
	9,627	10,279	8,956
Net cash inflow/(outflow) from operating activities	4,670	3,921	3,191
Cash flows from investing activities			
Cash was provided from:			
Proceeds from sale of fixed assets	22	-	19
	22	-	19
Cash was applied to:			
Purchase of fixed assets	2,193	3,400	825
	2,193	3,400	825
Net cash inflow/(outflow) from Net cash investing activities	(2,171)	(3,400)	(806)
Cash flows from financing activities			
Cash was provided from:			
Term loan	-	-	15,900
	-	-	15,900
Cash was applied to:			
Dividends & subvention payment paid	1,250	1,200	1,800
Gisborne District Council - Current Account	550	600	(197)
Interest paid	230	596	530
	2,030	2,396	2,133
Net cash inflow/(outflow) from financing activities	(2,030)	(2,396)	13,767
Net increase/(decrease) in cash held	469	(1,875)	16,153
Opening cash brought forward	(569)	(16,323)	(16,722)
Ending cash carried forward	(100)	(18,198)	(569)
Cash at year end:			
Cash and cash equivalents	2	-	2
Bank wholesale advances	(102)	(18,198)	(571)
Ending cash carried forward	(100)	(18,198)	(569)



Notes to and forming part of
the financial statements

1. Corporate Information

Gisborne Holdings Limited is a company incorporated and domiciled in New Zealand and is a Council-Controlled Trading Organisation as defined in section 6 of the Local Government Act 2002. The Company is wholly owned by Gisborne District Council and is registered under the Companies Act 1993.

The Financial Statements for Gisborne Holdings Limited are for the year ended 30 June 2021. The Financial Statements were authorised on 16 September 2021.

The principal activities during the year were:

- The production and supply of livestock
- The planting, growing and tending of forestry
- The maintenance and reversion of native forestry areas
- The provision of accommodation for council employees and council services
- Project Management of Property Development
- Operation of Waikanae Holiday Park
- Operation of Gisborne Vehicle Testing Station
- Commercial Property leasing and management.

There have been no significant changes in the nature of these activities during the year.

2. Summary of significant accounting policies

(a) Basis of Preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting practice in New Zealand and the requirements of the Companies Act 1993. The financial statements have also been prepared on a historical cost basis except where accounting policies state assets or liabilities are carried at fair value.

The financial report is presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000) unless otherwise stated.

The financial statements are prepared on a going concern basis. Although net working capital is a liability, the company can utilise an undrawn funding facility as required and is therefore still a going concern.

(b) Statement of Compliance

The financial statements of Gisborne Holdings Limited have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). Gisborne Holdings Limited is a for-profit entity for the purposes of complying with NZ GAAP. The financial statements comply with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime ('NZ IFRS RDR'), other New Zealand accounting standards and authoritative notices that are applicable to entities that apply NZ IFRS RDR.

The company is eligible and has elected to report in accordance with Tier 2 For-profit Accounting Standards (NZ IFRS RDR) on the basis that the group has no public accountability and is not a large for-profit public sector entity.

(c) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and equivalents consists of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within interest-bearing loans and borrowings in current liabilities on the Statement of Financial Position.

(d) Trade receivables

Trade receivables, which generally have 30-60 day terms, are recognized initially at fair value and subsequently measure at amortised cost using the effective interest method, less an allowance for impairment.

Collectability of Financial assets are reviewed on an ongoing basis at an operating unit level. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognized when there is objective evidence that the Company will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of the estimated future cash flow, discounted at the original effective interest rate.

The amount of the impairment loss is the receivable carrying amount compared to the present value of the estimated future cash flow, discounted at the original effective interest rate. Present value is calculated under IFRS 9 expected credit loss model, where fair value of receivables is calculated based on the future values of these balances in 1 year, using the companies incremental borrowing rate.

(e) Inventories

In accordance with NZ IAS 41 – Agriculture wool on hand is valued at fair value less estimated point of sale costs at time of harvest. Consumable stocks are valued at the lower of cost, determined on a first-in first-out basis, and net realisable value. This valuation includes allowances for slow moving and obsolete inventories.

In accordance with NZ IAS 2 – Inventories are valued at the lower of cost, determined on a first-in first-out basis, and net realisable value.

(f) Livestock

Livestock is valued at fair value less point of sale costs. These values are not the same as those used for calculating taxation. Changes in the value of existing productive livestock and the numbers and/or composition of the livestock are treated as revenue items.

(g) Forestry Assets

Forestry assets are valued on the basis of fair value less estimated point of sale costs. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined pre-tax rate. Forestry assets are revalued annually by an independent valuer. Valuation movements pass through the Statement of Comprehensive Income. The costs to maintain the forestry assets are included in the Statement of Comprehensive Income.

(h) Investments and other financial assets

IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics. These include:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVOCI), with gains or losses recycled to profit or loss on derecognition
- Equity instruments at FVOCI, with no recycling of gains or losses of profit or loss on derecognition
- Financial assets FVPL.

Notes to and forming part of the financial statements (continued)

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Debt instruments at FVOCI

The Company applies the categories under IFRS 9 of debt instruments measured at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets
- The contractual terms of the financial asset meet the SPPI test FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost.

Equity instruments at FVOCI

Upon initial recognition, the Company occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by instrument basis. Gains and losses on these equity instruments are never recycled to profit. Dividends are recognised in profit or loss as other operating income when the right of the payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

(i) Property, plant and equipment

Plant and equipment is stated as historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. All other repairs and maintenance and revaluation costs are recognised in the statement of comprehensive income as incurred.

Land and buildings are measured at fair value, based on annual valuations by external independent valuers who apply the International Valuations Standard Committee International Valuation Standards, less accumulated depreciation on buildings and less any impairment losses recognised after the date of the revaluation. The effective date for the valuation was 30 June 2021.

Depreciation is calculated on a straight-line basis over the estimated useful life of the specific assets as follows:

- Land – not depreciated
- Land Improvements – 10 years
- Buildings – 40 years
- Plant and equipment – 10 years
- Office Equipment – 10 years
- Motor vehicles – 5 years
- IT equipment – 4 years
- Leasehold Improvements – 2 years

The assets’ residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate at each financial year.

Capital work in progress is not depreciated. The total cost of a project is transferred to freehold buildings and/or plant and equipment on its completion and then depreciated.

Revaluations of land and buildings

Any revaluation increment is credited to the asset revaluation reserve included in other comprehensive income, except to the extent that it reverses a revaluation decrement for the same asset previously recognised in profit or loss, in which case the increment is recognised in profit or loss.

Any revaluation decrement is recognised in profit or loss, except to the extent that it offsets a previous revaluation increment for the same asset in which case the decrement is debited directly to the asset revaluation reserve to the extent of the credit balance existing in the revaluation reserve for that asset. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the assets.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the statement of comprehensive income.

Under disposal or derecognition, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

(j) Investment Property

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect.

Fair values are determined based on an annual evaluation performed by an accredited external independent valuer applying a valuation model recommended by the Property Institute of New Zealand.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

(k) Emissions Trading Scheme

Gisborne Holdings Limited has voluntarily entered the New Zealand Emissions Trading Scheme (“ETS”) in respect of 1,224 hectares of forest land located in the Tauwhareparae area. This entitles Gisborne Holdings Limited to receive emission units (“units”) for carbon stored in the specified area, from 1 January 2008 baseline.

Units received are initially recognised at fair value on the date they are received with the uplift recognised in the Statement of Comprehensive Income. Measurement at subsequent year ends is at fair value referenced to market prices with movements being recorded in other comprehensive income.

Where there is an obligation to return units this liability is recognised on the Statement of Financial Position, measured with reference to the carrying value of units on hand. Where there are insufficient units on hand to meet the emissions obligation, this is measured by reference to the current market value for units held.

Future cash flows associated with units receivable/payable are taken into consideration in determining the valuation of the specified area.

Notes to and forming part of the financial statements (continued)

(l) Impairment of non-financial assets other than goodwill and indefinite life intangibles

Non-financial assets are tested for impairment whenever events or changes in circumstances indicated that the carrying amount may not be recoverable.

The Company conducts an annual internal review of asset values, which is used as a source of information to assess for any indicators of impairment. External factors, such as changes in expected future processes, technology and economic conditions, are also monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

(m) Trade and other payables

Trade and other payables are carried at amortised cost and due to their short-term nature they are not discounted. They represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(n) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use of sale) are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(o) Provisions and employee benefits

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it's probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reasonable estimate can be made of the amount of the obligation.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the state of comprehensive income net of any reimbursement.

Employee leave benefits, wages, salaries, annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(p) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Group as a lessee

The Company leases offices and land (holiday park). The contracts are made for fixed periods with right of renewal options included.

The Company allocates the consideration in the contract to the lease based on the stand-alone price in the contract.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the future fixed lease payments (taking into account any rent reviews).

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. Where it is determined it is no reasonably certain the extension option will be exercised, the lease liability will be measured up until the point of the initial lease period.

The lease payments are discounted using either the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate is used, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the Statement of Comprehensive Income over the lease period.

Right of use assets are measured at cost comprising the amount of the initial measurement of the lease liability.

Right of use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases and all leases of low value assets are recognised on a straight-line basis as an expense in the Statement of Comprehensive Income, and are exempt from NZ IFRS 16 recognition. Short term leases are those with a term of less than 12 months. Low value assets comprise office equipment, for example photocopiers.

Where a right of use asset is subleased, the full amount of the lease obligation to the Company is recognised in accordance with the above, with the income received from the subleased recognised as revenue in the Statement of Comprehensive Income.

The Right of use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follow:
Buildings – 40 years

The Right of use assets are depreciated over the following years based on current agreements:
GDC Ground lease for Holiday Park - 336 months
Worxs Buildings Lease - 132 months

The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Notes to and forming part of the financial statements (continued)

Group as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(q) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares of options are shown in equity as a deduction, net of tax, from the proceeds.

(r) Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

(s) Income tax and other taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary reasons.

Deferred income tax assets are recognised for all deductible and temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Revenues, expenses and assets are recognised net of the amount of GST except:

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.
- Receivables and payables, which are stated with the amount of GST included.

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

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing the financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to the taxation authority.

(t) Government grants

The Group receives government grants from the Ministry of Primary Industries which subsidises the cost of forestry establishment, silviculture and thinning. The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled. This is in accordance with NZ IAS 20: Government Grants.

3. Financial risk management objectives and policies

The Company's principle financial instruments comprise receivables, payables, bank loans and overdrafts, available-for-sale investments, cash and short-term deposits and derivatives.

Risk exposures and responses

The Company manages its exposure to key financial risks, including interest rate risk in accordance with the Company's financial risk management policy. The objective of the policy is to support the delivery of the Company's financial targets while protecting future financial security.

The Company uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rates and assessments of market forecasts for interest rates. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

The board reviews and agrees policies for managing each of these risks as summarised below.

Primary responsibility for identification and control of financial risks rests with the financial controller under the authority of the Board. The Board reviews and agrees policies for managing each of the risks identified, including interest rate risk, credit allowances, and future cash flow forecast projections.

4. Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be responsible under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumption and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and considerations may be found in the relevant notes to the financial statements.

(i) Significant accounting judgements

Impairment of non-financial assets other than goodwill and indefinite life intangibles.

The Company assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. These include product performance, technology, economic and political environments and future product expectation. If an impairment trigger exists, the recoverable amount of the asset is determined.

Notes to and forming part of the financial statements (continued)

Taxation

The Company accounting policy for taxation requires management's judgement as to the types of arrangements considered to be a tax on income in contrast to an operating cost.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volumes, operating costs, capital expenditure, dividends and other capital management transactions. Judgements are also required about the application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the Statement of Financial Position and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the Statement of Comprehensive Income.

Leases

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

(ii) Significant accounting estimates and assumptions**Valuation of livestock**

The Company has included livestock at fair value and movements in fair value are recognised in comprehensive income. The fair value of livestock has been determined by independent livestock valuers after deduction of the estimate costs to market the livestock.

Valuation of land, buildings and investment property.

The Company has included land, buildings and investment property at fair value and movements in fair value are recognised in comprehensive income. The fair value of land, buildings and investment property have been determined by independent property valuers.

Valuation of forestry

The Company has included forestry at fair value and movements in fair value are recognised in comprehensive income. The fair value of forestry has been determined by independent forestry valuers.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience as well as manufacturer's warranties (for plant and equipment), and turnover policies (for motor vehicles). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustment to useful lives is made when considered necessary.

Leases

The estimation of the lease term are based on substance of the contract with renewal options available

(iii) Key judgements

The COVID-19 pandemic developed rapidly in 2020, with a significant number of cases. Measures taken by various governments to contain the virus have affected economic activity. We have taken a number of measures to monitor and mitigate the effects of COVID-19, such as health and safety measures for our people (such as social distancing and working from home).

At this stage, the impact on our business and results has been positive. As we operate in the primary industry and tourism industry, we have found increased demand for our products and our services. We will continue to follow government policies and advice and, in parallel,

we will do our utmost to continue our operations in the best and most safe way possible without jeopardising the health of our people.

(iv) Reinstatement of prior year comparatives

During Financial year 2021, Gisborne Holdings Limited reviewed and reclassified certain expenses giving a more accurate reflection of them in line with their business operations. Prior year comparatives have been restated to allow an accurate comparison against 2021 comparatives.

(v) Amalgamation

On 30 June 2021, Tauwhareparae Farms Limited, the sole subsidiary of Gisborne Holdings Limited. Gisborne Holdings Limited was the sole shareholder of Tauwhareparae Farms Limited, amalgamated into Gisborne Holdings Limited, as "Gisborne Holdings Limited". The Amalgamation has no effect on the value of Gisborne Holdings Limited and the presentation of financial statements within. The value of the transaction was made at the value of Tauwhareparae farms shareholdings to Gisborne Holdings Limited. Therefore the result of this amalgamation has nil effect on the net assets of Gisborne Holdings Limited.

5.1 Revenue from contracts with customers**2021**

	Tauwhareparae Farms Actual 2021 \$000	Property Holdings Actual 2021 \$000	Gisborne Vehicle Testing Station Actual 2021 \$000	Waikanae Holiday Park Actual 2021 \$000	TOTAL Actual 2021 \$000
Major Goods					
LiveStock	6,924	-	-	-	6,924
Wool	212	-	-	-	212
Forestry	21	-	-	-	21
Other	216	-	-	19	235
Total Goods	7,373	-	-	19	7,392
Major Services					
Accommodations	-	-	-	2,956	2,956
Other	46	222	727	93	1,087
Total Services	46	222	727	3,049	4,044
Total	7,419	222	727	3,068	11,436

2020

	Tauwhareparae Farms Actual 2020 \$000	Property Holdings Actual 2020 \$000	Gisborne Vehicle Testing Station Actual 2020 \$000	Waikanae Holiday Park Actual 2020 \$000	TOTAL Actual 2020 \$000
Major Goods					
LiveStock	6,699	-	-	-	6,699
Wool	205	-	-	-	205
Forestry	-	-	-	-	-
Other	153	-	-	9	162
Total Goods	7,057	-	-	9	7,066
Major Services					
Accommodations	-	-	-	2,796	2,796
Other	59	214	755	83	1,111
Total Services	59	214	755	2,879	3,906
Total	7,116	214	755	2,888	10,972

Notes to and forming part of the financial statements (continued)

5.2 Net operating profit/(loss) before taxation includes:

	Actual 2021 \$000	Budget Unaudited 2021 \$000	Actual 2020 \$000
After charging:			
Audit fees	60	80	62
Directors' fees	197	200	194
Employee benefit expenditure	3,447	3,213	3,115
Depreciation:			
- Buildings & Improvements	416	335	414
- Plant and equipment	180	100	178
- Motor Vehicles	135	100	147
Financing Expenditure :			
- Short term Advance Facility	197	596	368
- Overdraft	34	-	161
- Lease Depreciation	80	-	77
- Lease Interests	56	-	60

6. Contributed equity

	Actual 2021 \$000	Budget Unaudited 2021 \$000	Actual 2020 \$000
Issued and paid up			
Balance at 1 July	33,478	33,478	33,478
Issued Share Capital	-	-	-
Balance at 30 June	33,478	33,478	33,478

7. Retained Earnings and Reserves

	Actual 2021 \$000	Budget Unaudited 2021 \$000	Actual 2020 \$000
Retained Earnings			
Balance 1 July	22,428	23,765	23,741
Net Profit attributable to equity holders	16,327	2,020	(113)
Dividend	(1,250)	-	(1,200)
Balance 30 June	37,505	25,785	22,428
Asset Revaluation Reserve			
Balance 1 July	41,748	41,212	40,936
Revaluation of Land	3,523	-	1,015
Revaluation of Buildings	4,996	-	(203)
Deferred tax on Buildings revaluation	(1,399)	-	-
Balance 30 June	48,868	41,212	41,748
Fair Value Reserve			
Balance 1 July	(5)	(5)	(5)
Balance 30 June	(5)	(5)	(5)
Carbon Credit Revaluation Reserve			
Balance 1 July	1,689	394	597
Revaluation of Carbon Credits	2,049	-	1,517
Deferred tax on Carbon Credits revaluation	-	-	(425)
Balance 30 June	3,164	394	1,689
Total Closing Balance Revaluation Reserves	52,027	41,601	43,432

Nature and Purpose of Reserves

Asset Revaluation Reserve

The asset revaluation reserve is used to record increments and decrements in the fair value of land and buildings to the extents that they offset one another.

Available-for-sale Revaluation Reserve

The revaluation reserve arises on revaluation of investments which are recognised as assets.

Interest rate risk

The Company's financial assets and liabilities which are exposed to interest rate risk include cash and deposits and secured bank loans. The Company adopts a policy of reducing the exposure to changes in interest rates by utilising interest rate swaps to limit future interest costs, when necessary.

Carbon Credit Revaluation Reserve

The carbon credit revaluation reserve records movements in the fair value of carbon credits.

Notes to and forming part of the financial statements (continued)

8. Income Tax

	Actual 2021 \$000	Budget Unaudited 2021 \$000	Actual 2020 \$000
(a) Income Tax			
The major components of income tax expenses are:			
Income Statement			
Current income tax			
Current period income tax charge	851	600	874
Prior period adjustment	-	-	(55)
Deferred income tax			
of temporary differences	99	-	(1,381)
Prior period adjustment	(4)		
Income tax expense/(credit) reported in the income statement	946	600	(564)
(b) Amounts charged or credited directly to other comprehensive income			
Relating to revaluation of Carbon Credits	574	-	425
(c) Numerical reconciliation between aggregate tax expense recognise in the statement of comprehensive income and tax expense calculated per statutory income tax rate			
Total accounting profit/(loss) before income tax	17,272	-	(677)
At the Group's statutory income tax rate of 28% (2018 : 28%)	4,836	-	(189)
Herd livestock adjustment	(212)	-	597
Prior period adjustment	(4)	-	(671)
Non-deductible income and expenses	(3,674)	-	(172)
Change in tax depreciation on buildings	-	-	(113)
IFRS 16	-	-	(16)
Aggregate income tax expense/(credit)	946	-	(564)
Aggregate income tax expense/(credit) is attributable to:			
Continuing operations	946	-	(564)
	946	-	(564)
Effective tax rate	5%	23%	84%
Imputation credit balance	2,900	-	2,476
(d) Recognised deferred tax assets and liabilities			
Deferred income tax at 30 June relates to the following			
(i) Deferred tax liabilities			
Biological assets	2,982	4,978	2,905
Building revaluations	1,399		-
Accelerated depreciation: buildings, plant & equipment, motor vehicles	165	200	137
IFRS 16	(15)	-	(8)
Other	(73)	-	(72)
NZ Emission Units	2,124	287	1,550
Gross deferred tax liabilities	6,582	5,465	4,512
Set-off of deferred tax assets	-	-	-
Net deferred tax liabilities	6,582	5,465	4,512

9. Subvention Payments Paid

Paid during the year			
Subvention payment 2020	-	-	600
Subvention payment 2021	400	600	-
	400	600	600

10. Financial assets at fair value through profit or loss

	Actual 2021 \$000	Budget Unaudited 2021 \$000	Actual 2020 \$000
Trade receivables	78	405	678
	78	405	678
Related party payable Gisborne District Council	186	-	189
Balance at 30 June	264	405	867

There are no impaired trade and other receivables.

Fair value and credit risk

Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value.

11. Inventories

	Actual 2021 \$000	Budget Unaudited 2021 \$000	Actual 2020 \$000
Farm supplies on hand	117	90	85
Wool on hand	67	50	28
Goods for sale	12	46	16
Balance at 30 June	196	186	129

No inventories are pledged as security for liabilities nor are any inventories subject to retention of title clauses.

12. Bank

Working Capital facility with a limit of \$3.5 million is in place with ANZ Bank New Zealand Limited. The facilities are secured by way of a general security agreement. The balance at 30 June 2021 was \$0.102m (2020: \$0.571m).

12.1 Financial Liabilities – term loan

Term Facilities of \$15.9m are in place with ANZ Bank New Zealand Limited, which is fully drawn as at 30 June 2021. The facilities are secured by way of mortgage and general security agreement and terminate on 31 July 2022.

Notes to and forming part of the financial statements (continued)

13. Payables and accruals

	Actual 2021 \$000	Budget Unaudited 2021 \$000	Actual 2020 \$000
Trade creditors and accruals	1,129	1,240	1,330
Accrued staff entitlements	346	-	335
	1,475	1,240	1,665
Related party payable Gisborne District Council	408	600	557
Balance at 30 June	1,883	1,840	2,222

Fair Value

Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.

Related party payable to Gisborne District Council comprises of trade payables at normal terms of trade. Dividend and subvention payable balances are on terms in accordance with Statement of Intent.

14. Investment Property

For the year ended 30 June 2021

	Land \$000	Buildings \$000	Total \$000
Cost or valuation			
At 30 June 2019	14,307	20,027	34,334
Additions at cost	-	24	24
Disposals at net book value	-	-	-
Revaluation adjustment	1,986	(1,051)	935
At 30 June 2020	16,293	19,000	35,293
Additions at cost	-	14	14
Disposals at net book value	-	-	-
Revaluation adjustment	4,786	8,658	13,444
At 30 June 2021	21,079	27,672	48,751

The Company's investment properties consist of seven properties (2020: seven properties). Management determined that the investment properties consist of three classes - commercial, residential and cropping- based on the nature, characteristics and risks of each property.

As at 30 June 2021, the fair values of the properties are based on valuations performed by Kay Maw of Lewis Wright Valuation & Consultancy Ltd, an accredited independent valuer. The valuation method used was the market comparison approach. Rental income derived from investment properties was \$2.157m (2020: 2.166m). Direct operating expenses generating rental income was \$0.294m (2020: \$0.282m).

15.1 Property plant and equipment

	Freehold Land & \$000	Buildings \$000	Construction in Progress \$000	Leasehold Improvements \$000	Plant & Equipment \$000	Motor Vehicles \$000	Total \$000
Year ended 30 June 2020							
At 1 July net of accumulated depreciation and impairment	49,284	9,213	50	2	931	405	59,885
Additions at cost	-	487	105	2	153	102	849
Disposals and transfers	-	-	(48)	-	-	(34)	(82)
Revaluation adjustment	1,015	(203)	-	-	-	-	812
Depreciation charged for the year	(182)	(234)	-	(1)	(177)	(146)	(740)
At 30 June net of accumulated depreciation and impairment	50,117	9,263	107	3	908	326	60,724
Year ended 30 June 2021							
At 1 July net of accumulated depreciation and impairment	50,117	9,263	107	3	908	326	60,724
Additions at cost	-	1,361	94	-	663	103	2,221
Disposals and transfers	-	(64)	(92)	-	(4)	(21)	(181)
Revaluation adjustment	3,523	4,996	-	-	-	-	8,519
Depreciation charged for the year	(181)	(234)	-	(1)	(180)	(135)	(731)
At 30 June net of accumulated depreciation and impairment	53,459	15,322	109	2	1,387	273	70,552

The fair value of freehold land (including forestry land) and improvements (including buildings) are determined by independent valuation. The independent valuation was performed by Bruce Cowper and Kay Maw of Lewis Wright Valuation & Consultancy Ltd, independent registered valuers. The fair value as per the valuation at 30 June 2021 was \$68.784m (2020: \$59.380m).

Fair value is the amount for which assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at valuation date. Fair value is determined by direct reference to recent market transactions on arm's length terms for land and buildings comparable to those held by the group.

Notes to and forming part of the financial statements (continued)

15.2 Right of use assets and lease liabilities

This note provides information for leases where the group is a lessee.
For leases where the group is a lessor, see note 22.

Amounts recognised in the statement of position

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

For the year ended 30 June 2021

	Buildings \$000	Land \$000	Total \$000
At 30 June 2019	550	1,050	160
Additions (Note 15.1)	-	-	-
Disposals (Note 15.1)	-	-	-
Depreciation expense	(42)	(35)	(77)
At 30 June 2020	508	1,015	1,523
Additions (Note 15.1)	3	-	3
Disposals (Note 15.1)	-	-	-
Depreciation expense	(44)	(35)	(79)
At 30 June 2021	467	981	1,447

Set out below are the carrying amounts of lease liabilities (included under financial expenditure) and the movements during the period:

For the year ended 30 June 2021

	2021 \$000	2020 \$000
As at 1 July	1,552	1,600
Additions	-	-
Accretion of interest	59	59
Payments	(110)	(107)
At 30 June 2020	1,501	1,552
Current	57	55
Non-current	1,444	1,497
At 30 June 2021	1,501	1,552

16. Biological Assets (Consumable)

Biological Assets consist of sheep and cattle (Livestock) and plantation trees (Forestry).

The group farms livestock for the sale of sheep, lambs, cattle and calves.

(a) Reconciliation of opening balance to closing balance

For the year ended 30 June 2021

	Sheep		Cattle		Forestry		Total
	Quantity	\$000	Quantity	\$000	Hectares	\$000	\$000
Open balance							
As at 1 July	33,625	5,631	5,524	5,450	1,502	8,874	19,955
Natural Increase	33,905	4,687	2,463	1,491	-	-	6,178
Purchases	57	55	39	271	32	150	476
Change in Fair Value	-	536	-	(178)	-	886	1,244
Sales	(33,656)	(4,133)	(2,907)	(2,765)	-	-	(6,898)
Death, Kills & Recovery	(2,815)	(514)	(468)	(428)	-	-	(942)
Closing Balance as at 30 June	31,116	6,262	4,651	3,841	1,534	9,910	20,013

(b) The fair value of biological assets as at end of the year was:

Consumable Biological Assets Group
Livestock

	2021 Quantity	\$000	2020 Quantity	\$000
SHEEP				
Mature Sheep	24,948	5,173	25,228	4,458
Immature Sheep	6,168	1,089	8,397	1,172
Total Sheep	31,116	6,262	33,625	5,630

	2021 Quantity	\$000	2020 Quantity	\$000
CATTLE				
Mature Cattle	2,646	2,700	3,183	3,875
Immature Cattle	2,005	1,141	2,341	1,575
Total Cattle	4,651	3,841	5,524	5,450

	2021 Hectares	\$000	2020 Hectares	\$000
FORESTRY				
Forest Tree Crop				
Total Forestry	1,534	9,910	1,502	8,874
Total Biological Assets as at 30 June		20,013		19,954

The fair value of livestock is determined by independent valuation as at 30 June 2021.

The independent livestock valuation was performed by Gisborne East Coast Farmers Ltd, independent livestock agents, in accordance with the Company's accounting policy detailed in Note 1.

The independent valuation used the quoted price in an active market as the appropriate basis for determining fair value. Where there is more than one active market that the group has access to, the most relevant market has been used.

Notes to and forming part of the financial statements (continued)

The gain on initial recognition of livestock sold is recognised in the statement of comprehensive income in the year of harvest. At time of harvest, wool is recorded as inventory.

The fair value of the forest tree crop is determined by independent valuation. Independent forestry valuation as at 30 June 2021 was performed by PF Olsen and Company Limited, independent providers of professional forestry services. The fair value is assessed as follows:

- The maturity value of the existing tree crop and the future cost of realising that revenue are determined.
- Future costs and revenue are discounted from the year in which they occur to the date of the valuation by applying an appropriate discount rate.

The appropriate discount rate is determined by considering the recent sales of forests and the relative sensitivity of the value of the forest to future log prices.

Significant assumptions applied in this determination of fair value are:

	2021	2020
Appropriate Discount Rate (pre-tax)	6.0%	6.0%
Rate of inflation	1%	1%
Rate of tax	28%	28%

17. Equity Instruments

	Actual 2021 \$000	Budget Unaudited 2021 \$000	Actual 2020 \$000
At fair value			
Shares - unlisted	497	-	497
Shares - listed	2	-	2
	499	-	499

Investments are in ordinary shares, and therefore have no fixed maturity date or coupon rate.

Value assumptions

(a) Listed shares

Their fair value of listed available-for-sale investments has been determined directly by reference to published price quotations in an active market.

(b) Unlisted shares

The fair value of the unlisted investments has been estimated using valuation techniques based on assumptions, which are supported by observable inputs. Management believes the estimated fair value resulting from the valuation techniques and recorded in the Statement of Financial Position and the related changes in fair value recorded in equity are reasonable and the most appropriate at the Statement of Financial Position date.

18. Intangible Assets

Intangible assets consist of NZ Emissions Units.

Reconciliation of opening balance to closing balance

For the year ended 30 June 2021

	NZ Emission Units Post 1989	
	Quantity	\$000
Opening Balance as at 1 July	174,382	5,537
Received by government grant at fair value	-	-
Valuation Increase/(Decrease)	-	2,049
Closing Balance at 30 June	174,382	7,586

For the year ended 30 June 2021

	NZ Emission Units Post 1989	
	Quantity	\$000
Opening Balance as at 1 July	174,382	4,019
Received by government grant at fair value	-	-
Valuation Increase/(Decrease)	-	1,517
Closing Balance at 30 June	174,382	5,536

19. Contingencies

The Company has a contingent liability in respect of both its pre-1990 and post-1989 forests which are part of the New Zealand Emissions Trade Scheme. Should the Company deforest all of its pre-1990 forests, it would have a liability under the ETS to surrender New Zealand emissions units of approximately \$6.9m determined at 30 June 2021 (2020: \$5.0m). Should the Company experience a decrease in total carbon stocks for all of its post-1989 forests, whether due to events such as harvest or forest fire, it would have a liability under the ETS to surrender New Zealand emissions units of approximately \$11.9m determined at 30 June 2021 (2020: \$8.7m). The amount and timing of any liability is uncertain and is dependent on the occurrence of the circumstances described above and the price of emissions units at the time of deforestation.

20. Capital commitments

The Company has Capital commitments at 30 June 2021 of \$0.073m, this is for upgrades at Waikanae Beach Holiday Park, (2020, \$0.097m).

Notes to and forming part of the financial statements (continued)

21. Transactions with related parties

During the year the Company paid various expenses to the Gisborne District Council and made sales to the Gisborne District Council, who is the ultimate sole shareholder of the Company. The amounts charged by and to the Gisborne District Council were based on normal terms and condition of trade. These are outlined below.

Related Party Consolidated	Sales to related parties		Purchases from related parties		Other transactions with related parties	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Shareholder:						
Gisborne District Council						
Rates materials and dog registrations paid	-	-	266	196	-	-
Subvention payment and Dividends	-	-	-	-	1,650	1,750
Management Fee	132	121	-	-	-	-
Rental	1,882	1,972	49	50	-	-
Property Maintenance	55	75	-	-	-	-
Fleet Maintenance	53	64	-	-	-	-

No related party debts have been written off or forgiven during the year.

Details relating to key management personnel, including remuneration paid are included below. Key management personnel include all directors.

Compensation of key management personnel	2021 \$000	2020 \$000
Short-term employee benefits	197	194

Employees paid over \$100,000 per year	2021	2020
- \$100,000 - \$109,999	1	1
- \$110,000 - \$119,999	0	0
- \$120,000 - \$129,999	0	2
- \$130,000 - \$139,999	2	0
- \$140,000 - \$149,999	0	1
- \$150,000 - \$159,999	2	1
- \$160,000 - \$169,999	0	0
- \$170,000 - \$179,999	0	0
- \$180,000 - \$189,999	0	0
- \$190,000 - \$199,999	0	0
- \$200,000 - \$209,999	1	1

22. Operating Leases

The Company has various commercial property leases. The leases run for various terms and are reviewed as per individual lease agreements.

	2021 \$000	2020 \$000
Contracted Future Minimum Rental Income		
Within one year	2,154	1,833
After one year but no more than five years	8,236	8,408
After more than five years	30,367	28,555

23. Subsequent events

Subsequent to balance date, part of 25 & 27 Bank Street land was sold at market.

Subsequent to balance date, on the 17 August 2021 New Zealand went into alert level 4 lockdown with the COVID-19 delta variant entering country, on 31 August this Alert level reduced to Level 3 outside Auckland and is to drop to level 2 on 8 September. Waikanae Beach Holiday Park and Gisborne Vehicle testing are restricted from trading in Level 4 and 3 other than for essential services, however this is a developing situation, and no further information is available at this stage.

The Directors resolved on 16 September 2021 to recommend a final dividend of the year ended 30 June 2021 of \$1.6m.

24. Government Grants

The Company accessed the Ministry of Primary Industries Grant for the year for the establishment of forestry. There are no outstanding contingencies or unfulfilled conditions relating to these grants at balance date. The amount received for the year ended 30 June 2021 was \$0.021m.

25. Risk identification and management

The Company has in place policies and procedures to identify areas of significant business risk, and implement procedures to effectively manage those risks. Where appropriate the Board obtains advice directly from external advisors. Once a significant business risk is identified, the Board is advised and corrective action is taken promptly to mitigate and monitor the risk.

26. Capital Management

The Company's capital is its equity which comprises retained earnings. Equity is represented by net assets. The Group manages its equity as a by-product of prudently managing revenues, expenses, assets, liabilities, and general financial dealings to ensure the Company effectively achieves its objectives and purpose, whilst still remaining a going concern.

27. Financial targets

		Actual 2021 \$000	Actual 2020 \$000
A return on shareholder' funds ratio of at least 3% (1)	Achieved	16%	1%
A bank debt to bank debt plus equity ratio of no more than 25% (2)	Achieved	12%	14%
A minimum five year rolling average GDC return on investment of 5% (3)	Achieved	6%	5%
An interest coverage ratio of at least times 4.0 (4)	Achieved	12	6
A shareholder funds to total assets ratio of no less than 75%	Achieved	82%	80%
GHL Meets the minimum level of distribution outlined in the SOI	Achieved	\$1.8m	\$1.8m

(1) EBIT/Average Shareholder's funds

(2) Bank/Bank + Equity

(3) Distribution/Contribution to Equity Averaged over 5 years

(4) EBIT&Reval/Financing expenditure

Calculation for point (3) is in line with Statement of Intent 2021 method, previous year this was calculated as Distribution / Net Assets. Averaged over 5 years.

Notes to and forming part of the financial statements (continued)

28. Non-Financial targets

GOAL	OBJECTIVE	MEASURE	ACHIEVED
Ensure GHL are effectively managing Community Housing on behalf of GDC.	Residents are satisfied with the GHL's management of Community Housing. Operate within parameters set by GDC.	Annual satisfaction survey of 95% or better. Budgets are adhered to.	Achieved 98.2%. <small>Note: Adherence with budget is recorded as the net of revenue and expenditure.</small>
Ensure the Waikanae Beach Top 10 Holiday Park is positively contributing to Tairāwhiti's tourism sector.	Customers are satisfied with the service provided by the park staff and facilities provided.	GRI Index score of 85% or better.	Not Achieved 82.6%. Score mainly impacted by the high number of campers and resulting noise complaints.
Ensure land is managed sustainably and to be a leader in land stewardship.	Land and waterways are managed in line with best practice.	Environmental plans are in place for each of the three stations and budgets incorporate annual spend on measures to implement improvements required. 30m riparian strips are enforced to better protect watercourses from the effects of forestry.	Achieved
To make safety our priority and provide a safe environment.	Maximise safety across all divisions. A Health and Safety Calendar and Annual Improvement Plan are in place.	Minimum of 10 Health and Safety Committee meetings held each year. Health and Safety Calendar is reviewed annually and adhered to. The Annual Improvement Plan is agreed in January each year in consultation with an independent Health and Safety provider.	Achieved
To maximise returns to GDC.	All assets are fully utilised.	Maintain 100% occupancy across the Property portfolio.	Achieved
To be a good employer.	To be a company people want to work.	Training opportunities provided. Annual review of salaries to progress towards our goal of all permanent staff being paid the living wage.	Achieved
Ensure assets are managed prudently.	Assets are maintained/ upgraded in a timely cost-effective manner.	A ten-year Asset Management plan is in place. A three-year rolling Maintenance plan is in place. Management and Maintenance plans are reviewed annually to ensure maintenance work is being undertaken and priorities reassessed as required. Annual budgets reflect maintenance plans.	Achieved

Statutory information

Directors holding office during the year

David Mullooly (Chair)
Andrew Allan (Deputy Chair)
Robert Telfer
Jacqueline Blake
Hayden Swann

Entries in the interests' register

General notice of interests declared during the year (Section 140(2) of the Companies Act 1993)
No general notices of interest were notified by directors during the year.

Share dealings (Section 148 of the Companies Act 1993)

No director has had any relevant interest in any shares issued by the Company.

Use of company information (Section 145 of the Companies Act 1993)

During the year the Board received no notices from any director requesting to use Company information received in their capacity as a director which would not otherwise have been available to them.

Directors' insurance (Section 162(7) of the Companies Act 1993)

The Company has insured, and provided indemnities to all its directors against liabilities to other parties (except the Company or a related party of the Company) that may arise from their positions as directors.

The insurance/indemnity does not cover liabilities arising from criminal convictions.

Directors' remuneration (Section 161(2) of the Companies Act 1993)

Directors' remuneration in respect of the year ended 30 June 2021 was as follows:

D Mullooly	\$44,782
A Allan	\$32,778
R Telfer	\$53,552
J Blake	\$32,778
H Swann	\$32,778

In addition to directors' fees the following amount for vehicle and expense reimbursement was \$1,657 (2020: \$673).

No other benefits have been provided by the Company to a director for services as a director or in any other capacity. No loans have been made by the Company to a director nor has the Company guaranteed any debts incurred by a director.

Directory

Directors
David Mullooly (Chair)
Andrew Allan (Deputy Chair)
Robert James Telfer
Jacqueline Blake
Hayden Swann

Registered office
The Works Building
41 The Esplanade
Gisborne 4040

Postal address
PO Box 694
Gisborne 4040
Telephone 020-4183 4481

Senior management
Chief Executive – Tracey Johnstone

Auditor
Ernst & Young on behalf of the Office of the Auditor General – David Borrie

Bankers
ANZ - Gisborne Branch
PO Box 1246
Gisborne 4040

Solicitors
Grey Street Legal – Gisborne Holdings Limited
PO Box 146
Gisborne 4040

Photography
Thanks to Strike Photography and the Gisborne Herald for imagery used in this document.





