

Title: 25-70 Mobile Traders Bylaw - Approval to Consult

Section: Chief Executive's Office
Strategic Planning

Prepared by: Deb Rowland - Contracts Advisor - Programme Management

Meeting Date: Wednesday 9 April 2025

Legal: Yes

Financial: No

Significance: **Low**

Report to COUNCIL/TE KAUNIHERA for decision.

PURPOSE - TE TAKE

The purpose of this report is to seek Gisborne District Council (Council) adoption of the Statement of Proposal for the Ture-ā-Rohe Kaihoko Nekenekē o Te Tairāwhiti - Tairāwhiti Mobile Traders Bylaw 2025 (including the proposed Bylaw) for public consultation.

SUMMARY - HE WHAKARĀPOPOTOTANGA

Gisborne District Council (Council) is reviewing its regulatory approach to mobile trading. Council is preparing a new Bylaw to replace the Gisborne District Council Mobile Shops and other Traders Bylaw 2014.

Council has determined a bylaw is the most appropriate way to address perceived problems associated with mobile trading because it provides a clear regulatory framework ([Report 24-305](#)) and is consistent with Council's previous approach to the matter.

A new bylaw is being developed to address these perceived problems as this review is outside of the time limit imposed on bylaw reviews conducted under the Local Government Act (LGA). Therefore, the new 2025 bylaw will need to be reviewed within five years of being made.

Staff have identified changes from the current bylaw wording and present these changes in a draft Statement of Proposal and proposed bylaw for Council to adopt for public consultation.

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 - NGĀ TŪTOHUNGA

That the Council/Te Kaunihera:

1. Notes the contents of this report.
2. Determines as required by s155 of the Local Government Act 2002 that the proposed Ture-ā-Rohe Kaihoko Nekenekē o Te Tairāwhiti (Tairāwhiti Mobile Traders Bylaw 2025) in Attachment 1 of this report:
 - a. Is the most appropriate form of bylaw; and
 - b. Does not give rise to any implications under the New Zealand Bill of Rights Act 1990.
3. Adopts the Statement of Proposal in Attachment 1 of this report including the proposed Ture-ā-Rohe Kaihoko Nekenekē o Te Tairāwhiti (Tairāwhiti Mobile Traders Bylaw 2025) for public consultation using the special consultative procedure.

Authorised by:

Joanna Noble - Director Sustainable Futures

Keywords: bylaw, regulation, mobile trading, mobile traders, mobile shop, mobile trade, stall, vehicle, public place

BACKGROUND - HE WHAKAMĀRAMA

1. Council made the [Mobile Shops and Other Traders Bylaw](#), (the current Bylaw) in 2014 to regulate a wide range of trading activities in the Gisborne District to ensure that standards for public health, pedestrian and road safety, and amenity are maintained, and risks of nuisance and offensive behaviour are minimised, to ensure the wellbeing and enjoyment of all users of public places.
2. Mobile trading can provide benefits to the community by improving the diversity of local products and services on offer, enhancing the vibrancy of the community, and contributing to the local character. Enabling these activities can also help to support small businesses and make use of under-utilised or empty public space.
3. Mobile trading can also present some challenges to the region, which include impacts on:
 - 1) **traffic safety** from trading in inappropriate locations which may impede traffic flow, obstruct access to adjoining roads and parking spaces, or risk unsafe vehicle manoeuvres where line of sight for drivers may be obstructed.
 - 2) **pedestrian accessibility and safety** from trading activities which may obstruct regular pedestrian flow, block pedestrian access or create difficulties for those with limited mobility or parents and caregivers with pushchairs.
 - 3) **public nuisance** from noise, litter and potential for misuse of public places and offensive behaviour impacting the use and enjoyment of a public place.
 - 4) **reduced amenity and character** from uncontrolled or mismanaged activities that may leave an area poorly organised or overused, and create negative impacts on local residents, businesses or other users of a public place.
4. The statutory deadline for the review of the current bylaw has passed. Therefore, the Council resolved at its meeting on 21 November 2024 ([24-305](#)) to revoke this lapsing bylaw and replace it with a new bylaw.
5. In this meeting, Council made the necessary determinations that there is a perceived problem relating to the operation of mobile traders in the district, and that a bylaw is the most appropriate way of regulating mobile trading and directed staff to develop a new draft bylaw and statement of proposal for public consultation.
6. In drafting a new bylaw, staff have identified some opportunities for improvement within the operation of the current bylaw, in particular, inconsistencies with the overarching regulatory framework due to amendments to the Food Act 2014 (the Food Act) as well as some changes to improve administrative efficiency, enforcement, and general readability.

DISCUSSION and OPTIONS - WHAKAWHITINGA KŌRERO me ngā KŌWHIRINGA

7. Staff are proposing that the current Bylaw be revoked, and that the new proposed Bylaw be consulted on and adopted.
8. Once adopted, the new Bylaw would need to be reviewed within five years. The ten-year review period will commence after this first review.
9. Staff are proposing the following three key changes from the current approach to regulating mobile trading in Tairāwhiti:
 - 1) Revoke the current Bylaw and replace with a new Bylaw.
 - 2) Update and clarify enforcement tools.
 - 3) Simplify definitions and structure of bylaw to align with drafting guidelines.
10. The draft statement of proposal, and the proposed new Bylaw which reflect these changes are attached to this report as Attachment 1.
11. The rationale and cost-benefit considerations for each of these proposals are set out below.

Proposal One: Revoke the current bylaw and replace it with a new bylaw.

12. The current bylaw will lapse in mid-2026. To maintain Council's current regulatory approach to mobile trading within the region, a new Bylaw is required.
13. Staff recommend that Council seek public feedback on a proposal to revoke and replace the current Bylaw, with a new proposed Bylaw made under the Local Government Act 2002 (LGA) and the Land Transport Act 1998 (LTA). This is consistent with the resolution made by Council at its meeting on 21 November 2024 ([24-305](#)).
14. Under the LGA, councils have general bylaw-making powers. Council can regulate mobile trading to the extent that there is evidence of a problem such as nuisance, risk to public health and safety, offensive behaviour in public places or to regulate trading in public places.
15. The LTA provides specific powers to make bylaws for managing activities which tend to fall within the road corridor. Council can regulate the use of stands or stalls and keepers of mobile or travelling shops in roads and public places.
16. Once adopted, the new Bylaw would need to be reviewed within five years for the first review, with subsequent reviews at ten-year intervals, or earlier if Council deems necessary.
17. Council is not required to have a bylaw that addresses mobile trading; therefore, it has the option of doing nothing. The alternative options analysed in Table One: Cost-benefit analysis of Proposal One below examine the potential effects of retaining status quo (where the current bylaw lapses in 2026) or relying on non-regulatory mechanisms to manage the effects of mobile trading.

Table One: Cost-benefit analysis of Proposal one

Options	Costs / risks	Benefits
<p>Option 1: Status quo: do not replace the current 2014 bylaw and allow it to expire in May 2026.</p>	<p>Once the bylaw expires, Council will no longer have the regulatory tools the Bylaw enables to manage mobile trading in public places. Whatever Council saves in resources now, it might spend more addressing problems without an established regulatory framework that has been created especially to manage mobile trading issues. Council has less information about what is being traded in public and will no longer have a mechanism to require licences. Council is required to consult with the public on its decision to revoke the current Bylaw per section 156 of the LGA. Council will incur costs of undertaking public consultation.</p>	<p>Reduces Council's administrative obligations by reducing the number of bylaws it administers. Council will not have to use time and resource to make a new bylaw.</p>
<p>Option 2: (recommended option) Revoke and replace the current Bylaw (2014) with a bylaw made under the LGA and LTA.</p>	<p>Council will incur costs of undertaking public consultation. There will also be costs associated with updating educational material, signage, and other communication tools. Time and resource required to comply with precise statutory review periods under the LGA.</p>	<p>Enables Council to receive feedback from the public and stakeholders on the proposed changes described within the statement of proposal, which reflect best practice, improve administrative efficiency and provide greater consistency with the national regulatory framework. Enables Council to regulate, prohibit or permit mobile trading and prescribe charges for licences through the bylaw. Consistency with the current regulatory framework which is operating well. Broadens the scope that the bylaw can address to issues covered by both the LTA and LGA. Enables Council to access enforcement powers under both the LTA and LGA, including infringement notices for some breaches. A fixed statutory review requirement ensures that the bylaw is working well and, if it is not, that Council address whatever aspect is not working.</p>

Options	Costs / risks	Benefits
Option 3: Use alternative mechanisms to manage the problems associated with mobile trading.	<p>Council will not have the regulatory tools the Bylaw enables to manage the problem.</p> <p>Council will have less visibility on what is being traded and will no longer have a mechanism to require licences. Council deviates from a well-established approach which evidence suggests is working well.</p> <p>Regulation and enforcement powers are spread across a number of different regulatory tools which creates risks of inconsistency and makes it harder for users to know the rules and how to comply with them.</p> <p>Even if a bylaw is not made, Council will need to consult with the public on its decision to revoke the current Bylaw as required by section 156 of the LGA. Council will incur costs of undertaking public consultation.</p>	<p>Reduces Council's administrative obligations by reducing the number of bylaws it administers.</p> <p>Council will not have to use time and resource to make a new bylaw.</p>

Proposal Two: Update enforcement tools

Current enforcement approach

18. When the current Bylaw is breached, or a potential breach is identified, regulatory staff's first response is to focus on education of the Bylaw to encourage compliance. If that does not resolve the problem, staff issue a verbal warning, then a written warning, before any further punitive enforcement action is taken.
19. If a trader does not respond positively to the verbal warning, a written warning achieves several things. It formalises the verbal warning; acts as a record of steps taken (which can be helpful if a prosecution is subsequently pursued) and it puts the trader on notice that the next step in the graduated response may be used.
20. This education first, graduated enforcement model is very effective, and the need for a written warning has been very low.
21. If the breach is not rectified after the written warning, the next step takes the form of the trader in breach paying for staff time for re-inspections in the first instance, before any infringement action is considered. The level of charge is determined by applying the rate within Council's schedule of fees and charges (for the [2024/25](#) year, this is set at \$185/hour). To date, staff have not needed to escalate enforcement beyond a written warning.

Gaps in current enforcement approach

22. The current Bylaw lacks graduated enforcement options between the charge of staff time and court prosecution and unnecessarily restricts the enforcement options available to staff.
23. The current Bylaw limits enforcement to what is available under the Food Act and the LGA; and limits fines to \$500, and \$50 a day for ongoing offences. This has the effect of creating an unhelpful gap in the graduated enforcement model, with a large escalation between charging for officer time to seeking prosecution under the LGA. Prosecutions or obtaining an injunction under the LGA are costly and time consuming, so it is seldom a proportionate regulatory tool.
24. Further, the Food Act is not an appropriate tool for managing mobile traders via a bylaw. The requirement to remove bylaw clauses which reference issues managed by the Food Act is explicitly provided for within the Food Act, and the Food Act provides Council with a framework to respond to issues with food safety and hygiene, outside of bylaws.

Proposal

25. Staff recommend that the education first approach be retained, as it is highly effective at ensuring compliance with the bylaw while maintaining relationships with mobile traders. Because this approach is so effective, it is unlikely that any change will be seen between the current and the new bylaw by mobile traders who adhere to the bylaw.
26. The changes contained in the proposed new Bylaw in Attachment 1 clarify what Council can do beyond the charging of staff time for re-inspection and provides a graduated response to enforcement with escalations that fit with the degree and severity of the breach by allowing for infringement offences as provided under the LTA when vehicles are used for trading.
27. Further, it is recommended that amendments be made to ensure Council is not limited by how the legislation currently operates, future proofing the bylaw. This means, for example, if changes are made to the regulations which provide additional ability to apply fines and infringeable offences, Council will have the option to incorporate these into a graduated enforcement model.

Table Two: Cost-benefit analysis of Proposal Two

Options	Costs / risks	Benefits
Option 1: Status quo: carry over the enforcement provisions within the current bylaw	<p>The problems with the current enforcement provisions will remain, which is likely to cause inefficiencies in the regulatory operation of the bylaw.</p> <p>The gap between the charge of staff time and court prosecution continues to unnecessarily restrict the enforcement options available to staff.</p> <p>Missed opportunity cost as the work to review and update the enforcement provisions in the proposed Bylaw has been completed.</p>	<p>Consistency in approach means the regulatory team does not need to make any immediate changes to implement any changes to the enforcement of the bylaw.</p> <p>Current mobile traders can expect little to no change in how Council enforces the bylaw or responds to breaches.</p>
Option 2: (Recommended option) Make changes to the enforcement provisions as reflected in Attachment 1	<p>Potential for concern from existing or future mobile traders that Council intends to move towards a more punitive regime.</p> <p>Some resource and time may be required in implementation, such as updating educational materials like forms and the Council website, as well as internal materials like standard operating procedures.</p>	<p>Gives Council a graduated response to enforcement with escalations that fit with the degree and severity of the breach.</p> <p>Makes it very clear to mobile traders what the process looks like if the bylaw is breached.</p> <p>Assures the community that Council can respond to and manage problems caused by mobile traders if required.</p>

Proposal Three: Simplify definitions and structure of the bylaw to make it easier to understand.

28. The proposed new Bylaw in Attachment 1 reflects updates to improve readability of the bylaw and to make it easier for users, including Council staff and mobile traders, to interpret. It also updates the bylaw to ensure it complies with the relevant legislation, such as removal of the reference to the Food Act, as noted above.
29. Importantly, there has been very little change proposed to how the bylaw is applied in practice, the proposed new Bylaw represents an update which reflects the current way the bylaw is operated. This means that operationally, the bylaw will be easier to administer, and there will be little to no transitional issues for the current licensed mobile traders.
30. The bylaw has also been updated to reflect Council's current bylaw template, and has been given a te reo Māori name, *Ture-ā-Rohe Kaihoko Nekenekē o Te Tairāwhiti*.

31. As well as generally updating the content and structure of the bylaw, the following matters have been addressed to enhance the readability of the new proposed Bylaw.

Key readability change	Current Bylaw	Proposed new Bylaw
Clarifying and simplifying the definition of mobile traders	The current Bylaw divides traders into four types: keeper of a mobile shop, hawker, itinerant trader, and person carrying out the activities of a stall. It includes definitions of hawker, itinerant trader, mobile shop and stall. The Bylaw also includes a definition of "commercial traveller" however, it does not regulate commercial travellers in any way.	Update definitions for clarity, ease of use, and to reflect the types of traders operating in Tairāwhiti. Using one definition to accurately capture all those mobile traders to which the bylaw applies, while making it clear within the bylaw those exempted from needing to comply the bylaw such as those traders who already operate under regulation such as resource consent (such as traders at a farmers market on private land) or those who are fundraising (such as selling girl guide biscuits or lemonade).
Clarifying the licences issued under the Bylaw	The current Bylaw includes a mixture of references to both licences and permits. There are also issues within the mechanism allowing Council to issue licences, as well as a lack of clarity around when a stall should have a licence or a permit, which should be clarified.	A standard process for issuing licences under the bylaw is proposed, which aligns with what Council can do under the empowering legislation. Clarification of the scope of when Council staff will exercise discretion, explicitly allowing for bespoke conditions on licences if required.
Updating the traffic management approach	The current bylaw refers to the Code of Practice for Temporary Traffic Management (CoPTTM). In 2023 Waka Kotahi NZTA published The New Zealand guide to temporary traffic management (NZGTTM) and began implementing a new approach to temporary traffic management.	Council staff assessed the NZGTTM and have developed a guideline and regulations for temporary traffic management (TTM) for the district. This new approach will be used to guide mobile traders as to the information required to ensure traffic and pedestrian safety and will be appended to the bylaw for information purposes.

Table three: Cost-benefit analysis of Proposal three

Options	Costs / risks	Benefits
Option 1: Status quo: retain definitions, approach to licences, traffic management, and the overall structure of current bylaw.	<p>The problems with the current bylaw will remain, which is likely to cause inefficiencies in the operation of the bylaw.</p> <p>Missed opportunity cost as the work to review and update the enforcement provisions in the proposed Bylaw has been completed.</p>	<p>Consistency in approach means the regulatory team do not need to make any immediate changes to implement any changes to the enforcement of the bylaw.</p> <p>Current mobile traders can expect little to no change in how Council administers the bylaw.</p>
Option 2: Simplify definitions and structure of the bylaw to make it easier to understand.	<p>Potential for concern from existing licensed mobile traders or those who are currently exempt from the bylaw that Council is changing what is required.</p> <p>Some resource and time may be required in implementation, such as updating educational materials like forms and the Council website, as well as internal materials like standard operating procedures.</p>	<p>A simpler to administer, easier to understand bylaw that delivers on addressing problems related to mobile trading while providing a tool for licensed mobile traders to use public places.</p> <p>A bylaw that is consistent with legislation and drafting principles.</p>

Our proposal

The current Bylaw and how it is implemented is broadly working well, so we started with the current approach in developing a replacement bylaw. We analysed requests for service and complaints data and spoke with current licence holders and other key stakeholders including iwi to check if the rules we have in place are working as they should be, and to identify improvements that can be made. We also examined internally how the bylaw was operating and whether there were any changes we could make to improve the administrative efficiency of the bylaw. The outcome of this review confirmed that there is still a need for rules managing mobile trading, but there are some improvements that can be made to make sure the bylaw continues to be fit for purpose. The three key changes from the current Bylaw are:

1. **Revoke the current Bylaw and replace with a new Bylaw.**
2. **Update and clarify enforcement tools.**
3. **Simplify definitions and structure of bylaw to align with drafting guidelines.**

ASSESSMENT of SIGNIFICANCE - AROTAKENGA o NGĀ HIRANGA

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: Low Significance

This Report: Low Significance

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

TREATY COMPASS ANALYSIS

Kāwanatanga

33. The bylaw is restricted in scope to apply to mobile trading in public places that are under the control of Council. Council cannot apply restrictions to Māori-owned land. Should traders wish to operate on Māori-owned land, the owners would be able to apply kawanatanga by engaging their own process for allowing such types of trade prior to seeking any relevant advice from Council regarding any required consents or permissions required outside of the bylaw, such as resource consent, liquor licences and registrations under the Food Act 2014.
34. Additional engagement can be undertaken when making decisions through the implementation of the bylaw with tangata whenua to ensure kawanatanga continues to be respected.

Rangatiratanga

35. Staff reached out to iwi partners to inform them of this review, prior to the Determination Report being presented to Council in November 2024.

36. In response to this, Te Aitanga a Māhaki provided initial feedback and requested to be actively included in any approvals process for licenses issued under the bylaw within their rohe and for provisions to be explored to allow iwi officers or Māori Wardens to act as enforcement officers under the bylaw. It is intended that this be considered through the wider Compliance, Monitoring and Enforcement review underway. This will allow consistency of approach between this bylaw and other enforcement undertaken by Council.

Oritetanga

37. As noted above, tangata whenua were invited to participate in early engagement for this bylaw review at the same time as stakeholders most directly affected by the bylaw. This was to allow for early identification of any particular interest in this bylaw as well as for early awareness of the upcoming formal consultation process.
38. As tangata whenua are engaged with on many different decisions and aspects of Council mahi, it is seen as of importance to notify and allow their participation in decision-making processes as early as possible to foster strong relationships between tangata whenua and Council.

Whakapono

39. There are no specific whakapono considerations in relation to this bylaw, though it is noted that the restriction of items on verges supports protection of the environment.

TANGATA WHENUA/MĀORI ENGAGEMENT - TŪTAKITANGA TANGATA WHENUA

40. Tangata whenua were invited to participate in early engagement for this bylaw review at the same time as the stakeholders most directly affected by the bylaw. A request was received from Te Aitanga a Māhaki in response to this invitation. This is discussed in Te Tiriti Compass section above.
41. Going forward, tangata whenua will continue to be updated on the process of the development of the bylaw and will be invited to participate in the formal consultation period to give feedback on the proposal.

COMMUNITY ENGAGEMENT - TŪTAKITANGA HAPORI

42. The special consultative procedure ([section 83](#) of the LGA) will be used to seek public feedback on the proposed changes.
43. Staff also intend to notify key stakeholders of the draft new bylaw to ensure stakeholders have an opportunity to provide feedback on the draft new bylaw during the formal consultation period. These stakeholders include the approximately 45 current holders of licences under the current bylaw, Gisborne Chamber of Commerce, the Gisborne Farmers Market and other registered food retailers.

CLIMATE CHANGE – Impacts / Implications - NGĀ REREKĒTANGA ĀHUARANGI – ngā whakaaweawe / ngā ritenga

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

CONSIDERATIONS - HEI WHAKAARO

Financial/Budget

45. Adoption of a new Mobile Traders Bylaw may result in some operational matters which may carry a financial impact, such as updating application forms, educational materials and the website. Existing copies of the 2014 bylaw will also need to be disposed of.
46. Costs for the review and consulting on a new Bylaw are met by the Strategic Planning budget, and operational matters related to the implementation of the new bylaw have been factored into the Environmental Health budget.

Legal

47. The broad legislative framework surrounding the bylaw is set out in the determination report ([24-305](#)). Specific legislative requirements for adoption of a proposed bylaw for consultation discussed below.

Local Government Act 2002

48. Under s156 of the LGA, when making a bylaw Council must consult according to the level of significance as assessed against Council's Significance and Engagement Policy.
49. Significance is assessed as **low**, and Council must consult in a manner that gives effect to the principles of consultation in section 82 of the LGA.
50. The special consultative procedure for making bylaws is set out under section 83 of the LGA. That section requires the Council to include the following in its statement of proposal:
 - 1) The draft proposed bylaw.
 - 2) Reasons for the proposal.
 - 3) A report on the Council's determinations made under s155.
51. Under s155 of the LGA, when making a bylaw the Council must determine that a bylaw is the most appropriate way of addressing a perceived problem. This determination was made at the Council meeting on 21 November 2024 ([24-305](#)).
52. When satisfied that a bylaw is appropriate, s155 then requires the Council must determine that the proposed form of the bylaw is the most appropriate form of the bylaw.
53. Improvements to the current bylaw, especially regarding the simplification of definitions, adding clarity to enforcement provisions, and making explicit the interaction that this bylaw has with other regulations such as the Food Act 2014, mean that staff consider the proposed bylaw in Attachment 1 to be the most appropriate form of bylaw.

New Zealand Bill of Rights 1990 (NZBORA)

54. Finally, section 155 of the LGA requires Council to consider whether a bylaw gives rise to any implications under the NZBORA. The NZBORA protects some rights which may be related to trading in public places including freedom of movement and freedom of association, as follows:
- 1) Section 17 of NZBORA provides that everyone has the right to freedom of association. This right might be limited by preventing mobile traders from entering into agreements to trade in a specified area.
 - 2) Section 18 of NZBORA provides everyone with the right to freedom of movement. Any regulations on locations for mobile trading may have implications for the freedom of movement of both the traders and the general public.
 - 3) Section 5 of NZBORA provides that the rights contained in the Act may be subject to such reasonable limits prescribed by law as can be demonstrably justified in a free and democratic society.
55. When considering whether a bylaw imposes reasonable limits, Council must ensure that the limits are prescribed by law. This means that they cannot be left undefined and determined by a Council staff member exercising a broad discretion. Users of a bylaw must be able to locate and understand what the limits are, so they need to be expressed either in a bylaw or conditions of the licences to trade.
56. The proposed limits imposed on mobile traders fall within the scope of what Council can regulate to manage the negative impacts from mobile trading on other users of public places, as provided by the LGA and the LTA, as follows:
- 1) Section 145 of the LGA provides territorial authorities with the power to make bylaws for the purposes of:
 - a. protecting the public from nuisance;
 - b. protecting, promoting, and maintaining public health and safety;
 - c. minimising the potential for offensive behaviour in public places.
 - 2) Section 146(1)(a)(vi) of the LGA gives territorial authorities specific bylaw-making powers for the purpose of regulating trading in public places.
 - 3) Section 22AB(1)(zi) of the LTA gives councils, as road controlling authorities, the power to make bylaws for the purpose of prohibiting or permitting the use of stands or stalls (including vehicles) by hawkers, pedlars and keepers of mobile or travelling shops in roads and public places. Paragraph (zj) provides that councils may prescribe charges in respect of any permits granted in relation to matters specified in paragraph (zi).
57. In particular, the proposed new bylaw, and similarly the current bylaw, restricts where mobile traders are able to trade, including in the central business district. This restriction has been implemented by Council based on traffic safety considerations and perceived parking problems and allows Council to manage certain trading activities that might obstruct others using public spaces, such as footpaths and public roads. Additionally, it helps with traffic management in the city centre, where pedestrian and vehicular traffic is more prevalent.

58. The restrictions on mobile traders within the proposed bylaw are clear and easy to understand. While the restrictions do not rely on discretion of Council staff, the bylaw allows for limited discretion to be exercised to ensure the bylaw is able to be applied in an appropriate way in scenarios not contemplated within the standard restrictions.
59. Staff consider the proposed bylaw provides demonstrably justifiable limits in a free and democratic society and is therefore consistent with the NZBORA.

POLICY and PLANNING IMPLICATIONS - KAUPAPA HERE me ngā RITENGA WHAKAMAHERE

60. The matters within this report have no further policy and planning implications beyond those discussed in this report. Any that do arise at a later stage of the process will be canvassed in the decision-making reports at that stage.
61. The community outcomes of a Healthy, Prosperous and Safe Tairāwhiti are all relevant to the matters addressed in this report.

RISKS - NGĀ TŪRARU

62. Council's reputation could be impacted if regulatory processes are not followed to an adequate standard and the public and tangata whenua are not appropriately consulted on any proposed changes. To mitigate this, staff have developed a project plan that ensures Council fulfils its obligations, such as following the statutory process for bylaw development and consultation and applying Council's Significance and Engagement Policy.

NEXT STEPS - NGĀ MAHI E WHAI AKE

Date	Action/Milestone	Comments
April/May 2025	Public consultation on draft bylaw.	Timing subject to change pending adoption of proposed SOP and bylaw by Council.
May/June 2025	Opportunity for verbal feedback from the public on the bylaw (Hearings).	Timing subject to change pending formal consultation.
2025 (date to be confirmed)	Deliberations	Panel considers feedback and recommendations received and makes its recommendations to Council on the final bylaw content and form.
2025 (date to be confirmed)	Adopt final bylaw	A draft final bylaw is presented to Council for consideration and adoption.
2025 (date to be confirmed)	Bylaw operative	Bylaw ready to be implemented and made operational.

ATTACHMENTS - NGĀ TĀPIRITANGA

1. Attachment 1 - Statement of Proposal and Draft Proposed Bylaw **[25-70.1 - 22 pages]**

Statement of Proposal

Ture-ā-Rohe Kaihoko Nekeneke o Te Tairāwhiti (Tairāwhiti Mobile Traders Bylaw 2025)

Gisborne District Council wants to know what you think about our proposed new Mobile Traders Bylaw 2025, which will replace our expiring current Bylaw which manages mobile trading in Tairāwhiti. The Mobile Shops and Other Traders Bylaw 2014 (the current Bylaw) was our starting point for our new bylaw, and while it is working well, we are proposing some key changes to make the new bylaw easier to understand and administer.

This document is the Statement of Proposal for our Proposed Mobile Traders Bylaw 2025, made under Section 83(1)(a) of the Local Government Act 2002. This document contains:

- a summary of relevant information
- a description of the proposal
- information on how to have your say
- the relevant legislative requirements
- a draft of the proposed Bylaw.

Summary

Council is responsible for maintaining safe and enjoyable public places for the benefit of everyone in the region. Well-managed mobile shops, stalls and other trading in public places can be a great asset to our communities, helping to attract visitors, adding character and vibrancy to Tairāwhiti, and providing diversity of local products and services on offer. Enabling these activities can also help to support small businesses and make use of under-utilised or empty public space.

However, if trading is poorly managed, it can lead to a number of negative outcomes, such as posing a safety risk to traffic, impacting pedestrian accessibility and safety, causing undue noise and litter and other public nuisance, and reducing amenity and character of an area.

Did you know?

We take an **education first** approach to managing mobile trading in the region. This means we prioritise and maintain great communication with our mobile traders, and we intend to continue taking this approach under the new bylaw.

In response to these potential negative outcomes, the proposed Mobile Traders Bylaw 2025 applies rules to help manage the activity as it occurs within public places. It defines what we mean by mobile trading and provides a framework which lays out overarching rules for all mobile traders, including the requirement to be licensed to operate in public places. It also spells out the likely conditions of these licences, and what Council will do in the event of a breach of the bylaw or mobile trading licence.

There are other regulations which manage mobile trading, and this bylaw works alongside these regulations. For example, if a mobile trader is operating under a resource consent (such as the Gisborne Farmers Market) they do not also need to be licensed under the bylaw for trading undertaken within the conditions of that consent. Food Safety is another issue that often is raised with mobile trading. Council manages this through its functions under the Food Act 2014 (the Food Act), which provides a risk-based approach to managing food safety.

For more information on the requirements under the Food Act and whether it applies to you, check out our website:

<https://www.gdc.govt.nz/services/alcohol-and-food>

At the 21 November 2024 meeting (Report [24-305](#)) Council determined that a bylaw is the most appropriate way of regulating mobile trading and that the current Bylaw should be replaced with a new bylaw before it expires. In drafting a new bylaw, we have identified some areas of improvement in the current Bylaw, such as addressing inconsistencies with the overarching regulatory framework due to amendments to the Food Act, and changes to make the bylaw easier to understand, administer, and enforce.

Our proposal

The current Bylaw and how it is implemented is broadly working well, so we started with the current approach in developing a replacement bylaw. We analysed requests for service and complaints data and spoke with current licence holders and other key stakeholders including iwi to check if the rules we have in place are working as they should be, and to identify improvements that can be made. We also examined internally how the bylaw was operating and whether there were any changes we could make to improve the administrative efficiency of the bylaw. The outcome of this review confirmed that there is still a need for rules managing mobile trading, but there are some improvements that can be made to make sure the bylaw continues to be fit for purpose. The three key changes from the current Bylaw are:

- 1. Revoke the current Bylaw and replace with a new Bylaw**
- 2. Update and clarify enforcement tools**
- 3. Simplify definitions and structure of bylaw to align with drafting guidelines**

These proposals are explained below including the other options we considered before identifying our preferred option, which is reflected in the proposed new Bylaw attached to this statement of proposal.

Proposal (1)	Revoke the current Bylaw and replace with a new Bylaw
Reasoning	<p>The current Bylaw will lapse in mid-2026 as the statutory deadline for the review to continue this bylaw has passed. To maintain Council's current regulatory approach to mobile trading within Tairāwhiti, a new Bylaw is required.</p>
Options Considered	<p>Option One – Status quo: do not replace the current 2014 bylaw and allow it to expire in May 2026.</p> <p>Council is not required to have a bylaw that addresses mobile trading; therefore, it has the option of doing nothing. This option will mean the current rules will continue to be in place until they expire in May 2026. Council would then no longer be able to require licenses for mobile trading or be able to apply conditions on these licenses. Under this option, Council will still need to consult with the public on its decision to revoke the current Bylaw as required by section 156 of the Local Government Act 2002 (LGA).</p> <p>In the short term, this option will reduce Council's administrative obligations by reducing the number of bylaws it administers and will reduce the time and resource required to make a new bylaw. Once the Bylaw expires, Council will no longer have the regulatory tools the Bylaw enables to manage mobile trading in public places within the region. What Council saves in resources now, it might spend more addressing problems without an established regulatory framework that has been created especially to manage mobile trading issues, meaning Council will have less information about what is being traded in public.</p> <p>This option does not reflect what the community and key stakeholders told us through early engagement.</p> <p>Option Two - Preferred. Revoke and replace the current Bylaw (2014) with a bylaw made under the LGA and Land Transport Act 1998 (LTA).</p> <p>This option enables Council to receive feedback from the public and stakeholders on the proposed changes described within this statement of proposal, which maintains consistency with the current Bylaw, which is operating well, along with identifying improvements on the current Bylaw.</p> <p>This option enables Council to regulate, prohibit or permit mobile trading and prescribe charges for licenses through the bylaw, and broadens the scope that the bylaw can address to issues covered by both the LTA and LGA. A fixed statutory review requirement ensures that the bylaw is working well and, if it is not, that Council address whatever aspect is not working.</p> <p>However, under this option, Council will incur costs of undertaking public consultation. There will also be costs associated with updating educational material, signage, and other communication tools. There is also time and resource required to comply with precise statutory review periods under the LGA.</p>

	<p>Option Three Use alternative mechanisms to manage the problems associated with mobile trading.</p> <p>This option reduces Council's administrative obligations by reducing the number of bylaws it administers and means Council will not have to use time and resource to make a new bylaw.</p> <p>Relying on alternative mechanisms like a non-regulatory educational approach means that Council is unable to provide bespoke rules for Tairāwhiti and relies on voluntary compliance. Council will have less visibility on what is being traded and will no longer have a mechanism to require licenses and will deviate from a well-established approach which evidence suggests is working well.</p> <p>With regulation and enforcement powers spread across several different regulatory tools creates risks of inconsistency and makes it harder for users to know the rules and how to comply with them.</p> <p>Even if a bylaw is not made, Council will need to consult with the public on its decision to revoke the current Bylaw as required by section 156 of the LGA.</p>
<i>Preferred Option</i>	<p>Option Two – Revoke and replace the current Bylaw (2014) with a bylaw made under the LGA and LTA as attached to this statement of proposal.</p>

Proposal (2)	Update and clarify enforcement tools
<i>Reasoning</i>	<p>Currently Council uses an education first, graduated enforcement model to manage compliance. This is very effective, and the need for a written warning or any other escalation has been very low. To date, staff have not needed to escalate beyond a written warning.</p> <p>However, the current Bylaw lacks graduated enforcement options and unnecessarily restricts the enforcement options available to staff if escalation is required. This has the effect of creating an unhelpful gap in the graduated enforcement model, with a disproportionate leap in escalation between charging for officer time (the step beyond a written warning) to seeking prosecution under the LGA.</p>
<i>Options Considered</i>	<p>Option One – Retain the status quo, carry over the enforcement provisions within the current Bylaw.</p> <p>This option has the benefit of providing consistency, which means Council staff do not need to make any immediate changes to implement the new bylaw. Current licence holders can expect little to no change in how Council enforces the bylaw or responds to breaches.</p> <p>However, the problems with the current enforcement provisions will remain, which is likely to cause inefficiencies in the regulatory operation of the bylaw. The gap between the charge of staff time and court prosecution will continue</p>

	<p>to unnecessarily restrict the enforcement options available to staff, and there is a missed opportunity cost associated with this option as the work to review and update the enforcement provisions has already been completed in developing the proposed new Bylaw.</p> <p>Option Two – Preferred. Make changes to the enforcement provisions as reflected in the proposed new Bylaw attached to this Statement of Proposal.</p> <p>The proposed Bylaw provides a graduated response to enforcement with escalations that fit with the degree and severity of the breach, by allowing for infringement offences as provided under the LTA when vehicles are used for trading, as well as removing unnecessary restrictions to how Council may apply both the LGA and LTA in enforcing the bylaw. This means, for example, if changes are made to the regulations which provide additional ability to apply fines and infringeable offences, Council will have the option to incorporate these into graduated enforcement model.</p> <p>Under this option, the education first approach can be retained, as it is highly effective at ensuring compliance with the bylaw while maintaining relationships with mobile traders. Because this approach is so effective, it is unlikely that any change will be seen between the current and the new bylaw by mobile traders who adhere to the bylaw.</p> <p>The changes contained in the proposed new Bylaw clarify what Council can do beyond the charging of staff time for re-inspection and provides a graduated response to enforcement with escalations that fit with the degree and severity of the breach by allowing for infringement offences as provided under the LTA when vehicles are used for trading.</p>
<i>Preferred Option</i>	<p>Option Two – Make changes to the enforcement provisions as reflected in the proposed new Bylaw attached to this Statement of Proposal.</p>

Proposal (3)	Simplify definitions and structure of bylaw to align with drafting guidelines
<i>Reasoning</i>	<p>The current Bylaw requires updates to improve readability and to make it easier for users, both council staff and mobile traders, to interpret. The bylaw also needs to comply with the relevant legislation and meet drafting standards. The key areas of change are:</p> <p>Clarifying and simplifying the definition of mobile traders.</p> <p>The current Bylaw divides traders into four types: keeper of a mobile shop, hawker, itinerant trader, and person carrying out the activities of a stall. It includes definitions of hawker, itinerant trader, mobile shop and stall. The Bylaw also includes a definition of "commercial traveller" however it does not regulate commercial travellers in any way.</p> <p>Using one definition to accurately capture all those mobile traders to which the bylaw applies, while making it clear within the bylaw those exempted from</p>

	<p>needing to comply the bylaw such as those traders who already operate under regulation such as resource consent (such as traders at a farmers market on private land) or those who are fundraising (such as selling girl guide biscuits or lemonade).</p> <p>Clarifying the licences issued under the Bylaw</p> <p>The current Bylaw includes a mixture of references to both licences and permits. There are also issues within the mechanism allowing Council to issue licences, as well as a lack of clarity around when a stall should have a licence or a permit, which should be clarified.</p> <p>A standard process for issuing licences under the bylaw is proposed, which aligns with what Council can do under the empowering legislation. Clarification of the scope of when Council staff will exercise discretion, explicitly allowing for bespoke conditions on licences if required.</p> <p>Updating the traffic management approach</p> <p>The current Bylaw refers to the Code of Practice for Temporary Traffic Management (CoPTTM). In 2023 Waka Kotahi NZTA published The New Zealand guide to temporary traffic management (NZGTTM) and began implementing a new approach to temporary traffic management, so the CoPTTM is now outdated.</p> <p>Council staff have assessed the NZGTTM and have developed a guideline and regulations for temporary traffic management (TTM) for Tairāwhiti. This new approach will be used to guide mobile traders as to the information required to ensure traffic and pedestrian safety and will be appended to the bylaw for information purposes.</p>
Options Considered	<p>Option One – Do not make changes (status quo) or make some (not all) of these changes.</p> <p>Under this option, the current approach to definitions, approach to licences, traffic management, and the overall structure of current Bylaw, or a combination of these, is retained, which means the regulatory team do not need to make any immediate changes to implementation and enforcement of the bylaw. Current mobile traders can expect little to no change in how Council administers the bylaw in the short term.</p> <p>However, this is likely to require redrafting of the proposed Bylaw, or a revision to the approach taken to the current Bylaw, as many of these changes are fundamental to the structure of the proposed Bylaw. This option does not enable Council to fully benefit from the analysis and stakeholder engagement which has informed this review. The problems with the current Bylaw will remain, which is likely to continue to cause inefficiencies.</p> <p>Option Two - Preferred Option). Simplify definitions and structure of the bylaw to make it easier to understand.</p> <p>This option is reflected in the proposed Bylaw attached to this Statement of</p>

	<p>Proposal. The proposal is a simpler to administer, easier to understand bylaw that delivers on addressing problems related to mobile trading while providing a tool for licensing mobile traders to use public places which is consistent with legislation and drafting principles.</p> <p>This option means the community can respond to the proposal through the consultation period, and this feedback is likely to further increase the readability of the Bylaw.</p>
<i>Preferred Option</i>	Option Two – Simplify definitions and structure of the bylaw to make it easier to understand.

Council proposes to make a new bylaw, Ture-ā-Rohe Kaihoko Nekeneke o Te Tairāwhiti (Tairāwhiti Mobile Traders Bylaw 2025), to manage mobile trading in Tairāwhiti, and seeks public feedback on this proposal. The proposed new Bylaw will revoke and replace the current expiring Mobile Shops and Other Traders Bylaw 2014. This proposed new Bylaw is attached to this statement of proposal.

We want to know what you think!

Before making any final decisions, we'd like to have your input. We are keen to hear your views on our three key proposals outlined above, as well as any changes to proposed Bylaw you may support.

The submission period will be open from **Date Month until Date Month 2025**. A summary of the proposed changes, the proposed Bylaw, and information about how to make a submission will be made available on our website: <https://www.gdc.govt.nz/council/have-your-say>. You can send us your submission:

- Online: www.gdc.govt.nz
- By Post: P.O Box 747, Gisborne 4040
- In person: At Gisborne District Council – 15 Fitzherbert Street, Gisborne

If you would like to speak to your submission, please indicate this on your submission and provide your contact details so we can get in touch to arrange a hearing time with our elected members.

Timeline

The consultation period begins: **Date Month 2025**

Closing date for submissions: **4pm Date Month 2025**

Public hearing (if required): **Date Month 2025**

Deliberation and decision of Council: **Date Month 2025**

Legislative Framework

Determinations under Section 155 of the Local Government Act 2002 (LGA):

Section 155 of the LGA provides that Council must consider certain criteria when making mobile trading bylaws. This includes whether the proposed Bylaw is:

- the most appropriate way of addressing a perceived problem;
- the most appropriate form of Bylaw, and
- not inconsistent with the New Zealand Bill of Rights Act 1990.

Council is required to complete an analysis against the above criteria when making or amending a bylaw. This analysis was undertaken in November 2024 when Council determined that a bylaw remains the most appropriate way of regulating problems associated with mobile trading in public places. This determinations report was presented to the Council on 21 November 2024 and in accordance with the requirements in Section 155 of the LGA, the Council determined that a new bylaw was required. (Report [24-305](#))

Does this proposed Bylaw meet the requirements under the Bill of Rights Act 1990?

Council revisited the Section 155 criteria before they adopted this proposed Bylaw for public consultation, at their meeting on 9 April 2025 (**Report 25-70**). This analysis confirmed that Council considered the proposed Bylaw to be consistent with the New Zealand Bill of Rights Act 1990, as the proposed Bylaw is reasonable, and not overly restrictive or impractical. The proposed limits imposed on mobile traders fall within the scope of what Council can regulate to manage the negative impacts from mobile trading on other users of public places, as provided by the LGA and the LTA. The restrictions on mobile traders within the proposed bylaw are clear and easy to understand. While the restrictions do not rely on discretion of Council staff, the bylaw allows for limited discretion to be exercised to ensure the bylaw is able to be applied in an appropriate way in scenarios not contemplated within the standard restrictions.

In particular, the proposed new bylaw, and similarly the current bylaw, restricts where mobile traders are able to trade, including in the central business district. This restriction has been implemented by Council based on traffic safety considerations and perceived parking problems and allows Council to manage certain trading activities that might obstruct others using public spaces, such as footpaths and public roads. Additionally, it helps with traffic management in the city centre, where pedestrian and vehicular traffic is more prevalent.

Special consultative procedure under Section 83 of the LGA:

Section 83 of the LGA 2002 outlines that when using the special consultative procedure, a local authority must-

- a) Prepare and adopt-
 - I. A statement of proposal; and
 - II. If the local authority considers on reasonable grounds that it is necessary to enable public understanding of the proposal, a summary of the information contained in the statement of proposal; and
- b) Ensure that the following is publicly available:
 - I. The statement of proposal; and
 - II. A description of how the local authority will provide persons interested in the proposal with an opportunity to present their views to the local authority in accordance with section 82(1)(d); and

- III. A statement of the period within which views on the proposal may be provided to the local authority (the period being not less than 1 month from the date the statement is issued); and
- c) Make the summary of information contained in the statement of proposal prepared in accordance with paragraph (a)(ii) (or the statement of proposal, if a summary is not prepared) as widely available as is reasonably practicable as a basis for consultation; and
- d) Provide an opportunity for persons to present their views to the local authority in a manner that enables spoken (or New Zealand sign language) interaction between the person and the local authority, or any representatives to whom an appropriate delegation has been made in accordance with Schedule 7; and
- e) Ensure that any person who wishes to present his or her views to the local authority or its representatives as described in paragraph (d) –
 - I. Is given a reasonable opportunity to do so; and
 - II. Is informed about how and when he or she may take up that opportunity.
- f) For the purpose of, but without limiting, subsection (1)(d), a local authority may allow any person to present his or her views to the local authority by way of audio link or audiovisual link.
- g) This section does not prevent a local authority from requesting or considering, before making a decision, comment or advice from an officer of the local authority or any other person in respect of the proposal or any views on the proposal, or both.

Attachment

Proposed Mobile Traders Bylaw 2025

Ture-ā-Rohe Kaihoko Nekeneke o Te Tairāwhiti

(Tairāwhiti Mobile Traders Bylaw 2025)

Made by Gisborne District Council

Resolution of Council dated [day month] 2025

This bylaw is made under sections 145 and 146 of the Local Government Act 2002 and section 22AB of the Land Transport Act 1998.

This bylaw must be reviewed no later than [day month] 2030 (5 years after date of resolution making the bylaw) as required by section 158 of the Local Government Act 2002.

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**Draft Proposed
Ture-ā-Rohe Kaihoko Nekeneke o Te Tairāwhiti
Tairāwhiti Mobile Traders Bylaw 2025**

1. Title

This bylaw is the Ture-ā-Rohe Kaihoko Nekeneke o Te Tairāwhiti, Tairāwhiti Mobile Traders Bylaw 2025.

2. Commencement

This bylaw comes into force on [date month] 2025.

3. Application

This bylaw applies to the Gisborne region.

Related information:

This bylaw is part of a wider framework of regional and national legislation that regulates trading activities. This bylaw does not seek to duplicate or be inconsistent with these requirements. Every person wanting to undertake mobile trading in the Gisborne region is responsible for understanding and complying with all applicable rules and regulations. These may include –

- Rules about food safety in the [Food Act 2014](#).
- Rules about activities on reserves in the [Reserves Act 1977](#) and the [Gisborne District Reserves Bylaw 2008](#).
- Rules about protecting significant areas in [Te Papa Tipu Taunaki o Te Tairāwhiti – the Tairāwhiti Resource Management Plan](#).
- Rules about public safety, nuisance, litter and obstructions in the [Gisborne District Public Places Bylaw 2015](#).
- Rules about traffic and parking in the [Tairāwhiti Traffic and Parking Bylaw 2021](#).
- Rules about the health and safety of workers in the [Health and Safety at Work Act 2015](#).
- Rules about the sale of alcohol in the [Sale and Supply of Alcohol Act 2012](#), the [Tairāwhiti Local Alcohol Policy 2024](#), and the [Gisborne District Alcohol Control Bylaw 2015](#).
- Certification requirements for certain mobile traders with the [Commerce Commission](#).
- Rules to ensure compliance with the [Credit Contracts and Consumer Finance Act 2003](#).
- The [Commerce Act 1986](#) which prohibits anti-competitive behaviour.

These rules and regulations are current as of March 2025. Readers should check whether they have been amended or replaced.

4. Revocation

The Mobile Shops and other Traders Bylaw 2014 is revoked and replaced by this bylaw.



Part 1: Preliminary Provisions

5. Purpose

The purpose of this bylaw is to regulate mobile trading to protect public health and safety and maintain the quality of public places by addressing potential risks of nuisance or misuse by –

- (a) requiring prior approval from Council for mobile trading;
- (b) enabling Council to issue licences and prescribe conditions and requirements for mobile trading;
- (c) ensuring traffic and pedestrian management for mobile trading to reduce risks of congestion.

6. Interpretation

- (i) In this bylaw, unless the context otherwise requires –

Central Business District (CBD) means the area as defined by the map in Schedule 1 of this bylaw.

Council means the Gisborne District Council.

Enforcement officer means any person delegated, authorised or appointed by Council to act on its behalf and with its authority under this bylaw.

Hawker means a person who sells or hires, or offers to sell or hire, goods or services by traveling from place to place and, for the purposes of this bylaw, is a mobile trader.

Licence means a licence to carry out mobile trading that is issued under clause 11 of this bylaw.

Mobile shop means a vehicle or vessel (whether self-propelled or not) from which goods or services are sold or hired or offered for sale or hire but does not include any vehicle used only to transport or deliver goods or services ordered previously.

Mobile trader means a person who sells or hires, or offers to sell or hire, goods or services from a stand, stall, structure, awning, table, vehicle, or mobile shop that is regularly moved, and includes a hawker. Mobile trading has a corresponding meaning.

Public place means a place that is open to or is being used by the public, whether free or on payment of a charge, and whether any owner or occupier of the place is lawfully entitled to exclude or eject any person from that place.

Road has the meaning given in section 2(1) of the Land Transport Act 1998.

Stall means a stand, awning, table, booth, tent, barrow, cart or other temporary structure from which goods or services are sold or hired or offered for sale or hire.

Vehicle has the meaning given in section 2(1) of the Land Transport Act 1998.

- (ii) Every schedule to this bylaw forms part of the bylaw.



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Ture-ā-Rohe Kaihoko Nekeneke o Te Tairāwhiti
Tairāwhiti Mobile Traders Bylaw 2025**

- (iii) Every appendix to this bylaw does not form part of the bylaw, are provided for information purposes only. and may be inserted, changed or removed at any time without any formal process.
- (iv) Related information does not form part of this bylaw, are provided for information purposes only, and may be inserted, changed or removed at any time without any formal process.

Related information:

Compliance with this Bylaw does not remove the need to comply with all other applicable Acts, regulations, bylaws, rules of law, and terms of any lease or licence.

Part 2: Mobile trading in public places

7. Council controls on mobile trading

Council may control mobile trading in public places in one or more of the following ways –

- (i) Granting, declining, amending and revoking licences;
- (ii) Prescribing conditions for licences;
 - (a) Granting exemptions to requirements for licences;
- (iii) Prohibiting mobile trading in a public place either generally or for a specified category of trading or in a specified part of a public place.

8. Licence Required

- (i) A person must obtain a licence from Council before undertaking mobile trading in a public place.
- (ii) For the purposes of this bylaw, mobile trading includes –
 - (a) mobile shops;
 - (b) stalls;
 - (c) markets operating within a Council controlled road corridor;
 - (d) hire of equipment from a location not directly adjacent to permanent premises ;
 - (e) any other mobile trading as defined in this bylaw which is not exempt.
- (iii) For the purposes of this bylaw, mobile trading does not include –
 - (a) mobile trading or events undertaken by Council;
 - (b) mobile trading or events that are authorised pursuant to a resource consent granted under the Resource Management Act 1991;
 - (c) the delivery of goods or services to private premises;



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Tairāwhiti Mobile Traders Bylaw 2025**

- (d) classes or training provided by outdoor fitness operators;
- (e) regular sporting activities carried out by amateur organised sports clubs;
- (f) the outdoor display of goods or services adjacent to business premises from which the goods or services are usually provided;
- (g) the sale of produce adjacent to the premises where it was grown;
- (h) occasional sale of goods from a stall by a person under the age of 16 adjacent to the residential premises where the goods were made.

9. Application for licence

- (i) A person requiring a licence for mobile trading under this bylaw must apply to Council.
- (ii) The application must–
 - (a) be in the form required by Council; and
 - (b) be accompanied by the relevant application fee set in the Council's Schedule of Fees and Charges; and
 - (c) be received by Council at least twenty working days prior to the intended start date of the mobile trading; and
 - (d) include a police check; and
 - (e) include any other information Council requires.
- (iii) Without limiting subclause (2), Council may require an application for a licence to include additional information on one or more of the following matters –
 - (a) details of the applicant and any other person who will participate in the mobile trading, including those who will sell goods or perform services;
 - (b) description, plans and maps, photos of the location (including multiple sites), of the activity;
 - (c) details of any furniture, structures, equipment, side awnings, vehicles, signs, displays and other items proposed to be used in connection with the mobile trading;
 - (d) public liability insurance.

Related information:

Fees associated with application, approval, licence, consent, service or inspection can be found on Council's website under [Fees and Charges](#).

10. Considerations for issue of Licence

- (i) When considering an application for a licence, Council–

- (a) will have regard to any matter it considers relevant and reasonably necessary to ensure that the licence is consistent with the purpose of this bylaw; and
- (b) may inspect locations related to the application for the purpose for which the licence is requested.
- (ii) Without limiting subclause (1), Council may take into account the following matters when considering an application for a licence–
 - (a) locations, nature, scale, frequency and duration of the mobile trading;
 - (b) details of any furniture, structures, equipment, side awnings, vehicles, signs, displays and other items proposed to be used in connection with the mobile trading;
 - (c) actual or potential impact on the public, public places and surrounding environment, including but not limited to:
 - 1. impacts as a result of noise, glare, light spill, odour, anti-social behaviour;
 - 2. impacts on appearance, amenity and heritage features;
 - 3. obstruction or hazards to pedestrian or vehicular visibility, access or flow;
 - 4. obstruction of access by emergency, maintenance or utility services;
 - 5. the impact on nearby business premises; and
 - (d) how any actual or potential impacts may be mitigated, for example through waste management and minimisation, traffic management, safety and risk management, adverse weather, emergency, customer conduct plans;
 - (e) suitability of the applicant to hold a licence taking into account any past licences held, known past operational issues and the applicant's experience and track record including breaches of any bylaw or licence cancellations;
 - (f) compliance with relevant requirements in any Act, regulation or bylaw to enable the mobile trading to occur lawfully, for example, food safety legislation;
 - (g) consistency with relevant Council bylaws, policies and plans.

11. Applications may be granted or declined

- (i) Council may grant or decline an application for a licence after considering the criteria listed in clause 10 of this bylaw.
- (ii) Council may issue a licence for a maximum of one year.
 - (a) A licence granted under this bylaw is not transferable.

12. Exemptions

Council may exempt a mobile trader from compliance with any requirement or condition of a licence.

- (i) Council must not grant an exemption unless it is satisfied that -

- (a) The extent of the exemption is not broader than is reasonably necessary to address the matters that gave rise to the proposed exemption; and
- (b) The exemption is consistent with the purpose of this bylaw
- (ii) Council may –
 - (a) Grant the exemption subject to conditions; and
 - (b) amend or revoke the exemption.
- (iii) For the purposes of paragraph 3(a), clause 13 (Conditions and Requirements) applies with all necessary modifications.

13. Conditions and Requirements

- (i) No person may undertake mobile trading in a manner which causes or could cause a public safety risk, nuisance, damage, obstruction, disturbance, or interference

Council may impose conditions and requirements for a licence. The conditions and requirements must be consistent with the purpose of this bylaw and may include –

- (a) Limits on the type, quality and standard of goods or services offered;
- (b) Locations, nature, scale, frequency and duration of the mobile trading;
- (c) Specifications on the use and placement of any furniture, structures, equipment, side awnings, vehicles, signs, displays and other items intended to be used in connection with the mobile trading;
- (d) Limits on times of operation (days and hours);
- (e) Traffic management plans.

A mobile trader must comply with all conditions and requirements of a licence.

- (ii) All goods and merchandise must be kept entirely within the vehicle or stall with nothing placed on the ground. No items, including tables, boxes, crates or produce, may be set up on the road verge, reserve area, or surrounding vicinity
- (iii) All advertising signs must be attached to the vehicle or stall, except for one roadside sign. This roadside sign must not exceed 0.7 metres in width and 1.0 metre in height and must be placed within 100 metres of the mobile shop on the same side of the road. The sign must be positioned so it does not obstruct traffic, road users or pedestrians
- (iv) A person who has been granted a licence must have the licence with them and display it conspicuously so it can be easily read at all times while trading.
- (v) A person operating a mobile shop must hold a separate licence for each vehicle or stall used for mobile trading.

Unless Council grants an exemption under clause 12, a mobile trader must not operate –

- (a) In the area defined as the Central Business District as per the map in Schedule 1 or as updated from time to time;

- (b) Outside a place of worship on a day of worship except with the written permission of the person in charge of that place of worship;
- (c) Outside a school during school hours except with the written permission of the principal of that school;
- (d) In a residential area unless written consent signed by the occupiers of any residential properties immediately adjacent to where trading is taking place has been obtained, if consent is required by Council under subclause 2(b);
- (e) between the half hour after sunset on one day and the half hour before sunrise on the next day;
- (f) within 100 metres of permanent retail premises;
- (g) for more than seven hours in one location or within 500 metres of that location and must not return to a previously occupied site within eight hours.

Related information:

Requirements for food businesses are set out in the Food Act 2014. For more information on these requirements, the Ministry for Primary Industries (MPI) website contains some useful guidance at [Introduction to the Food Act 2014](#).

Part 3: Enforcement, offences and penalties

14. Enforcement

- (i) Council may use its powers under the Local Government Act 2002 or the Land Transport Act 1998 to enforce this bylaw.
- (ii) Where a person fails to comply with this Bylaw, including the requirements and conditions of a licence, Council may take any one or more of the following actions –
 - (a) issue an oral warning;
 - (b) issue a written warning;
 - (c) reinspect the mobile trading activity to check on compliance;
 - (d) issue an infringement notice;
 - (e) review the licence and, following the review, Council may amend, suspend, or cancel the licence. Action taken under paragraphs (a)(b)(c) or (d) of this subclause may be used, during a review, as evidence of a bylaw breach.
 - (f) of a bylaw breach.
 - (g) bring a prosecution under the Local Government Act 2002, the Land Transport Act 1998 or, to the extent permitted by law, both Acts.

(iii) Subclause (2) does not limit subclause (1).

Related information:

Council's powers under the Local Government Act 2002 include a court injunction (section 162), removal of works (section 163), seizure and disposal of property (sections 164, 168), cost recovery for damage (section 176) and power to require name and address (section 178)

Officer time will be charged, as per Council's Fees and Charges, to the licence holder for any subsequent inspection in relation to the pertinent breach after a written notice.

A licence holder who is dissatisfied with Council's decision to amend, suspend or cancel their licence under clause 14(2)(e) has the right to challenge the decision through Council's complaints process. To submit a complaint, the licence holder may:

- Write a letter to Council at P.O. Box 747, Gisborne 4040, or
- Send an e-mail to Council at service@gdc.govt.nz, or
- Complete the online feedback form available on Council's website [link here]

To ensure that Council can consider the complaint, please include:

- The licence holder's full name and contact details, and
- The licence number, and
- Details of the amendment, suspension or cancellation, and
- The reasons for challenging the decision.

Submitting a complaint does not affect the original decision. The licence remains amended, suspended or cancelled while the complaint process is completed.

15. Offences

A person who fails to comply with this Bylaw commits an offence and is liable to a penalty under the Local Government Act 2002, the Land Transport Act 1998 or, to the extent permitted by law, both Acts.

- (i) A person fails to comply with this Bylaw if they:
- (a) Obstruct or hinder an Enforcement Officer or Police Officer in the exercise of their duties;
 - (b) Cause to be done, or knowingly permits or suffers to be done, anything whatsoever contrary to, or otherwise than as provided by this Bylaw;
 - (c) Fails, neglects or refuses to comply with any warning, notice or direction given by an Enforcement Officer or Police Officer;
 - (d) Fails to comply with any request made by an Enforcement Officer or Police Officer;
 - (e) Fails, neglects or refuses to comply with any condition or requirement of a licence or exemption given to that person under this Bylaw.
- (ii) Subclause (2) does not limit subclause (1)



**Draft Proposed
Ture-ā-Rohe Kaihoko Nekeneke o Te Tairāwhiti
Tairāwhiti Mobile Traders Bylaw 2025**

16. Penalties

A person who is issued with an infringement notice or convicted of an offence is liable to a penalty under the Local Government Act 2002, the Land Transport Act 1998 or, to the extent permitted by law, both Acts.

- (i) The penalty for an infringement offence under the Land Transport Act 1998 is \$1,000 or such lesser amount as provided by regulations made under the Act.

Related information:

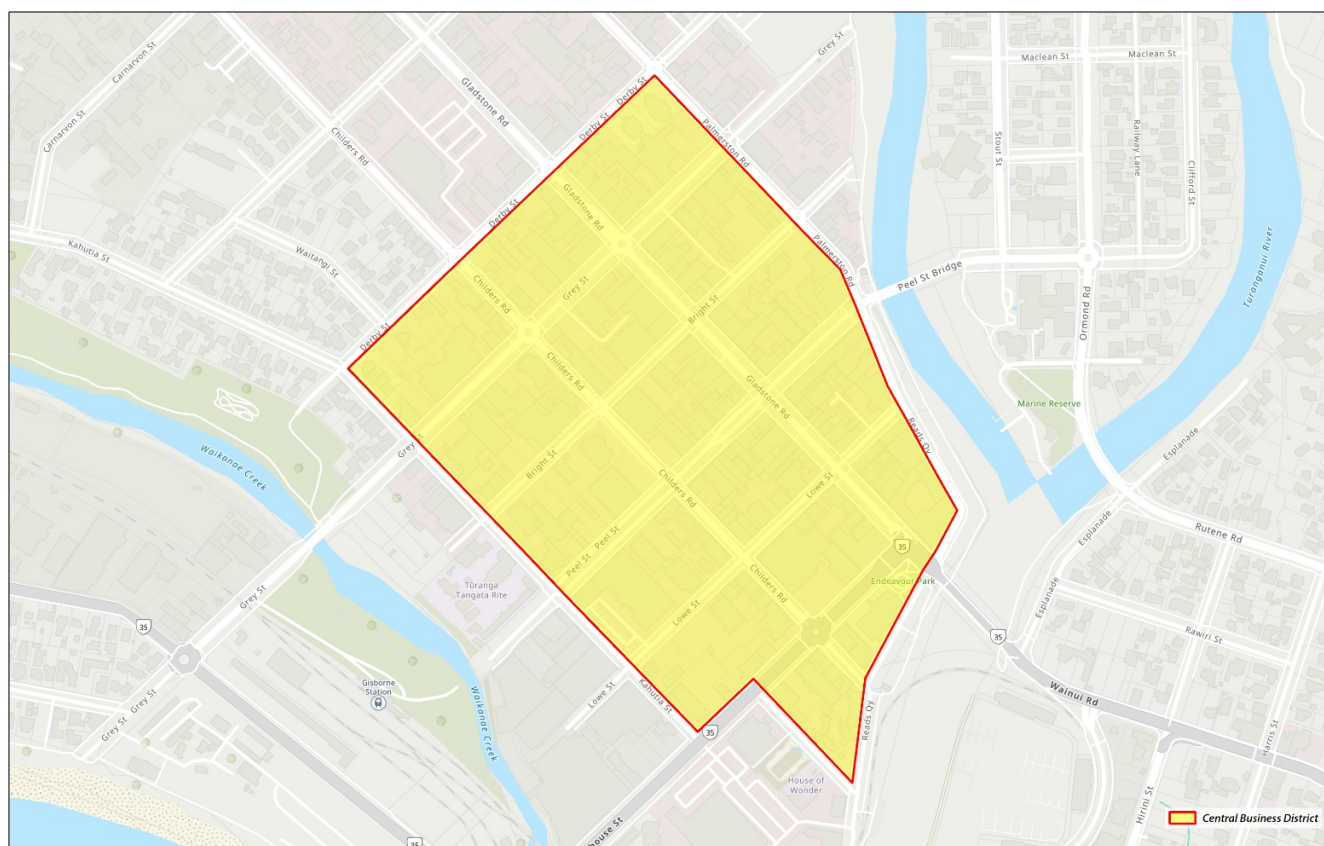
A person who is convicted of an offence against this Bylaw is liable to a fine not exceeding:

- \$20,000 under section 242 of the Local Government Act 2002 (as at 1 October 2024)
- \$1,000 under section 22AB of the Land Transport Act 1998 (as at 1 July 2024).

A person who is issued with an infringement notice is liable to a fine of \$750 under regulation 4 and Schedule 1 of the Land Transport (Offences and Penalties) Regulations 1999 (as at 1 October 2024).

Schedule 1: Map of the Gisborne Central Business District

The area indicated in the map below is referred to within the bylaw as the Central Business District (CBD).



Appendix 1: Traffic Management Diagram

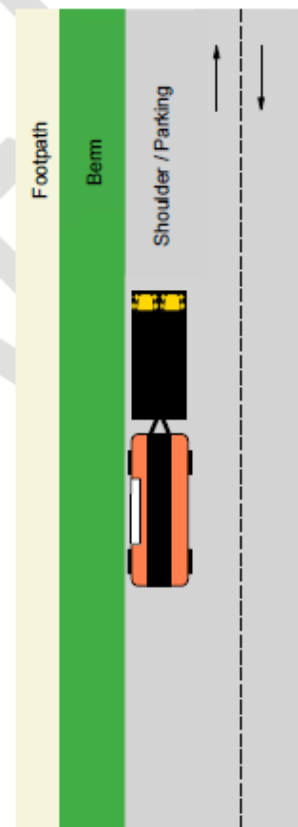
Mobile Shops and Mobile Traders Parking in Shoulder LV/LR, LV, L1 Cat A Roads and Urban Environments

GDC Practice Note XX

Shoulder Parking

Notes:

1. Mobile Traders (including Mobile Shops) must be parked within Lined and Marked Shoulders.
2. Mobile Shops must be positioned to allow all customers to be served from the non-traffic side of the Mobile Shop.
3. Mobile Shops must be positioned to allow customers to remain upon the berm and not to encroach onto the roadside or parking area of the Mobile Shop.
4. Mobile Traders (including Mobile Shops) must not impede upon driveways, accessways or restrict foot traffic in public areas.
5. Mobile Shops may be double parked only where written permission has been given from the RCA.
6. Mobile Shops must not be left unattended in trading locations overnight.



Prior to implementation:

- Mobile Traders must have a Health and Safety Risk Assessment of their set up and its applications in its current location available for review at any time.

Title: 25-74 Submission on Term of Parliament (Enabling 4-year Term) Legislation Amendment Bill

Section: Strategic Planning

Prepared by: Tessa Buchanan - Principal Advisor Integrated Strategy

Meeting Date: Wednesday 9 April 2025

Legal: No

Financial: No

Significance: **Low**

Report to COUNCIL/TE KAUNIHERA for decision

PURPOSE - TE TAKE

To seek approval for a Gisborne District Council (Council) submission on the Term of Parliament (Enabling 4-year Term) Legislation Amendment Bill.

SUMMARY - HE WHAKARĀPOPOTOTANGA

The Term of Parliament (Enabling 4-year Term) Legislation Amendment Bill (the Bill) has arisen from coalition agreement commitments between the National Party and both ACT and New Zealand First. It has been referred to the Justice Committee for consideration.

The Bill proposes to allow the term of Parliament to be extended from three to four years at the start of a term if conditions relating to the proportionality of membership of select committees are met. The Bill, if enacted, would not come into force unless supported by a majority of voters in a national referendum.

Staff propose that Council make a submission on the bill raising concern at the potential variability of the length of term and the lack of provision for the local government term to also be extended to four years. A draft submission on this basis is attached for consideration (**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 - NGĀ TŪTOHUNGA

That the Council/Te Kaunihera Committee:

- 1. Delegates authority to the Chief Executive to make amendments to the draft submission (Attachment 1) in line with the resolution/s of Council on this matter, and any minor amendments for grammar or spelling; and**
- 2. Delegates authority to the Chief Executive and Mayor to submit the submission to the Justice Committee.**

Authorised by:

Joanna Noble - Director Sustainable Futures

Keywords: Parliamentary term, local government term, four-year term, select committee, submission

BACKGROUND - HE WHAKAMĀRAMA

1. The [Term of Parliament \(Enabling 4-year Term\) Legislation Amendment Bill](#) was introduced to Parliament on 27 February 2025 and had its first reading on 5 March 2025. The Bill proposes amendments to the Constitution Act 1986 and Electoral Act 1993 to enable Parliament to sit for a four-year term if conditions are met.
2. The Bill does not extend the Parliamentary term to four years. Rather, it creates an option for the Parliamentary term to be extended to four years at the start of each term. The term could be extended to four years only if the overall membership of select committees was proportional to the party membership in the House of Representatives of the non-executive members only.¹ These changes would be entrenched² alongside the existing three-year term provisions if the entrenchment clause in the Bill is supported by at least 75% of the House.
3. If passed, the Bill would be put to the public via a referendum and would only come into effect if supported by a majority of voters in that referendum. The referendum question would relate to support for the Bill coming into force rather than support for a four-year term.
4. The Bill is led by the Minister of Justice and was developed based on coalition agreement commitments to:
 - a. “Pass the Constitution (Enabling a 4-Year Term) Amendment Bill³ through first reading in the first 15 months of the term” ([National-ACT coalition agreement](#)); and
 - b. “Support to select committee a bill that would enact a binding referendum on a four-year term of parliament” ([National-New Zealand First coalition agreement](#)).
5. National, New Zealand First, ACT, Labour and Green voted in favour of the Bill at its first reading. Te Pāti Māori voted against the Bill (see [Hansard](#)).
6. The Minister of Justice noted in his first reading speech that “no decisions have been made on whether the bill will proceed beyond this point, and the intention is that we want to hear what New Zealanders think during the select committee process”. The Prime Minister has echoed this position in public statements.
7. Public statements by the Leader of the Opposition and by the Labour justice spokesperson have been that they support a four-year term in principle and the Bill being considered by select committee but make no further commitment of support.
8. Proposals to extend the term of Parliament to four years have gone to referendum twice before. In 1967 and 1990, 69% of voters supported retaining a three-year term.

¹ i.e. MPs who are not Ministers. Currently select committee membership is based on the proportionality of the total membership of the House.

² Require the support of 75% of the House to be changed.

³ The model in the Bill is based on this draft member's bill previously submitted by Hon David Seymour.

DISCUSSION and OPTIONS - WHAKAWHITINGA KŌRERO me ngā KŌWHIRINGA

9. The draft submission (**Attachment 1**) proposes Council expresses support for a four-year Parliamentary term in principle but raises two concerns with the Bill as it is currently formulated:
 - a. The potential created by the Bill for the length of the Parliamentary term to vary from term to term; and
 - b. The lack of provision for also extending the local government term to four years.
10. Further detail of the bases for these positions is provided in the draft submission.
11. The draft submission proposes Council makes the following recommendations to the Justice Committee:
 - a. That the Bill be amended to provide for a standard four-year Parliamentary term rather than the proposed mechanism for one-off extensions
 - b. That the Bill be amended to also extend the local government term to four years.
12. The proposed approach is consistent with positions Council has previously taken, for example:
 - a. In 2013, Council submitted to the Constitutional Advisory Panel that "a three-year term leads to shorter-term decisions. A four-year term would provide longer timeframes to implement government policy with less frequent swings in policy and, potentially, more stability. For these reasons we favour increasing the term of Parliament to four years" (**Report 13-245**).
 - b. In 2020, Council voted in support of an LGNZ remit "That the local government electoral cycle be extended from three to four years" (**Report 20-231**).
13. The LGNZ Electoral Reform Working Group's [draft position paper](#), released on 13 March 2025, includes the draft position that "Local government and central government should move to four-year electoral terms, and the upcoming referendum should include both." A poll commissioned by LGNZ in 2024 found 47% of people supported a local four-year term and an additional 18% said they would support it if central government also had a four-year term.

ASSESSMENT of SIGNIFICANCE - AROTAKENGA o NGĀ HIRANGA

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: 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

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

TREATY COMPASS ANALYSIS

Kāwanatanga

15. If the local government term is ever extended to four years, there may be flow on effects on co-governance arrangements such as the Local Leadership Body. This would need to be worked through alongside our Treaty partners at that point in time.

Rangatiratanga

16. As noted in the draft submission, part of the reason for Council advocating for a four-year local government term is that it would allow more time for engagement with mana whenua on, for example, Council long term plans, before decisions are made.

Oritetanga

17. A potential drawback often noted for four-year Parliamentary and local government terms is that, because elections are a key mechanism for public accountability in the New Zealand system, accountability may be reduced if elections are held less often. This risk may be heightened for Māori in Te Tairāwhiti given the large proportion of our population that is of Māori descent. If a four-year local government term was introduced there may be accompanying provisions to strengthen accountability in other ways, and Council may also choose to work with our Treaty partners on local solutions within that framework.

Whakapono

18. A goal of having four-year terms for Parliament and local government is to encourage more long-term policy and investment thinking by elected representatives. This may also encourage more consideration of and alignment with the multi-generational strategic outlooks of mana whenua.

TANGATA WHENUA/MĀORI ENGAGEMENT - TŪTAKITANGA TANGATA WHENUA

19. No tangata whenua engagement or consultation has been undertaken in preparation of this report or the draft submission.

COMMUNITY ENGAGEMENT - TŪTAKITANGA HAPORI

20. No community engagement or consultation has been undertaken in preparation of this report or the draft submission.

CLIMATE CHANGE – Impacts / Implications - NGĀ REREKĒTANGA ĀHUARANGI – ngā whakaaweawe / ngā ritenga

21. This report has no climate change impacts or implications.

CONSIDERATIONS - HEI WHAKAARO

Financial/Budget

22. This report has no financial implications.

Legal

23. This report has no legal implications.

POLICY and PLANNING IMPLICATIONS - KAUPAPA HERE me ngā RITENGA WHAKAMAHERE

24. This report has no policy or planning implications.

RISKS - NGĀ TŪRARU

25. Making a submission on the Bill is low risk. The draft submission is consistent with the positions of local government sector organisations (e.g. LGNZ, Taituarā). Council has previously expressed support for a four-year Parliamentary term and advocated for a four-year term for local government.

NEXT STEPS - NGĀ MAHI E WHAI AKE

Date	Action/Milestone	Comments
14 April 2025	Submission deadline 1.00pm	
TBC	Select Committee hearings	

ATTACHMENTS - NGĀ TĀPIRITANGA

1. Attachment 1 - Draft Submission on Term of Parliament (Enabling 4-year Term) Legislation Amendment Bill [25-74.1 - 2 pages]

[date]

Justice Committee
Parliamentary Buildings
Wellington

Gisborne District Council Submission on Term of Parliament (Enabling 4-year Term) Legislation Amendment Bill

Tēnā koutou

Gisborne District Council (Council) appreciates the opportunity to provide a submission on the Term of Parliament (Enabling 4-year Term) Legislation Amendment Bill (the Bill) currently being considered by the Justice Committee.

Gisborne District Council is a unitary authority, responsible for both local territorial authority and regional council functions on behalf of our community of more than 50,000 people.

Council acknowledges that a four-year Parliamentary term would better support quality policy-making and law-making, with longer timeframes to develop and implement government policy and less-frequent swings in policy.

After careful consideration, we write to express our concern at:

- the potential created by the Bill for the length of the Parliamentary term to vary from term to term; and
- the lack of provision for also extending the local government (local authorities, local boards and community boards) term to four years.

Variability of Parliamentary terms

Council supports in principle the extension of the Parliamentary term to four years but does not support the model proposed by the Bill.

Council considers the model offered in the Bill creates practical problems, as it would create uncertainty around the term of Parliament that would apply following election of a new government. This would in turn lead to substantial uncertainty as to how often there could be changes to government policy. It would also disrupt many public sector processes and policy settings that are contingent on, or subject to, a regular review cycle based around the three-year term. As the major providers of network and community infrastructure in Te Tairāwhiti, such uncertainty would have a substantial impact on our ability to plan and seek funding support for our core functions. This could in turn have significant negative outcomes for our community.



Introduction of a standard four-year Parliamentary term instead of the model currently proposed in the Bill would address these concerns as it would provide more certainty regarding timing of policy changes and allow regular review cycles to be realigned to the new electoral cycle on a permanent basis.

Council is also concerned that the model proposed in the Bill could be constitutionally problematic, as – although subject to conditions – it would effectively leave the fundamental issue of length of Parliamentary term up to the government of the day to decide.

Need to extend the local government term

Council experiences many of the same issues as central government arising from its three-year term. Therefore, similar arguments apply in favour of also extending the local government term to four years.

Council considers a longer term would promote longer term thinking and decision-making by councils. The current three-year term can lead to a focus on short-term policies with immediately visible impacts. The benefits of major reforms take longer to materialise, so are often not seen or able to be evaluated within a three-year term.

Less-frequent elections would reduce the disruption caused by election cycles. More governance decision-making time would be available, allowing time for more robust consideration of issues. Less-frequent elections could also reduce Council's administration costs, although it is acknowledged this may be offset by a higher occurrence of byelections.

A longer term would also allow more time for Council to undertake better quality community and mana whenua engagement at an earlier stage in our processes. This is particularly important in the Te Tairāwhiti context given the isolation of many of our communities and that 56% of our population is of Māori descent.

Recommendation

Council recommends that the Bill be amended to propose a permanent change of the Parliamentary term to four years, subject to confirmation by the public via a referendum.

Council further recommends that legislation be developed, also proposing to amend the term of local government (local authorities, local boards and community boards) to four years, also subject to confirmation via a referendum.

For efficiency and coordination Council considers extension of both the Parliamentary and local government terms to four years should be put to voters in a single referendum.

Noho ora mai

Rehette Stoltz
Mayor

Nedine Thatcher Swann
Chief Executive



Title: 25-96 2025 Triennial Election
Section: Democracy & Support Services
Prepared by: Teremoana Kingi - Acting Democracy Manager
Meeting Date: Wednesday 9 April 2025

Legal: No Financial: No Significance: **Low**

Report to COUNCIL/TE KAUNIHERA for decision

PURPOSE - TE TAKE

The purpose of this report is to provide pre-election material and tasks for Council's information and attention. It also provides information to enable Council to resolve the order of candidate names to appear on the voting documents (alphabetical, pseudo-random or random order).

SUMMARY - HE WHAKARĀPOPOTOTANGA

The Gisborne District Council Electoral Officer (Dale Ofsoske) has provided a full report to Council. This **attached** report provides details of:

- the electoral system
- the Māori Wards and Constituencies Polls
- the non-resident ratepayer roll
- Legislative Changes
- the order of the candidate names
- the number of electors
- the Pre-Election report

An election fact sheet is also provided.

Gisborne District Council from its inception until the 2016 Local Government elections had the alphabetical order of names for the voting documents. For the 2016 elections it used the pseudo-random system meaning that all voting documents appeared the same but with a random order of names. For the 2019 elections this was changed to a random order of names whereby all voting documents are independently produced and are not identical which was also adopted in the 2022 election. If no decision is made, the order of names defaults to alphabetical.

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 - NGĀ TŪTOHUNGA

That the Council/Te Kaunihera:

1. Adopts for the 2025 triennial election either:

A. The alphabetical order of candidate names; or

B. The pseudo-random order of candidate names; or

C. The random order of candidate names.

as permitted under regulation 31 of the Local Electoral Regulations 2001.

Authorised by:

Anita Reedy-Holthausen - Director Engagement & Maori Partnerships

Keywords: 2025 triennium, candidate names , order.

ATTACHMENTS - NGĀ TĀPIRITANGA

1. Attachment 1 - Triennial Election Report from the Electoral Officer 21 March 2025 [**25-96.1** - 11 pages]

Election Services

Level 2, 198 Federal Street, Auckland

PO Box 5135, Victoria Street West

Auckland 1142

Phone: 64 9 973 5212

Email: info@electionservices.co.nz

Report to the
Gisborne District Council
regarding the

2025 Triennial Election

From the
Electoral Officer

21 March 2025



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Outline

The 2025 triennial local government elections will occur on Saturday 11 October 2025. An update on preliminary matters relating to the election is provided to Council, including consideration of the order of candidate names to appear on the voting documents.

Background

The 2025 triennial elections for local authorities are due to occur on Saturday 11 October 2025 and are required to be undertaken according to the Local Electoral Act 2001, the Local Electoral Regulations 2001 and, to a limited extent, the Local Government Act 2002.

Certain pre-election information and tasks are outlined in this report for Council’s information and attention.

The Local Electoral Regulations 2001 provides for Council to resolve the order of candidate names to appear on the voting documents (alphabetical, pseudo-random or random order). If no decision is made, the order of names defaults to alphabetical.

Narrative

Māori Wards and Constituencies Polls

Where a local authority has established Māori wards or Māori constituencies since 2020 **without undertaking a poll**, legislation now requires a poll to be undertaken in conjunction with the 2025 local elections (Local Government (Electoral Legislation and Māori Wards and Māori Constituencies) Amendment Act 2024).

A separate poll will therefore be required for Council.

The outcome of the poll will be binding for two triennial elections (2028 and 2031).

The question will be simple and easy to understand:

‘I vote to keep the Māori ward’ or

‘I vote to remove the Māori ward’.

2025 Elections

Elections will be required for the following positions:

- Mayor (elected ‘at large’)
- Councillors (13)
 - Tairāwhiti General Ward (8)
 - Tairāwhiti Māori Ward (5)
- Māori Ward Poll.

Electoral Systems

Council resolved in 13 September 2023 to retain the STV (Single Transferable Voting) electoral system for the 2025

local elections.

Legislative Changes

The Local Electoral Regulations 2001 were amended on 30 July 2024 to allow a greater period for the delivery of voting mailers (from six days to 14 days) and a longer voting period (from 22.5 days to 32.5 days).

Although election day remains the second Saturday in October every three years (11 October 2025), the commencement of the electoral process now starts earlier with nominations opening on Friday 4 July 2025.

2025 Election Timetable

With an election date of **Saturday 11 October 2025**, the following key functions and dates will apply:

Nominations open/roll open

Friday 4 July 2025

Nominations close/roll closes

Noon, Friday 1 August 2025

Delivery of voting mailers

Tuesday 9 to Monday 22 September 2025

Close of voting

Noon, Saturday 11 October 2025

A more detailed timetable is attached ([Appendix 1](#)).

2025 Election Fact Sheet

A 2025 Election Fact Sheet summarising the key functions of the election ([Appendix 2](#)) is also attached.

Compilation of non-resident Ratepayer Roll

The compilation of the 2025 non-resident Ratepayer Roll is required to commence in early-mid 2025. This will include:

- an insert detailing the qualifications and procedures for enrolment as a non-resident ratepayer elector to be included with a 2025 rates instalment notice by the end of August 2025 ([Appendix 3](#));
- a confirmation letter issued to all current non-resident ratepayer electors in March/April 2025;
- a national advertising campaign on the qualifications and procedures for enrolment as a non-resident ratepayer elector during May 2025.

Council can undertake additional promotion of the ratepayer roll if it wishes - such as contacting (letter/email etc) all current or potential non-resident ratepayer electors encouraging their enrolment and participation in the electoral process.

Order of Candidate Names

Regulation 31 of the Local Electoral Regulations 2001 provides the opportunity for Council to choose the order of candidate names appearing on the voting documents from three options – alphabetical, pseudo-random (names drawn randomly with all voting documents printed in this order) or random order (names randomly drawn by computer with each voting document different).

Council may determine which order the names of candidates are to appear on the voting documents, but if no decision is made, the order of names defaults to alphabetical.

Council adopted the random order of candidate names for the 2022 triennial elections.

For Council's information, Auckland Council has undertaken analysis on the effect on the order of candidate names, and research showed no observable effect of candidate order on actual election outcomes.

Alphabetical Order

Alphabetical order is simply listing candidate surnames alphabetically and is the order traditionally used in local and Parliamentary elections.

Comments regarding alphabetical order are:

- voters are easily able to find names of candidates for whom they wish to vote. Some candidates and voters over the years have argued that alphabetical order may tend to favour candidates with names in the first part of the alphabet, but in practice this is generally not the case – most voters tend to look for name recognition, regardless of where in the alphabet the surname lies;
- the order of candidate names on the voting document matches the order listed in the candidate directory (candidate profile statements).

Pseudo-Random Order

Pseudo-random order is where candidate surnames are randomly selected, and the same order is used on all voting documents for that position. The names are randomly selected by a method such as drawing names out of a container.

Comments regarding pseudo-random order are:

- the candidate names appear in mixed order (not alphabetical) on the voting document;
- possible voter criticism/confusion as specific candidate names are not easily found, particularly where there

may be many candidates;

- the order of candidate names on the voting document does not match the order listed in the candidate directory (candidate profile statements).

Random Order

Random order is where all candidate surnames are randomly selected and are listed in a different order on every voting document. The names are randomly selected by computer so that the order is different.

Random order enables names to be listed in a completely unique order on each voting document.

Comments regarding random order are:

- the candidate names appear in mixed order (not alphabetical) on the voting document;
- possible voter criticism/confusion as specific candidate names are not easily found, particularly where there are many candidates;
- the order of candidate names on the voting document does not match the order listed in the candidate directory (candidate profile statements).

There is no price differential in printing costs between the three orders of candidate names.

Number of Electors

The number of electors for the 2025 triennial elections is expected to be 35,000 (as at 28 February 2025 this was 34,740). This compares to 33,948 electors for the 2022 triennial election or + 3% growth.

Pre-Election Report

Section 99A of the Local Government Act 2002 requires each local authority to prepare a pre-election report, whose purpose is to provide information to promote public discussion about the issues facing the local authority. The pre-election report is prepared by the Chief Executive, must contain financial and major project information, and should be completed by the end of June 2025.

Promotion of Election

Section 42(2) (da) of the Local Government Act 2002 requires the chief executive of a local authority to promote their elections to help increase voter participation.

As a chief executive legislative requirement, such promotion should focus on an effective communications/education strategy about the council - what it does, its services and relevance to the community and the importance to stand for office and to vote/have

your say to help determine the future of the district.

Pre-Election Period

The period three-months before election day, known as the pre-election period, is a time where Council must be mindful not to make any significant decisions.

Business as usual must be able to continue, but best practise is that any decisions of significance should not be made in this period (11 July 2025 to 11 October 2025).

In addition, local authorities cannot promote, or be perceived to promote, the prospects of any candidate, especially a current member. This includes restrictions on elected member official communications by Council.

Any use of Council resources (websites, social media, vehicles, phones, staff etc) by elected members during the pre-election period for re-election purposes is unacceptable and possibly unlawful. This prevents a perception of an “unfair advantage” to current elected members over other candidates.

Recommendation

It is recommended that:

Council resolves for the 2025 triennial election, to adopt *either*:

- (i) the alphabetical order of candidate names; *or*
- (ii) the pseudo-random order of candidate names; *or*
- (iii) the random order of candidate names

as permitted under regulation 31 of the Local Electoral Regulations 2001.

Author:




Dale Ofoske
Electoral Officer // Gisborne District Council
Election Services

APPENDIX 1



TE KAUNIHERA O TE TAIRĀWHITI
GISBORNE DISTRICT COUNCIL



TIMETABLE | WĀTAKA

2025 LOCAL GOVERNMENT ELECTIONS
11 OCTOBER 2025



May 2025	National ratepayer roll qualifications and procedures campaign [Sec 39, LEA]
Monday 9 June 2025	Electoral Commission's enrolment update campaign commences
Wednesday 2 July 2025	Public notice of election, calling for nominations, roll open for inspection [Sec 42, 52, 53, LEA]
Friday 4 July 2025	Nominations open / roll open for inspection
Friday 1 August 2025	Nominations close (12 noon) / roll closes [Sec 5, 42, 55 LEA, Reg 21, LER]
Wednesday 6 August 2025	Public notice of day of election, candidates' names [Sec 65, LEA]
Friday 5 September 2025	Electoral officer certifies final electoral roll [Sec 51, LEA, Reg 22, LER]
Tuesday 9 September – Monday 22 September 2025	Delivery of voting documents [Reg 51, LER]
Tuesday 9 September – Saturday 11 October 2025	Progressive roll scrutiny [Sec 83, LEA] Special voting period (12 noon) [Sec 5 LEA, Reg 35, LER] Early processing period (12 noon) [Sec 80, LEA]
by Friday 10 October 2025	Appointment of scrutineers (12 noon) [Sec 68, LEA]
Saturday 11 October 2025	Election day [Sec 10, LEA] Close of voting (12 noon) [Sec 84, LEA] Progress and preliminary results available as soon as practicable after close of voting [Sec 85, LEA]
Monday 14 October – Friday 17 October 2025	Official count [Sec 84, LEA]
Friday 17 October – Saturday 18 October 2025	Declaration of result/public notice of declaration [Sec 86, LEA]
mid/late December 2025	Return of electoral donations & expenses form [Sec 112A, LEA]

LEA = Local Electoral Act 2001 LER = Local Electoral Regulations 2001 (incorporating 30 July 2024 changes)

Dale Ofoske | Electoral Officer | Election Services | January 2025

// bringing change

APPENDIX 2



GISBORNE DISTRICT COUNCIL



FACT SHEET | WHĀRANGI MEKA

2025 LOCAL GOVERNMENT ELECTIONS
11 OCTOBER 2025



➔ WHAT DOES COUNCIL DO?

The Gisborne District Council meets regularly to make many decisions that impact the day-to-day lives of people in the district. The Council governs a wide range of local services including roads, water systems, rubbish collection, libraries, parks, community centres, dog registration, community and economic development and district planning.

➔ BACKGROUND

Local government triennial elections are being held by postal vote on Saturday 11 October 2025 and will be undertaken by Election Services, under contract to Gisborne District Council.

The single transferable voting (STV) electoral system will be used for the Gisborne District Council elections.

➔ 2025 KEY DATES

Nominations open	Friday 4 July
Nominations close	noon, Friday 1 August
Delivery of voting packs	from Tuesday 9 September
Close of voting	noon, Saturday 11 October
Official results announced	Friday 17 October

➔ WHO IS BEING ELECTED?

Elections will be required for the following positions:

- ➔ Mayor (elected 'at large')
- ➔ Councillors (13)
 - Tairāwhiti General Ward (8)
 - Tairāwhiti Māori Ward (5)

In addition, electors of the Gisborne District Council will be able to vote on a poll — whether to retain or disestablish the Māori ward for the Gisborne District Council. The outcome of this poll is binding and will apply to the 2028 and 2031 triennial elections.

➔ HOW CAN I BE NOMINATED?

Nominations for these positions will open on Friday 4 July 2025 and close at noon on Friday 1 August 2025.

For online nominations go to: esp.electionservices.co.nz.

Printed nomination papers will also be available during this period from:

- ➔ Gisborne District Council's Main Office, 15 Fitzherbert Street, Gisborne;
- ➔ Te Puia Springs Service Centre, 4746 Waiapu Road, Te Puia Springs;
- ➔ or download and print at: www.gdc.govt.nz;
- ➔ or call the electoral office on 0800 922 822.

To be eligible to stand for election, a candidate **must** be:

- ➔ a New Zealand citizen (by birth or naturalisation ceremony); **and**
- ➔ enrolled as a Parliamentary elector (anywhere in New Zealand); **and**
- ➔ nominated by two electors whose names appear on the electoral roll within the respective area that a candidate is standing for.

A candidate information handbook will be available in May 2025.

➔ WHO CAN VOTE?

Those eligible to vote are all resident electors and non-resident ratepayer electors on the electoral roll. The Preliminary Electoral Roll will be available for public inspection between Friday 4 July 2025 and Friday 1 August 2025 at the following locations:

- ➔ Gisborne District Council's Main Office, 15 Fitzherbert Street, Gisborne;
- ➔ Te Puia Springs Service Centre, 4746 Waiapu Road, Te Puia Springs.

Those enrolled by 1 August 2025 will have their voting documents posted to them and those who enrol after 1 August 2025 will need to request a special vote.

Resident Roll: All parliamentary electors, including those on the Māori Electoral Roll, are automatically enrolled on the Resident Roll, at the address where they live.

Any alterations to the Resident Roll (e.g. change of address details, including new postal addresses) should be made by:

- phoning 0800 36 76 56;
- accessing the Electoral Commission website:
www.vote.nz

Ratepayer Roll: If a person is on the parliamentary roll in one area and pays rates on a property in another area or areas, this person may be eligible to be enrolled on the non-resident ratepayer roll. A firm, company, corporation or society paying rates on a property may nominate one of its members or officers as a ratepayer elector (provided the nominated person resides outside the area).

Ratepayer Roll enrolment forms are available at:

- www.ratepayer.co.nz or
- www.gdc.govt.nz or
- by phoning 0800 922 822.

All electors will be able to vote for the mayor. Those electors on the General Electoral Roll will be able to vote for the general ward councillors and those electors on the Māori Electoral Roll will be able to vote for the Māori ward councillors.

➔ HOW TO VOTE?

Voting packs will be posted to all those who have enrolled from Tuesday 9 September 2025.

The voting period is just over four weeks (Tuesday 9 September 2025 to noon Saturday 11 October 2025).

Electors may post their completed voting documents back to the electoral officer using the orange replypaid envelope sent with their voting document.

Polling places for the issuing of special voting documents and for the receiving of completed voting documents will be available from Tuesday 9 September 2025 to noon Saturday 11 October 2025 at

- Gisborne District Council's Main Office,
15 Fitzherbert Street, Gisborne;
- Te Puia Springs Service Centre,
4746 Waiapu Road, Te Puia Springs.

In addition, votes may also be hand delivered to a vote box at specific locations found on the Council's website:
www.gdc.govt.nz

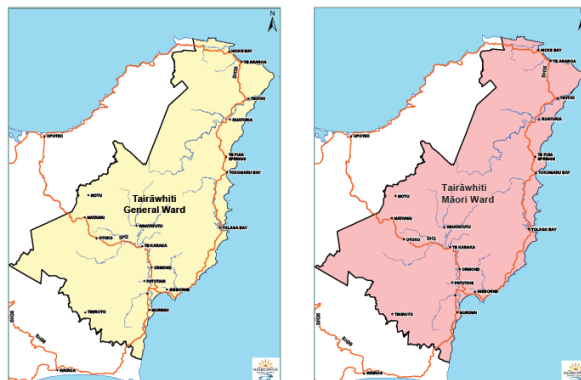
To be counted, all completed voting documents must be in the hands of the electoral officer or an electoral official by noon Saturday 11 October 2025.

➔ RESULTS

Progress results will be known early afternoon on election day, and preliminary results will be known on Sunday 12 October 2025.

Final results will be announced by Friday 17 October 2025, and all results will be accessible on Council's website:
www.gdc.govt.nz

GISBORNE DISTRICT COUNCIL - 2025 GENERAL & MĀORI WARD MAPS



Dale Ofsoske | Electoral Officer
Independent Election Services Ltd
Level 2, 198 Federal Street, Auckland
PO Box 5135 Victoria Street West, Auckland 1142
Email: info@electionservices.co.nz
Phone: 0800 922 822

Teremoana Kingi | Deputy Electoral Officer
Gisborne District Council
15 Fitzherbert Street, Gisborne
PO Box 747, Gisborne 4040
Email: teremoana.kingi@gdc.govt.nz
Phone: 0800 653 800 or (06) 867 2049

APPENDIX 3



**WHEREVER
YOU PAY
RATES
YOU CAN
VOTE.**

Do you live in one area and pay rates on a property in another area?

You may qualify to vote in both areas at the local authority elections in October 2025

You may like to vote in this election. Voting is a way to have your say on what happens in your local community. This information is designed to help you. It notes who you can contact to enrol, and ways you might qualify to vote.

There are two types of electors...

Residential Electors – If you are registered to vote on the electoral roll, you are automatically enrolled to vote in local authority elections. You will receive a voting document so that you can vote by post.

Ratepayer Electors – You may also be eligible to enrol as a non-resident ratepayer elector in a council district if both of these apply:

- you are on the district valuation roll and pay rates in the council district
- the address where you are registered as a Parliamentary elector is outside that council district.

Your eligibility to enrol or be nominated as a ratepayer elector may also depend on your individual circumstances as determined by criteria in the Local Electoral Act 2001 and its regulations.

Enrol now – the Ratepayer Electoral Roll closes on 1 August 2025

An organisation can nominate one of its members or officers to vote on its behalf

If a firm, company, trust, corporation, society partners, joint tenants and tenants in common collectively pay rates on a property in a council district, one of the group may be nominated to be the ratepayer elector. The person nominating and the nominated person must be registered as Parliamentary electors at addresses outside the council district where the property is located.

You can only enrol once

You can only enrol, or be nominated to enrol, once in a council district, no matter how many properties you own in that council district. Council district includes: a city, district and regional council area; a community board area if established; the area of Auckland Council and the local boards.

New Ratepayer Electors

If you think you may be eligible to enrol or to nominate someone as a ratepayer elector, get an Enrolment Form for Ratepayer Electors from the local council where you pay your rates. The Electoral Officer will be able to help you with your application.

If you want further information, please scan the QR code below.



votelocal.co.nz/information-for-voters/ratepayer-roll/



**WHEREVER
YOU PAY
RATES
YOU CAN
VOTE.**

Enrol now – the Ratepayer Electoral Roll closes on 1 August 2025

Title: 25-80 Indoor Multipurpose Centre (IMC) Business Case

Section: Liveable Communities

Prepared by: Michele Frey - Director Liveable Communities

Meeting Date: Wednesday 9 April 2025

Legal: No	Financial: Yes	Significance: Medium
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Report to COUNCIL/TE KAUNIHERA for decision

PURPOSE - TE TAKE

The purpose of this report is to share the Indoor Multipurpose Centre Business Case and seek Council's support to progress the project.

SUMMARY - HE WHAKARĀPOPOTOTANGA

In the Three-Year Plan, Gisborne District Council (Council) noted that an Indoor Multipurpose Stadium is a key priority for our region and committed to progressing the project to an investment-ready point.

Since the adoption of the Three-Year Plan, staff have developed a business case for the facility, which has been informed by a robust needs assessment, a feasibility study, functional design, and capital and operational financial modelling. The project has now reached an investment-ready point and requires a council decision to progress further.

Of greatest note is that the business case:

- Demonstrates a clear need for the facility, and strong social return on investment.
- Recommends the construction of a three-court indoor centre adjacent to Kiwa Pools at a core cost of \$22.09M (excluding GST).
- Recommends a design-and-build delivery model with early contractor involvement through developed design.
- Requires council funding of \$8.5M to reasonably deliver.

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 - NGĀ TŪTOHUNGA

That the Council/Te Kaunihera:

1. Notes the contents of this report.
2. Endorses the Indoor Multipurpose Centre Business Case.
3. In endorsing the business case, the Council/Te Kaunihera endorses:
 - a. The need for a regional three-court indoor facility.
 - b. Kiwa Pools as the current preferred site for the Indoor Multipurpose Centre.
4. Authorises council staff to:
 - a. Start external fund-raising activities for the Indoor Multipurpose Centre.
 - b. Proceed to design and consent for the Indoor Multipurpose Centre.
 - c. Explore funding, ownership, governance, partnerships, and management avenues to enable the Indoor Multipurpose Centre to be built.
 - d. Identify opportunities to review and optimise existing Council leisure spend to help address the future capital and net annual operating costs of the IMC.
5. Agrees to consult with the community about the Indoor Multipurpose Centre in the 2027-2037 Long Term Plan.

Authorised by:

Michele Frey - Director Liveable Communities

Keywords: Indoor Multipurpose Centre, IMC, Business Case

BACKGROUND - HE WHAKAMĀRAMA

1. An Indoor Multipurpose Centre (IMC) has been a key facility priority for a significant time. It was identified in the [2018 Community Facilities Strategy](#), within the [2022 Sport and Recreation Facilities Business Case](#), and the 2024-27 Three-Year Plan.
2. In the Three-Year Plan, Council noted that an Indoor Multipurpose Stadium is a key priority for the region.
3. \$2.5M was committed to this project in the Three-Year Plan. This has enabled feasibility, design and planning work to progress to an investment-ready point.

DISCUSSION and OPTIONS - WHAKAWHITINGA KŌRERO me ngā KŌWHIRINGA

Process to date

4. Following Council's decision to progress the Indoor Multipurpose Centre to an investment-ready point, staff have worked to prepare a Single Stage Business Case using Treasury's Better Business Case methodology.
5. While the project has been a priority in a number of strategies and plans over time, some key decisions were required to provide direction for the Indoor Multipurpose Centre project. In particular, its scale, location, ownership, operation and delivery model were important to establish at this point.
6. The intent of the business case process was to fully consider and seek endorsement of these decisions, providing a platform from which future planning work can occur. The business case aims to make a future proof recommendation on these elements that enables the facility, regardless of when and how it is funded and built.
7. The business case required a range of specialist inputs to ensure that the recommendation was appropriately scoped:
 - a. A Feasibility Study engaged with the community and key user groups and confirmed the facility's need and explored potential configurations and locations.
 - b. A Demand and Supply assessment was conducted which assessed the current network of indoor facilities, and the current and future demand for these. This determined the required scale of the proposed facility.
 - c. Preliminary concept design was undertaken to determine the required footprint and location within the chosen site. The functional layout then informed a capital cost estimate, for a robust estimate of the facility's construction cost.
 - d. Operational financial modelling was sourced to understand the ongoing cost to council, and where efficiencies could be gained to make the facility more affordable.
 - e. Social Return on Investment modelling was conducted by Sport New Zealand, based on the demand and supply assessment.
8. With these collective inputs, the business case aims to provide a thorough and realistic view of how and why the project should be delivered.

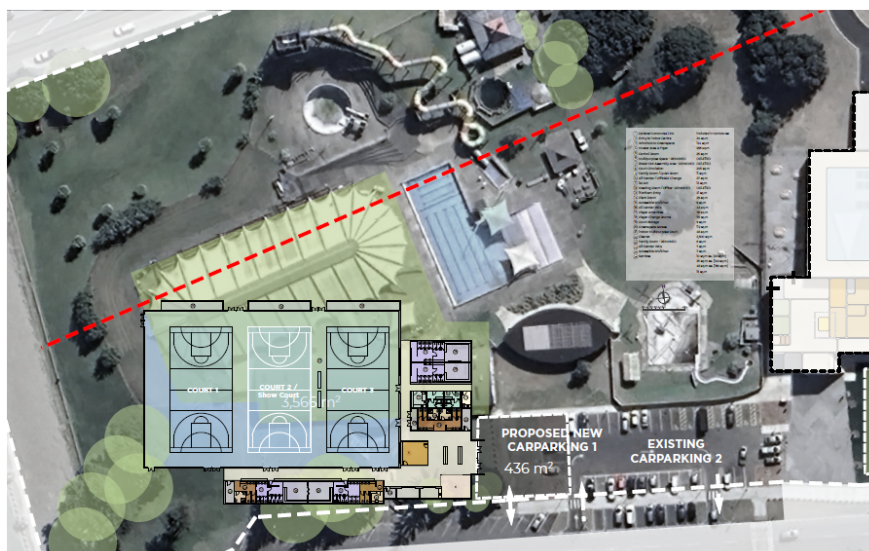
9. All of these inputs are detailed thoroughly within the business case and provided as appendices.

There is a strong and compelling strategic case for the facility

10. Gisborne has a real shortfall of 1.7 public courts. This will be 2.7 when the YMCA court is eventually retired (though we're working with the YMCA to align this with the construction of a new facility).
11. Tairāwhiti has the lowest public indoor court availability rate in New Zealand per head of population.
12. This lack of indoor court space is limiting access to physical activity and preventing the region from hosting major competitions and events.
13. The estimated social return on investment for the facility is \$10.60 for every \$1 spent.
14. The estimated social return is in addition to significant wider community benefit and economic return.

A range of options are explored in the economic case

15. The economic case analysed a range of options to arrive at the preferred option, of constructing a regional (three court) Indoor Multipurpose Centre at the Kiwa Pools site.
16. This included all potential strategic options to meet the identified need and investment objectives. Importantly, the business case found that constructing a three-court facility was the only viable option to meet the investment objectives.
17. Renovating existing facilities and improving governance and management were not seen as worthwhile options.
18. It considered fourteen potential sites and recommended Kiwa Pools precinct for its ability to optimise operations, reduce ongoing management costs and drive higher participation at both facilities.
19. It also considered siting options within Kiwa Pools precinct and recommended the site in the southwestern corner of the site, directly opposite the Midway Hub Building.
 - a. The potential to hub with Kiwa Pools and other surrounding recreational and leisure sites was a key driver, as was the potential to reduce ongoing operating costs through operation synergies with the existing Kiwa Pools management and operation.
 - b. The site offers strong potential to complement the cultural narrative and design of Kiwa Pools and to develop complementary 'wet and dry' sporting and recreation activities for the community.



20. Ownership and operating models were considered, and the business case recommends that more targeted analysis be undertaken to consider the best ownership, governance, and operating model. This includes its interrelationship with and optimisation of the existing sport and recreation facility network and the Council's current expenditure.

Further capital funding will be required to deliver the project

21. The financial case provides an indicative funding arrangement for the facility.
22. Importantly, it identifies that an additional council contribution of \$6M is likely to be required to achieve the funding required to build the core facility.
23. While it may be possible to deliver the facility with a lesser Council contribution, this is seen as unlikely in the current and expected future funding environment.

Decision options

24. The Council/Te Kaunihera has two main options:
 - a. **Option 1 (preferred):** Endorse the business case and continue planning, design to a consentable state, and fundraising activities with a view to consult on Council's capital funding of an additional \$6M for construction (making a total of \$8.5M) through the 2027-37 Long Term Plan.
 - b. **Option 2:** Not endorse the business case.
25. A third option was considered, to expedite the project by consulting on an additional contribution of up to \$6M through an amendment to the 2024-27 Three Year Plan.
26. While it was considered it was dismissed, as it wasn't in alignment with current financial strategy or the Recovery Plan and as such wasn't a viable option.

Option	Advantages	Disadvantages
1. Endorse the business case and consult on capital funding through 2027-37 LTP (Preferred)	<p>The project can continue with mana whenua engagement, design, consenting and preliminary fundraising discussions.</p> <p>The final decision can be consulted more fully in the 2027-2037 LTP, after detail plans are completed.</p> <p>Detail plans allow better positioning for securing grants as the project is more advance than the concept phase.</p>	<p>With limited confirmed capital funding, council will be constrained in its ability to seek commitments of external funding prior to July 2027.</p> <p>Construction inflation on the facility is estimated at around \$700K per annum.</p> <p>Design costs could be incurred without securing the other grant funding. This could mean the costs are sunk (if not enough funding is secured) or the project is pushed out to match the other external funding.</p>
2. Not endorse the business case in its current form	The costs and benefits of this option would depend on the rationale for not endorsing the business case, and the direction given to staff alongside the recommendation.	

ASSESSMENT of SIGNIFICANCE - AROTAKENGA o NGĀ HIRANGA

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: Medium Significance

This Report: Medium Significance

The effects on individuals or specific communities

Overall Process: High 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

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

28. There has been a high level of public interest in the facility over the years, particularly among the sporting community.

TREATY COMPASS ANALYSIS

Kāwanatanga

29. From the outset of the feasibility study, Iwi representatives were notified of the project and invited to participate.

30. Rongowhakaata have been involved from the outset of the feasibility study and have had representation on the steering group as well as input from operational staff into all aspects of the project including site criteria, site assessments, preferred location and functional footprint.

31. The steering group has overseen the development of the business case, and scrutinised key decision points such as location, functional footprint, concept, funding and operating model.

Rangatiratanga

32. Rongowhakaata guided the project steering group as to how they wished to engage with this project. This included active participation at both governance and operational level across the project.

Oritetanga

33. The land which the Kiwa Pools site is situated on is formerly part of the Waiohiharore Block, which is referenced in the Crown Acknowledgement (15(c)) of the Rongowhakaata Deed of Settlement.

Figure 1: Excerpt from the Rongowhakaata Deed of Settlement

- (15) The Crown acknowledges that—
- (a) it compulsorily acquired land from Rongowhakaata under public works legislation on a number of occasions; and
 - (b) it took land for roads between 1862 and 1927 without paying compensation; and
 - (c) there was insufficient justification for takings at Awapuni and Waiohiharore in 1900 and 1902; and
 - (d) there was generally inadequate consultation with Rongowhakaata about public works takings before the middle of the twentieth century.
34. The land is understood to have been compulsorily acquired for use as a cemetery but quickly found to be unsuitable.
35. Representatives of Rongowhakaata Iwi Trust have subsequently indicated to Council through various deputations and submissions that they aspire to discuss the ownership, governance and partnerships underpinning this land into the future.
36. This reinforces the criticality of meaningful partnership in a project at that site in particular.
37. In terms of achieving equitable outcomes in the provision of community facilities, this is seen as an important facility for Māori participation.
38. Participation in indoor court sports is typically higher among Māori than their European counterparts and the lack of suitable facilities is more likely to be a barrier to being active for Māori ([Active NZ](#) Data for Tairāwhiti Region, Sport New Zealand, 2023).

Whakapono

39. Learnings from Kiwa Pools project were integrated into the IMC project including meeting with mana whenua and hapu to learn about the cultural significance of the site, cultural narrative and design elements woven into the Kiwa Pools project. The need to honour this and strengthen the cultural storytelling for mana whenua and Tairāwhiti communities was recognised for the IMC site.
40. Feedback from tangata whenua has indicated a need for a facility to accommodate regional kapa haka events, which has been incorporated into the concept design through an option for an opening side wall to accommodate large audiences outside the facility to view performances.
41. Input from mana whenua guided the most suitable location of the footprint of the facility within the Kiwa Pools precinct.

TANGATA WHENUA/MĀORI ENGAGEMENT - TŪTAKITANGA TANGATA WHENUA

42. Prior to the outset of the feasibility study, communications were sent to iwi leaders informing them of the project starting and inviting membership to the steering group. This was accepted by Rongowhakaata.
43. Nominated representatives from Rongowhakaata have participated in both steering group and operational activities since the inception of this project.
44. Based on learnings from Kiwa Pools project the primary engagement was through Rongowhakaata, who in turn nominated representatives to attend various meetings and discussions.

COMMUNITY ENGAGEMENT - TŪTAKITANGA HAPORI

45. As part of the feasibility study a comprehensive community engagement programme was undertaken involving a club and organisation survey, online meetings, in-person meetings, and interviews with key user groups.
46. A public survey also helped capture the views of those beyond the sporting community. Of 426 responses, 95% fully supported the development of an IMC, with 3% somewhat supportive.
47. Additionally, site visits and ongoing meetings were held with key user groups including representatives from Victoria Domain Hub, the YMCA, key sporting codes, and kapa haka.

CLIMATE CHANGE – Impacts / Implications - NGĀ REREKĒTANGA ĀHUARANGI – ngā whakaaweawe / ngā ritenga

Adaptation

48. Consideration has been given to including risk resilience into the design of the building through the inclusion of vertical stairwells and a flat rooftop which could serve as a temporary evacuation zone in the event of tsunami or flooding. This is particularly relevant in the Awapuni area which has a current lack of tall structures people can access in such events.
49. The additional estimated cost for this functionality is \$1.69M (excluding GST) and external funding would be required.
50. This initiative has the support of the Vertical Evacuation Interest group at NEMA and the local Emergency Management Group Manager and would be a New Zealand-first if constructed.

Mitigation

51. The construction of an Indoor Multipurpose Centre is expected to generate reasonable emissions, though it's hoped that these can be reduced through sustainable design. The flat roof could potentially be used for water harvesting and if co-located with Kiwa Pools used to collect water for reuse in pool complex to lower operating costs.

CONSIDERATIONS - HEI WHAKAARO

Financial/Budget

Capital costs

52. Within the 2024-2027 Three Year Plan Council committed \$2.5m towards this project.
53. This has enabled Council to progress the project through these feasibility and business case stages to the current point.
54. Sport New Zealand, through Whiti Ora Tairāwhiti (formerly Sport Gisborne Tairāwhiti) has committed \$50K in partnership funding to support the feasibility and business case development also.
55. Based on the preliminary concept design the estimated cost to build the core facility is \$22.09M (excluding GST and assuming a Q2 2028 start).
56. The estimated cost for the vertical evacuation functionality is an additional \$1.69M (excluding GST).
57. The estimated cost for the opening sidewall is an additional \$644k (excluding GST).
58. The estimated cost for the walkway to/from Kiwa Pools is an additional \$301k (excluding GST).
59. The estimated (provisional) cost for soil contamination is \$500k (excluding GST).
60. It is important to note that these figures are based on an earlier construction period than is possible with a 2027 funding decision in the Long-Term Plan. Subsequent funding requests may need reflect a larger contingency sum and construction inflation.
61. Also of note, is that for eligibility for a number of external funds there needs to be at least one third of the funding secured for the project.

Operational Costs

62. The business case outlines the operating costs and presents how they could be funded especially for the first ten years. It should be noted that building depreciation costs are not included within the total costs to Council (refer to page 107 of the business case). For affordability reasons, the business case proposes not to raise rates for the full operating deficit upfront, phasing it over the first ten years of operation.
63. Also, it assumes that as it is a new build, there will be no need for provisions for maintenance.
64. Full annual costs once taking these, and interest costs and principal payments, is a total of around \$1.2m in operating deficit. The shortfall would either need to come from rates or other revenue such as grant subsidies.
65. Once the design phase is complete, it will enable more information, including reasonable depreciation phasing as the useful lives of the asset components will be able to be more accurately forecast. These costs are significant and currently are estimated to be around \$450k. (They are factored into the total \$1.2m operating deficit as outlined under point 64.)

Financial Strategy

66. The 2024-2027 Financial Strategy assumes that debt will be within our 175% debt to revenue ratio. Over this period, our debt peak has been forecast to be around 160% debt to revenue. The Strategy's overall debt takes into account the \$2.5m that was committed for this project.
67. The additional \$6m that the Business Case proposes to secure our third share of the total project, could be accommodated within the 2027-2037 Long Term Plan (LTP) either through reprioritisation of projects or from increased headroom that comes from our overall increase revenue.
68. Any decision to fast track this project before 2027-2037 LTP, would mean that we would be significantly reducing our debt headroom.

Legal

69. There are no legal implications arising from the matters contained in this report.

POLICY and PLANNING IMPLICATIONS - KAUPAPA HERE me ngā RITENGA WHAKAMAHERE

70. The proposed facility is in strong alignment with the Community Facilities Strategy and associated plans. In particular:
 - a. It's a key priority within the 2018 Community Facilities Strategy and the Sports Facilities Plan
 - b. It's a priority project within the 2022 Sport and Recreation Facilities Business Case
71. Council committed to undertaking feasibility, design and planning work to progress the project to an investment ready point within the 2024-27 Three Year Plan. The additional \$6m of debt proposed within the business case was not included within the Financial Strategy. However, it is expected that alignment would come through consultation within 2027-2037 Long Term Plan and priority of all of council projects.
72. A full analysis of the strategic alignment of the project is provided in section 3.3 of the business case.

RISKS - NGĀ TŪRARU

73. The project risks are detailed at length within section 8.7 of the business case.

NEXT STEPS - NGĀ MAHI E WHAI AKE

Date	Action/Milestone	Comments
Now - June 2027	<p>Start external fund-raising activities for the Indoor Multipurpose Centre.</p> <p>Proceed to design and consent for the Indoor Multipurpose Centre.</p> <p>Explore funding, ownership, governance, partnerships, and management avenues to enable the Indoor Multipurpose Centre to be built.</p> <p>Identify opportunities to review and optimise existing Council leisure spend to help address the future capital and net annual operating costs of the IMC.</p>	Subject to Council endorsement
Early 2027	Consult in the draft 2027-37 Long Term Plan on inclusion of capital and operational funding for the IMC.	Subject to Council endorsement

Tairāwhiti Indoor Multipurpose Centre

Single Stage Business Case

V1.0 - April 2025

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1.0 EXECUTIVE SUMMARY

Why is this investment critical?

Tairāwhiti faces a critical shortage of indoor sports facilities, limiting access to physical activity and preventing the region from hosting major competitions. Increased demand for indoor sport and recreation facilities makes a regional Indoor Multipurpose Centre a priority for Te Kaunihera o Te Tairāwhiti/Gisborne District Council (Council).

The proposed \$22.09m Indoor Multipurpose Centre will directly address this, benefiting over 37,000 residents and aligning with national and regional strategies for sport and recreation.

While recognising the challenging economic environment and competing priorities for Council's finite resources, this business case confirms the need for such a facility to be built in Tairāwhiti to meet the current 2.7 court under supply of indoor courts.

This is a significant project and Council, and its ability to attract funding will determine whether the Indoor Multipurpose Centre can proceed. The funding is expected to be sourced from Council (which has already approved \$2.5m), Crown, national funders, local funders and other sources.

Why now?

Without this investment, Tairāwhiti will fall further behind other regions in its provision of indoor court facilities - losing economic opportunities and jeopardizing community well-being. Council has already approved \$2.5m in the current Three-Year Plan but this project requires significant additional external funding.

Strategic Case

Due to a chronic shortage of indoor courts, there is currently insufficient indoor courts to meet day-to-day demand for indoor court sports by key codes such as basketball, netball, pickleball, volleyball, and futsal and there is no regional indoor court facility in Tairāwhiti with the ability to host local and regional competitions and tournaments.

Research and current data findings show:

1. Tairāwhiti has the **lowest public indoor court availability rate in New Zealand** per head of population.
2. Tairāwhiti has the lowest rate of weekly physical activity participation among adults in the country.
3. Within the region, **significant growth in participation in indoor sports** is apparent over the last decade, strengthening the use case for an indoor centre.

Furthermore, detailed analysis demonstrates a realistic, conservative shortfall of 1.7 courts in the region presently, with an expected 2.7 court shortfall when the YMCA court reaches its end of life. Therefore, the proposed facility is of modest and appropriate scale with three courts included in the design and provision for a fourth in the future.

The Strategic Case demonstrates the strong alignment of this investment with both local, regional and national plans and strategies, and confirms that this project has long been a regional priority for Council.

Research confirms that significant positive social, cultural, and economic outcomes would result from building an Indoor Multipurpose Centre in Tairāwhiti.

The Strategic Case acknowledges the challenging economic environment within Tairāwhiti as it continues its regional recovery from the impacts of Cyclone Gabrielle and also affirms the strategic value and importance of investing in developing happier and more active residents.

The Strategic Case provides a compelling justification for an Indoor Multipurpose Centre to be built as a municipal asset for current ratepayers and their families to enjoy now and for future generations.

Wellbeing Case

The Wellbeing Case identifies strong linkages between appropriate facilities which enable communities to remain and/or become active, and compelling positive social/wellbeing outcomes and social return on investment (SROI). It utilises leading wellbeing valuation work to demonstrate **an estimated social return on investment of \$10.60 for every \$1 spent**, in addition to significant expected economic and wider societal benefits.

In addition to general health and wellbeing outcomes, the potential to mitigate against known tsunami risk in Te Tairāwhiti has been considered in the concept design. This has been achieved through the inclusion of vertical evacuation towers and a flat rooftop design, with the capacity to accommodate up to 500 people for a short timeframe. While difficult to quantify the potential social return on investment from strengthening Tairāwhiti's regional risk resilience infrastructure, particularly for those in the Awapuni area, experts from National Emergency Management Agency (NEMA) have confirmed their support for incorporating risk resilience thinking into the design and functionality of future community facility builds.

How will we deliver this investment?

Economic Case

The Economic Case demonstrates that the construction of a three-court regional Indoor Multipurpose Centre is the most economically prudent means of achieving the project's investment objectives of addressing the shortfall of 2.7 indoor courts, lack of a regional indoor facility, lost economic returns from hosting tournaments and/or events throughout the year and the visitor spend on hospitality, retail, and accommodation, poor optimisation of network, and supporting health and wellbeing outcomes for residents of Tairāwhiti.

Based on criteria designed by sector specialists and with input from the project steering group, project working group, community, key user groups and other key stakeholders, the recommended site was identified as the Kiwa Pools precinct. Three potential footprints were considered at Kiwa Pools precinct with the preferred location being the southwestern quadrant, opposite the Midway Surf Lifesaving Hub.

Based on the preferred concept design comprising three courts and a total floor area of 3,612 square metres, the preliminary construction cost is estimated to be \$22.09 million for the core facility if construction started by Q2 2028.

The current financial and funding modelling is based on Council owning the facility and operational cost savings being achieved through shared servicing with the current Kiwa Pools team. However, as part of minimising the future net cost to Council the future ownership/operating model requires further review.

Commercial Case

The Commercial Case considers the appropriateness of various procurement, delivery, and pricing options. Concluding that currently Design and Build is the preferred construction delivery method as it is a relatively simple building to build, and Council is seeking best value for money. Also, once set up, it will require least management by Council. To achieve added value and cost-effective input from the main contractor to the building methodology and materials, it is recommended this main contractor procurement process is undertaken at the end of preliminary design and once mana whenua cultural requirements are fully understood.

Given there is time available and to follow best procurement practice, it is recommended for the main contractor procurement that an open EOI process is undertaken, with then up to three contractors shortlisted for tender based on P&G and margin. It is then recommended an Early Contractor Involvement (ECI) process occur to the end of Developed Design; and to provide price certainty for Council and based on an open book process for sub-trades, that a lump sum fixed price is then agreed with the contractor.

It is also at this stage (i.e., at the end of Developed Design and with agreement by the Council with the contractor on the lump sum fixed price) that the design team would be novated to the main contractor but with a duty of care to the client – for clarity, although now working for the contractor, that they would still have a professional duty of care to the client to ensure the objectives, functionality, and quality of the project are achieved. Please note, the Quantity Surveyor would remain a direct report to the client throughout the project design and build process.

Based on current project knowledge, this is the suggested procurement approach and process at this time, but this process should be further reviewed

once the final project ownership, funding, and operating model is fully reviewed and understood.

Financial Case

The Financial Case sets out the overall cost and affordability of a regional-scale Indoor Multipurpose Centre in Tairāwhiti with financial modelling based at this time on Council owning the facility and being operated by the Kiwa Pools' team.

The project is significant in scale and cost and a mixed-funding model will be required, with most of the funding coming from Council borrowing, national, and local community funders.

Table 1. Indoor Multipurpose Centre Project: At a Glance.

Core Facility	\$22.09m excl. GST facility (assuming Q2 2028 start). The cost estimate increases to \$22.78 million if construction is deferred to Q2 2029.
Other Elements	\$1.69m for vertical evacuation (stairwell & flat roof).
	\$644k for opening wall.
	\$301k for walkway to/from Kiwa Pools reception.
Capital Contribution by Council	An additional \$6.0m (plus \$1m contingency) i.e. In total \$8.5 million capital funding and potentially \$9.5 million to achieve the core facility cost.
External Funding Sources	The majority of funding will need to be raised externally - Crown, national funders, local funders, strategic partnerships, sponsorship etc.
Affordability measures	Operational efficiencies from co-location benefits with Kiwa Pools, scale appropriate and prudent to needs, and on Council land.

Based on Baker Tilly Staples Rodway's financial modelling and drawing on knowledge from other similar regional stadia builds, the Indoor Multipurpose Centre is forecast to make an operating loss of approximately \$320k to \$330 per annum (\$120k to \$130k pre-Long Term Maintenance provision and fitout depreciation).

Based on total Council loan funding of \$8.5 million at a 5% interest rate, the average annual net cost to Council in the first ten years, based on a May 2028 build start, is about \$794k. Please note, this figure assumes an annual Long Term Maintenance provision of about \$150k per annum from the outset.

Management Case

The Management Case outlines the governance, management, and assurance frameworks that will be implemented to ensure the successful delivery of the Indoor Multipurpose Centre project. It sets out the project's structure, key roles, procurement approach, risk management strategies, stakeholder engagement, and benefits monitoring to support effective decision-making, accountability, and successful outcomes.

The Indoor Multipurpose Centre project will be guided by a Project Steering Group (PSG) responsible for high-level decision-making and oversight, supported by a Project Management Team (PMT) ensuring day-to-day project delivery. A revised role may be required to lead structural, capital funding, operational solutions, project development and delivery, and stakeholder communications.

Effective collaboration with local iwi, government agencies, sports organisations, community groups, and funding partners will be prioritised. Ongoing consultation and transparent communication will be maintained throughout the project lifecycle.

A risk management framework is in place to proactively identify, assess, and mitigate project risks. A benefits monitoring process will track key performance indicators, such as increased sports participation, economic benefits, and improved community wellbeing. Independent quality assurance processes will be applied at key milestones, with formal post-project reviews and a structured Project Closure Plan ensuring lessons learned, financial accountability, and smooth transition to operational use.

Given the scale and investment required for this project it is recommended that the future project leadership and management structure be reviewed.

Through these outlined approaches, the project will be well placed for successful delivery of a facility which provides the residents of Tairāwhiti with an indoor sports facility that provides long-term value and benefits for the community.

Recommendations

There is ample evidence to show the link between participation in sport and recreation and increased wellbeing. The people of Tairāwhiti are passionate about sport and recreation, and participate in a huge number of codes, especially for a relatively small community. What we've heard from our community and confirmed through thorough analysis is that the current undersupply of public indoor courts is materially limiting participation and growth of indoor sport and recreation and is a barrier to Tairāwhiti whānau being active.

We've identified that investment into a new, single, fit-for-purpose regional Indoor Multipurpose Centre (three court) is the most effective, sustainable and affordable solution.

This Business Case recommends that the project proceed.

INTRODUCTION

2.0 INTRODUCTION

Despite a confirmed shortage of indoor courts, Tairāwhiti does not have an Indoor Multipurpose Centre to meet demand from key user groups – basketball, netball, pickleball, futsal, and volleyball. Additionally, community consultation identified a need for an indoor stadium which can accommodate the practice and performance needs of kapa haka and other events.

This business case builds on a previous work, including the Tairāwhiti Sports Facilities Business Case (2022) completed for partners Trust Tairāwhiti, Whiti Ora Tairāwhiti (formerly Sport Gisborne Tairāwhiti), Gisborne District Council, and the Crown, which confirmed the need for an Indoor Multipurpose Centre. This business case presents an evidence-based approach to determining the feasibility and preferred location of an Indoor Multipurpose Centre in Tairāwhiti. In recognition of its strategic regional importance and priority, Council approved \$2.5 million in its 2024-27 Three-Year Plan to support the development of an Indoor Multipurpose Centre in Tairāwhiti.

In the preparation of this business case the project partners (Gisborne District Council, Sport New Zealand, and Whiti Ora Tairāwhiti) engaged Tredwell Management Services to conduct a feasibility study to determine the demand for, and affordability of, an Indoor Multipurpose Centre in Tairāwhiti. Additionally, Impact Matters Ltd, and SGL Funding Ltd, in association with Rawlinsons, Baker Tilly Staples Rodway (Auckland) and MODE Design Ltd were engaged to provide project leadership, construction cost estimates, financial modelling, spatial planning and concept design needed to present the refined concept to Council in this business case.

2.1 Background Context

The current network of indoor courts in Tairāwhiti is fragmented, aged and fails to meet demand. In addition to primarily meeting day-to-day sports training, competition and informal play needs throughout the year, community engagement identified a compelling need for providing regional capability to host local and regional competitions, tournament and events.

Earlier research had short-listed Childers Road, Victoria Domain, Waikirikiri Park, and Harry Barker Reserve as preferred sites and this Business Case outlines the process followed to identify the preferred site for the Indoor Multipurpose Centre, as well as the size, functionality, and estimated construction, funding, and operating costs.

A project of this scale is heavily dependent on public and private sector working together to achieve the investment objectives. Council's lead investment will play a pivotal role in the ability of this project to progress.

2.2 Primary Drivers

The key driver underpinning this project is the provision of additional indoor courts to fill the gap between the current supply and demand for indoor court hours which are affordable and sustainable to operate.

Secondary drivers identified from community engagement include the provision of a facility in which the indoors integrates with the outdoors to enable spectators to watch games, kapa haka, and other events.

2.3 Brief and Scope

This business case sets out to provide Council with the information needed to make an informed decision to progress the Indoor Multipurpose Centre project. This includes the investment required to enable project development, along with discussions to be initiated with potential funding partners, ownership structures, and future project management and governance models.

The currently challenging fiscal environment was acknowledged from the outset of this project, as was the need to adopt a robust evidence-based approach to confirm the need for a regional indoor court facility. This included a commitment to think smart about the functional footprint, preferred location, ownership structure and operational modelling options to identify a cost-effective option in relation to the construction and lifetime operating costs of such a facility.

The project's governance group emphasized the need to leverage potential operational and management synergies by exploring sites where co-locating an indoor multipurpose center made the most sense for key user groups and the wider community.

2.4 Business Case Purpose and Structure

The purpose of this business case is to outline the development concept and provide information to inform decision making regarding the demand for and feasibility of building a regional Indoor Multipurpose Centre in Tairāwhiti.

Broadly aligned with the Better Business Case approach, this business case comprises the following six cases:

1. Strategic Case.
2. Wellbeing Case.
3. Economic Case.
4. Commercial Case.
5. Financial Case.
6. Management Case.

This business case provides a summary of the analysis completed to date. If this Indoor Multipurpose Centre project advances, additional information will be required in the areas of funding, partnership structures, ownership, governance, and management, continued engagement with mana whenua, cultural impact assessment, and detailed geotechnical, civil, and structural engineering assessments.

THE STRATEGIC CASE

3.0 THE STRATEGIC CASE

3.1 Purpose

The current network of indoor courts facilities in Tairāwhiti is poorly aligned, fragmented in its availability for public use, has insufficient capacity to meet demand, limits participation, is often undersized and aged, and is not capable of hosting regional level tournaments or competitions.

Key user groups have long advocated for a regional Indoor Multipurpose Centre to promote increased accessibility and usage of fit-for-purpose indoor courts which are widely available across regional New Zealand.

The purpose of the strategic case is to summarise the case for change for an Indoor Multipurpose Centre to be built in Tairāwhiti. This strategic case presents the strategic context, problem definition, investment objectives, strategic benefits and risks, dependencies and constraints, and the key stakeholders and user groups who have contributed to defining and confirming the case for change.

3.1 Strategic Context

There is an increasing demand for accessible, integrated, and well-designed sporting facilities across New Zealand, and as identified by Sport New Zealand's National Facilities Strategy for Indoor Sports, Tairāwhiti *has the lowest public indoor court availability rate in New Zealand per head of population*.

Despite a chronic shortage of indoor courts, there is currently no regional indoor court facility in Tairāwhiti with the ability to host local and inter-regional competitions and tournaments.

The proposed Indoor Multipurpose Centre strongly aligns with local, regional, and national strategies, policies, and plans.

In response to these challenges, Council adopted the Tairāwhiti Community Facilities Strategy (CFS) in 2018, a 20-year plan aimed at creating a sustainable community facility network. Prioritising nine recreation-focused projects, the CFS was guided by GDC, Trust Tairāwhiti, and Sport Gisborne Tairāwhiti.

To support these priorities, the Tairāwhiti Sports Facilities Business Case (2022) was developed in partnership with these organisations, proposing a comprehensive network of regional indoor recreation upgrades, including a preferred location for an Indoor Multipurpose Centre. Both the CFS and the Tairāwhiti Sports Facilities Business Case emphasise the critical need for an Indoor Multipurpose Centre in Tairāwhiti. This document presents a more detailed master plan for regional recreational facility projects and the rationale for investing in them. This document proposes a network of indoor recreation upgrades and developments for the region, and a preferred location was identified for an IMC facility in Gisborne through consultation.

Both the CFS and the Tairāwhiti Sports Facilities Business Case emphasise the importance of building an indoor court facility in the region. Significant strides have been taken, including extensive consultations, to determine suitable locations and other important aspects of the project. However, the actual construction of the facility was dependent on feasibility testing and funding.

Community feedback strongly supports an Indoor Multipurpose Centre, with 95% of the 426 survey respondents in support of a regional-scale facility (three or more courts). Current facility limitations force clubs to cap membership, restricting sports growth and preventing Tairāwhiti from hosting larger events that could benefit local visitation and the economy. Additionally, size and capacity constraints hinder the use of facilities for community and cultural events, such as kapa haka, which can attract thousands of participants to the region and the significant economic benefits generated from hosting events in region.

Although several school-owned courts exist, their restricted public access, limited available capacity, and/or court size or surface constraints leave a significant gap in indoor venue availability for popular sports and recreational activities. Stakeholder feedback confirmed demand for a venue which could accommodate kapa haka practices, performances and competitions at a local and regional level.

Interviews with key indoor sports facility providers including Gisborne Boys High School, Gisborne Girls High School, Ilminster Intermediate, Lytton High School, and the YMCA (the only fully accessible public indoor court) revealed that existing facilities are at capacity, with limited community access due to high demand. Clubs such as the Gisborne Basketball Association must spread activities across multiple sites, posing logistical challenges, reducing the sense of a centralised 'home base', and adding to the workload of volunteers.

Current indoor court providers have expressed strong support for a new facility that would enable Tairāwhiti to host larger tournaments and trainings, currently infeasible due to size constraints and inadequate facilities. Additional issues at existing facilities include insufficient court run-off areas, limited seating, not meeting sporting code requirements, unsuitable surfacing, and the fact that they are all ageing facilities. Discussions to date with the YMCA Gisborne management highlighted challenges associated with the cost of maintaining the current aged court and a willingness to collaborate with this project to time the retirement of the YMCA court from the network to align with the Indoor Multipurpose Centre being built.

As a result of this lack of suitable indoor facilities, several popular sports and recreational activities cannot be played in Tairāwhiti. The development of a regional Indoor Multipurpose Centre in Tairāwhiti would address urgent shortages in indoor facilities while supporting projected demand growth for sports and meeting the needs of cultural events, such as kapa haka. This Indoor Multipurpose Centre would improve local access to high-quality facilities, align

with Tairāwhiti's cultural requirements, function as an emergency evacuation centre, and support community cohesion and economic development by creating a sporting hub alongside the Kiwa Pools, plus by its colocation would also benefit from cost-effective management and operational synergies. Through this facility, Tairāwhiti could offer residents a state-of-the-art resource that enhances quality of life, fosters community cohesion, and promotes well-being.

3.2.1 Tairāwhiti's Regional Demographics

Gisborne District Council is a unitary territorial authority that covers the Tairāwhiti region on the East Coast of the North Island. It ranges from the Wharerātā Hills in the south, which divides it from Wairoa District in Hawke's Bay to Potikirua in the north. The Western boundary runs along the Raukūmara Range, which separates it from Ōpōtiki District. In the southwest, its boundary runs along the western edge of Te Urewera. Spanning 8,385.29 km², the region has a population of 51,900 (2023), with 37,700 residing in Gisborne. It is notable for its significant Māori community, comprising 53% of the population.

This business case assesses the need for, and feasibility of, a new Indoor Multipurpose Centre to support sport codes, clubs, and groups, provide space for community and regional events, and contribute to the overall well-being of Tairāwhiti's residents, while preserving the region's unique cultural and natural heritage.

There are approximately 50 sport codes and 162 sports clubs in Tairāwhiti.

Local volunteer engagement is robust, with 22.3% of women and 17.4% of men involved in community service. However, despite a younger demographic and strong volunteerism, Tairāwhiti faces notable socio-economic challenges, including high deprivation levels, low household incomes, and below-average educational and health outcomes, leading to increased welfare reliance. Ranked

60th out of 67 territorial authorities on the NZ Deprivation Index (January 2022), 65% of residents are in the highest deprivation deciles (8-10). Deprivation is even more severe among Māori, with 77% living in these deciles. This situation creates difficulties for service providers who must balance demand with funding and affordability limitations.

Despite these challenges, the region's population is growing - reversing a long-term decline, and this growth is anticipated to continue as more people recognize the region's social, cultural, environmental, and economic strengths. This demographic and socio-economic profile underscores the need for strategic investment to boost community well-being and foster sustainable economic development.

Tairāwhiti's Population Forecast

Insight: The region's 'active population' is set to remain relatively static over the next 30 years.

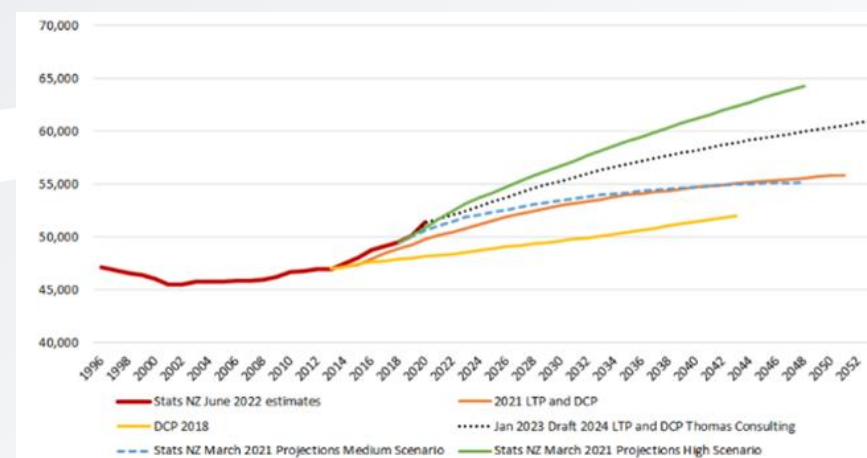
According to the 2023 Census, the usually resident population of Tairāwhiti was 51,135 at the time. This represents an increase of 3,618 people from the 2018 census, or a 7.6% increase. It is noted that the significant disruptions caused by COVID-19 brought uncertainty to population forecasting.

The following chart sets out a series of forecasting comparisons for Tairāwhiti - almost all forecasts show a moderate to high level of population growth over the next 20 years. However, new population projections from Infometrics suggest that national population growth will slow over the next decade and "that this trend will be reflected across most regions, which will require even more focus on planning properly for the future". This is based on a softer outlook for both net international migration and natural population increase, which means "population growth will be slower in the next decade than the past decade".

90% of the growth forecast is in the Gisborne Urban Area, with rural areas and coastal towns (overall) forecast to slowly increase population. This growth is modelled to happen in tandem with an increase to the region's median age, the net result being that the 'active population' - broadly considered to be those under 65 years, remains static between 2018 and 2048.

Importantly for the purposes of this business case, we have assumed no growth in the user base within demand modelling. That is, the number of people who may potentially use this facility remains static for the next 30 years.

Figure 1. Population Estimates and Forecasts Gisborne District.



Source: Statistics New Zealand.

Table 2. Subnational Population Projections by Age and Sex - 2018 (Base) – 2048.

Year at 30 June	2018	2023	2028	2033	2038	2043	2048
Age	1						
Total people, age	49,500	52,000	53,200	54,000	54,500	54,700	54,700
• 0-14 years	11,600	11,400	10,900	10,500	10,200	10,000	9,800
• 15-39 years	15,000	16,100	16,100	15,500	15,000	14,500	13,900
• 40-64 years	15,400	15,700	15,700	16,400	16,700	17,100	17,500
• 65 years and over	7,500	8,900	10,400	11,600	12,700	13,200	13,400

Source: Statistics New Zealand.

3.1.1 Regional Sporting Trends

Insight: Indoor sports are growing beyond the capacity of facilities in the region.

In comparison to other regions, Tairāwhiti has the lowest rate of weekly participation among adults in the country. One way to interpret this point is that 38% of adults in the region are not active on a weekly basis. By comparison, young people aged between 5-18 years are relatively active when compared to the national average.

Within the region, significant growth in participation in indoor sports is apparent over the last decade, strengthening the use case for an indoor centre.

Table 3. Gisborne District Indoor Sport/ Activity Participation Change 2011 - 2023 (All Ages).

Indoor Sport/Activity	National % Change 2011-2023	Gisborne District % Change 2011-2023
Basketball	-0.6%	+8% ↑
Netball	-4.5%	0% ↑
Volleyball	-1.3%	+2% ↑
Going to gym/working out	-4.1%	+7% ↑
Tennis	-3.9%	+6% ↑
Indoor/Outdoor Cricket	-0.7%	+3% ↑
Football/Soccer (indoor/ outdoor)	-1.2%	+4% ↑
Lawn Bowls	-1%	-1%
Rugby League	-0.9%	+4% ↑
Touch Rugby	-4.6%	+3% ↑

Insights Tool, Sport New Zealand

3.1.2 Current Local Barriers to Participation

Insight: Access to appropriate facilities is a significant barrier to people being active.

The 2023 Active New Zealand survey also explores the reasons for which people who would like to be doing more physical activity are not able to. This analysis provides a useful insight into the barriers that participants in Tairāwhiti face to being active.

Table 4. Barriers to Participation in Tairāwhiti.

Barrier	Tairāwhiti young people (5-18 years)	Tairāwhiti adults
Too hard to get to training, games or competitions	5%	6%
No places nearby to do what I want to do	11%	6%
Too busy	28%	1%
My school doesn't offer physical activities I'm interested in	8%	N/A
Can't fit it in with other family member's activities	13%	N/A

Source: Sport New Zealand

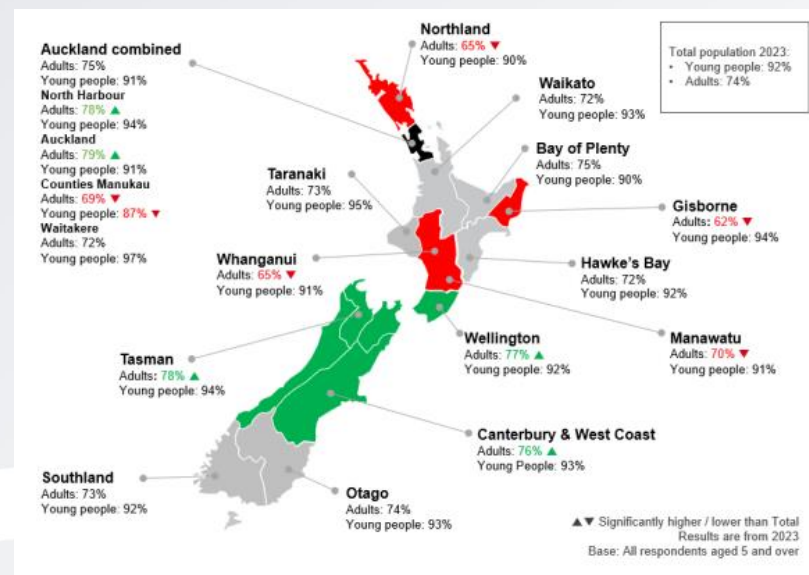
If we are able to remove or reduce these barriers, we can increase participation and achieve a range of social benefits as outlined in the benefits assessment section.

3.1.3 National Sporting Trends

Insight: Indoor sport and recreation are experiencing significant growth.

National data from the Sport New Zealand Active NZ Study shows significant participation in indoor sports, with nearly half of the most participated activities across age groups being indoor or adaptable to indoor settings, such as basketball, netball, dance, and group fitness.

Figure 2. National Sporting Trends by Region.



Source: Sport New Zealand

Among children aged 5-11 years, sports participation is on the rise, particularly in football and basketball. However, teenagers (12-17 years) have seen a 3% drop in weekly participation, and **there is a notable 10% gap in organised sports participation between high and low deprivation areas**. Adult participation has remained stable, though average weekly hours fell from 5.4 to 4.6, largely among those aged 35-64 years.

Data from national sports organisations underscores indoor sports growth. Basketball New Zealand, for instance, recorded over 77,500 players and a 93.5% increase in 3x3 basketball participation at secondary schools in 2023. Netball and futsal have also seen significant gains, with futsal participation up 25% nationally, including a 28% increase among women and in schools.

This data indicates strong demand for accessible, indoor sports facilities in New Zealand.

3.1.4 The Value of Physical Activity

Insight: Sport and recreation contribute a range of personal, interpersonal and societal benefits in Aotearoa.

In 2017, Sport New Zealand published a study exploring the value of sport which concluded that sport and active recreation and play create happier, healthier people, better connected communities and a stronger Aotearoa New Zealand. It is clear that New Zealanders value sport and active recreation. Results from Sport NZ surveys indicated that the great majority of people agree that physical activity through sport, exercise and recreation is valuable. Whether they are 'sporty' or not, whether they even like sport or not, most New Zealanders see value in sport and active recreation.

Evidence from a wide range of international and national sources support many of New Zealanders' perceptions, confirming that sport adds value to the lives of individuals, communities and the nation. *There is considerable robust scientific research to suggest that participation in sport creates positive preventative and therapeutic benefits for individuals, and ultimately society, in terms of reduced health and social care costs.*

Sport New Zealand commissioned [The Value of Sport](#) programme of research to confirm the value of sport and active recreation to New Zealand and New Zealanders. The research was undertaken over three stages: a literature review; in-depth qualitative research with a substantial sample of members of the general public and sport and recreation sector stakeholders; and comprehensive qualitative research.

The literature review found that significant studies have identified relationships between physical activity and reducing type 2 diabetes, high blood pressure, cardiovascular disease and obesity related disorders. The research found that sport and active recreation are hugely beneficial to both physical and mental health. The findings show that participation in quality physical activity and sport is an effective way to prevent and manage several severe mental health disorders including depression, anxiety and dementia. Physical activity and sport have also been associated with indicators of better mental wellbeing (e.g. happiness, self-esteem, cognitive development). The study also found that New Zealanders who meet the physical activity recommendations through participation in sport are 58% more likely to score in the healthy range for mental wellbeing.

There is also increasing evidence that sport and physical activity can improve self-confidence, self-esteem and physical self-perceptions, result in fewer depressive symptoms and improve overall cognitive and mental health in young people. Conservatively estimated, physical inactivity cost New Zealand's healthcare system over \$200m in 2013, and if eliminated could avoid New Zealanders:

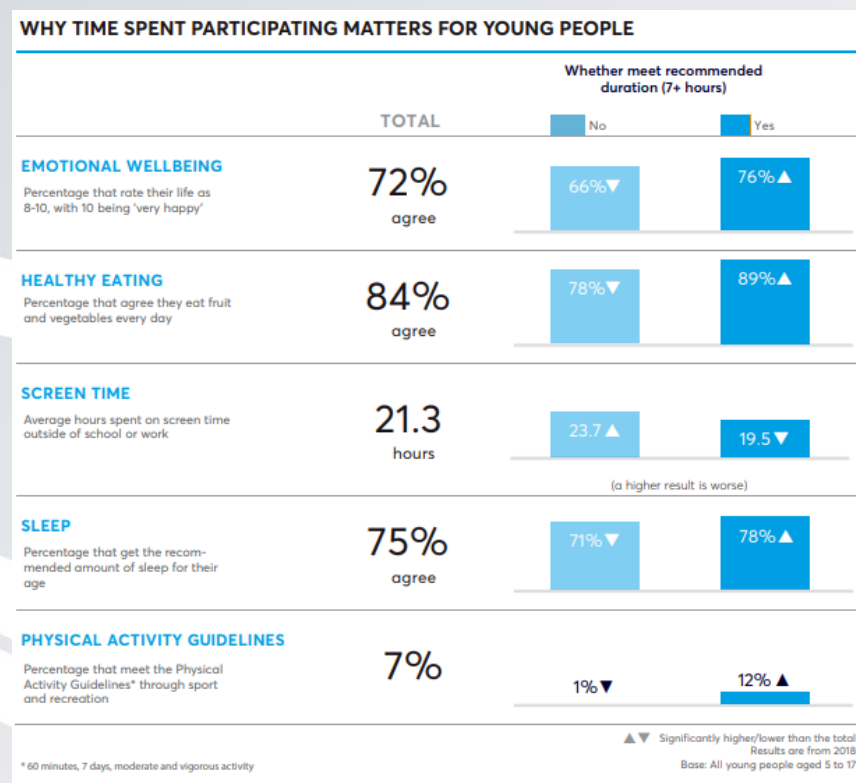
- 7.9% of heart disease cases
- 9.8% of Type 2 diabetes cases
- 13.1% of breast cancer cases
- 14.1% of colon cancer cases
- 12.7% of deaths.

3.1.5 The Benefits of Sport and Active Recreation

Participation in sport and active recreation has a notable, positive impact on health and wellbeing. Adults and young people who participate for the recommended weekly time (at any intensity) score more favourably on health and wellbeing indicators than those who do not.

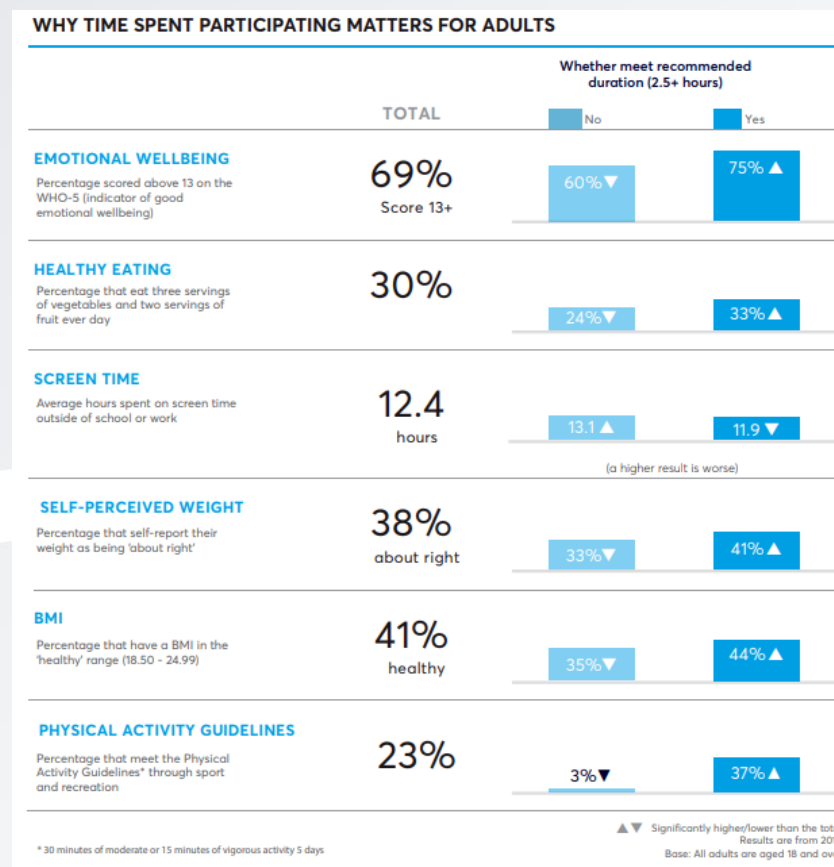
As found in the *Sport New Zealand Active NZ 2018 Participation Report*, the more time spent participating, the greater the health and wellbeing outcomes - as shown in the following two figures.

Table 5. Why Time Spent Participating Matters for Young People.



Source: Sport New Zealand

Table 6. Why Time Spent Participating Matters for Adults.



Source: Sport New Zealand

Figure 3. Sport New Zealand Value of Sport Report | Key Findings.



Source: Sport New Zealand

3.2 Core Strategic Alignment

There is an increasing demand for accessible, integrated, and well-designed sporting facilities across New Zealand, and as identified by Sport New Zealand's National Facilities Strategy for Indoor Sports, Tairāwhiti has the lowest public indoor court availability rate in New Zealand per head of population.

3.2.1 Regional Strategy and Policy

As part of the feasibility study, the following key regional-level documents were reviewed relevant to the development of a regional Indoor Multipurpose Centre in Tairāwhiti.

- Tairāwhiti Sports Facilities Single Stage Business Case (March 2022).
- Tairāwhiti Sports Facilities Plan (2018).
- Tairāwhiti Community Facilities Strategic Framework (2018).
- Tairāwhiti Draft Future Development Strategy (2024-2054).
- Tairāwhiti Regional Spatial Plan (2020).
- Current Three Year Recovery Plan.
- Victoria Sport & Recreation Hub Master Plan.
- Papawhariki Feasibility Study (2015).

3.2.2 National Strategy and Policies

As part of the recent feasibility study, the following national-level documents were reviewed, with key visions, strategies and policies relevant to the development of a regional indoor stadium in Tairāwhiti.

- National Indoor Active Recreation and Sport Facilities Strategy, Sport New Zealand (2023).
- Sport & Recreation Facility Development Guide, Sport New Zealand (2017).
- New Zealand Spaces and Places Framework (2024).
- Ensuring the Play, Active Recreation and Sport Sector is Fit for the Future, Sport New Zealand (2022).

- Basketball New Zealand Strategic Intent (2024-2028).
- Environmental Sustainability Guidelines for Spaces and Places, Sport New Zealand (2024).

3.2.3 Sport and Recreation Trends Summary

This section considers demographic and participation trends relevant to Tairāwhiti and indoor multipurpose sporting facilities. Trends have been analysed at global, national, regional, and local levels to inform the IMC feasibility, acknowledging global influences while recognising the significant impact of local sporting and recreation preferences on community needs and site outcomes.

At a global level, there is a shift towards non-organised physical activities as people adapt to busier lifestyles. Technological advancements in physiology, nutrition, psychology, genetics, and materials science are enhancing our understanding of athletes. The rise of entertainment sports, such as augmented reality, virtual reality, and e-sports, offers new virtual activity opportunities. Sports are increasingly being used to bridge cultural and demographic gaps, creating inclusive, welcoming environments. Additionally, sports are adapting to global challenges, including climate change, geopolitical tensions, and pandemics.

3.2.4 Implications on Planning for Indoor Sports in Tairāwhiti

The following implications were identified by Tredwell Management Services from their research completed for the feasibility study:

- Design facilities to support a variety of non-organised physical activities.
- Integrate technology to enhance athlete performance and facility offerings.
- Include spaces for augmented reality, virtual reality, and e-sports activities.

- Create inclusive and welcoming environments through diverse sports programs.
- Implement sustainable practices to mitigate climate change impacts and adapt to geopolitical tensions and pandemics.
- Develop programs that motivate engagement in diverse sporting activities.
- Ensure facilities are easily accessible to all community members.
- Support sports and activities that cater to Māori and other ethnic groups.
- Implement strategies to lower participation costs and provide financial support for local organisations.
- Develop initiatives to attract and retain volunteers, considering the ageing population.
- Create programs/cater to the needs of tamariki and rangatahi to retain and increase enjoyment and participation in physical activities.

3.2.5 Key Document Summary

Table 7. Summary of Key Related Documents.

Report	Summary
Papawhariki Feasibility Study (2015), Global Leisure Group	This feasibility study explored the development of a sports, recreation, and community hub at Waikirikiri Reserve in Kaiti. The proposed facility didn't include indoor courts but noted the many social benefits of locating significant facilities at Waikirikiri Park.
GDC Sports Facilities Plan (2018)	This plan identified the need to develop a regional level indoor court facility in Gisborne to meet indoor sports needs in an efficient hub. The GDC Sports Facilities Plan doesn't specifically indicate a location, though the priority actions within the Community Facilities Strategy Strategic Framework proposed a feasibility study that considers location options.
Tairāwhiti Sport and Recreation Facilities Business Case (2022), Habilis	The business case considered site options for an indoor centre, noting that any site selection would be subject to detailed feasibility. The business case proposed Waikirikiri Park as the location for an Indoor Multipurpose Centre, followed by Childers and Harry Barker Reserves. It didn't consider the Kiwa Pools/Churchill Park area in the long or short list assessment.
Tairāwhiti Indoor Multipurpose Centre Feasibility Study (2024), Tredwell	The feasibility study considered site options for an Indoor Multipurpose Centre and shortlisted Childers Road and Kiwa Pools. Through this process, Kiwa Pools was identified as the preferred site.
National Indoor Active Recreation and Sport Facilities Strategy, Sport New Zealand (2023)	This strategy sets a 15-year vision to address ageing infrastructure, rising demand, and facility shortfalls by promoting adaptable, inclusive, and sustainable spaces. It proposes evidence-based planning, partnerships, and innovative funding to expand community access—projecting a need for a 20% increase in court capacity by 2038.

Table 8. Summary of Key Related Documents. (cont'd)

Report	Summary
Sport & Recreation Facility Development Guide, Sport New Zealand (2017)	This guide provides a step-by-step framework for planning, designing, building, and operating sustainable, multi-use facilities. Aligned with Sport NZ's strategy, it promotes affordability, collaboration, and futureproofing through a six-stage lifecycle approach. Emphasizing community engagement and evidence-based planning, it ensures facilities are functional, inclusive, and financially viable.
New Zealand Spaces and Places Framework I Pou Tarāwaho mō ngā Takiwā me ngā Aotearoa, Sport New Zealand (2024)	The New Zealand Spaces and Places Framework by Sport NZ guides the strategic planning and development of inclusive, sustainable sport and recreation facilities. Aligned with Te Tiriti o Waitangi, it emphasizes evidence-based decision-making, co-design, and partnerships to maximize resources. It ensures facilities adapt to changing demographics, urban growth, and environmental challenges.
Basketball New Zealand Strategic Intent (2024-2028)	Basketball New Zealand's strategy envisions embedding "hoops in the heart of every community" by increasing participation, improving performance, and enhancing fan engagement. Guided by Tika, Mana, and Hono, it aims for 100,000 players, greater diversity, and top 20 FIBA rankings. Key initiatives include facility expansion, digital engagement, and inclusive participation frameworks.
Environmental Sustainability Guidelines for Spaces and Places, Sport New Zealand (2024)	The Sustainability Guidelines for Play, Active Recreation, and Sport Facilities in Aotearoa New Zealand promote environmental stewardship by integrating sustainability into planning, design, and operations. Centered on energy efficiency, resource conservation, and climate adaptation, they provide best practices, case studies, and tools to create resilient, future-proofed, and culturally aligned facilities.

3.3 Tairāwhiti Indoor Court Needs Assessment

The needs assessment sought to determine actual current demand for indoor courts, including where this is currently unmet due to a lack of court supply. This analysis confirmed a current real shortfall of two courts within the region, and a concerning lack of resilience in the network, with a number of ageing facilities including the one aged public court at the YMCA. With this critical asset nearing end of life, the needs assessment found that a three-court facility is necessary to adequately meet demand and to provide a resilient network of facilities.

3.3.1 Demand and Supply Assessment Methodology

The approach to determining the demand and supply of indoor courts was conducted by SGL Funding, experts in the development of sport and recreation facilities.

This assessment took a nuanced approach to assessing current use and future demand. Building on the initial needs assessment conducted for the feasibility study, actual use data was captured from administrators of sports who utilise indoor facilities, with the respective facility managers from key codes then asked to validate.

Personal interviews were undertaken with key administrators from basketball, pickleball, netball, kapa haka, volleyball, badminton, and futsal. Usage was then synthesized into Basketball court hours (BBCH), as this provides a consistent method for determining demand.

What this process found is that Tairāwhiti is unique in that it has for a long time had very few (1) publicly available community indoor courts. This has led to a reasonable supply of school gym facilities, within which use is variable. On the whole, the community has adapted to this shortfall and usage within some

school gyms is very high when compared to others, and to national averages for community use of school facilities.

With this unique circumstance understood, we're confident that the needs assessment undertaken based on actual use and demand is robust and if anything, conservative. The full detailed needs assessment review, including all workings is located in [Appendix 1](#).

3.3.2 Key User Group Feedback

A major issue identified by clubs is the lack of available indoor courts, which limits their capacity to accommodate potential players, thereby restricting club growth, especially for basketball, netball and volleyball.

Clubs including basketball, badminton, pickleball, volleyball, kapa haka and netball have stated that the current indoor provision restricts their ability to host regional events. The key components restricting regional competitions raised by the clubs include the small scale of current indoor facilities and limited seating availability.

Court dimensions have also been raised as a key issue, not just for regional events, but also for local games, competitions and trainings. Clubs such as netball, volleyball, and basketball have indicated that additional courts would allow the formation of more teams, including premier teams, enabling significant growth to their individual sports.

The feedback highlights the need to accommodate current and future demands, alleviate the constraints faced by existing facilities, and support the growth and development of sports in the region.

3.3.3 Indoor Court Demand Analysis

Current Total Usage of Indoor Facilities

Based on detailed bottom-up estimates with the codes interviewed, current total annual utilisation for these codes only was 3,645 Basketball Court Hours Per Annum (BBCH). One should then add a further 10% to account for unrecorded demand, either from other activities not interviewed and/or missed activity from codes documented. This then finds the revised current total annual utilisation is 4,010 BBCH.

Unmet Demand for Indoor Facilities

With the exception of badminton, all sporting codes that we engaged with advised a current lack of indoor court availability at peak times and/or the unsuitability of some courts (due to floor surface or limited run-off) was negatively impacting or preventing the expansion of their sport.

As stated in Sport New Zealand's National Indoor Facility Strategy, indicators of potential latent demand include:

- Current facilities are operating at or near capacity at peak times, constraining access – for Gisborne this applies to basketball and netball, as well as the sports listed in the next item.
- New or emerging activities/codes unable to secure access to facilities – for Gisborne this applies to volleyball, pickleball, and futsal.
- Venue bookings/programming are based on historical patterns which do not reflect current demographic or participation preferences - for Gisborne again this could be said to reflect the current booking challenges for volleyball, pickleball, and futsal.

In summary, the interview feedback by sports codes clearly demonstrated a level of current latent and suppressed demand for indoor courts.

3.3.4 Total Projected Future Demand for Indoor Facilities

Based on bottom-up estimates with the codes interviewed, projected additional annual demand was assessed to be about 3,208 BBCH, or 80% more than current utilisation. Together with current demand, total current and additional annual demand was 7,217 BBCH per annum.

The needs assessment considered the impact of population change and concluded that the region's expected population growth was balanced by a forecast increase in median age, and that population projections indicated that the 0-65 age bracket remained static, broadly considered to be the primary users of an Indoor Multipurpose Centre.

3.3.5 Overall Demand and Supply Assessment

Fundamentally, the needs assessment found that demand varies throughout the year but consistently meets or exceeds the current supply, confirming that the shortfall of available courts cannot be met with better programming of existing facilities within the region.

Furthermore, it found that during peak seasons, there is a shortfall of 1.7 courts to address current and projected future demand. It identifies that the public court at the YMCA is critical to the current function of the network of indoor facilities and yet is at end-of-life with uncertain future when it no longer becomes economic to operate. YMCA management has indicated a desire to retire this facility once it is no longer required by the community.

Table 9. Court Use Summary in Tairāwhiti: Current and Future

		COURT USE SUMMARY - CURRENT AND FUTURE										Ratio of Additional / Current
		Term 2			Term 3			Term 1 or 4			Overall Total	
		Weekday Daytime	Weekday Evening	Weekend	Weekday Daytime	Weekday Evening	Weekend	Weekday Daytime	Weekday Evening	Weekend		
Basketball	Current	0	246	85	0	412.5	85	0	193.5	234	1256	0.63
	Future	49	79.5	164.8	42	80	94	72	115	93	789.7	
	Overall	49	325	250	42	493	179	72	309	327	2045.7	
Netball	Current	0	107	66	0	128	66	0	0	0	367.0	0.75
	Future	0	72	36	0	72	36	0	60	0	276.0	
	Overall	0	179	102	0	200	102	0	60	0	643.0	
Pickleball	Current	115	173	73	115	173	73	230	345	145	1440.0	1.00
	Future	115	173	73	115	173	73	230	345	145	1440.0	
	Overall	230	345	145	230	345	145	460	690	290	2880.0	
Kapa Haka	Current	0	0	0	0	0	0	0	0	0	0.0	N/A
	Future	0	0	0	0	0	0	81	57	97	235.2	
	Overall	0	0	0	0	0	0	81	57	97	235.2	
Volleyball	Current	0	0	0	0	0	0	12	102	0	114.0	1.24
	Future	0	0	0	0	0	0	12	57	72	141.0	
	Overall	0	0	0	0	0	0	24	159	72	255.0	
Badminton	Current	36	110	0	42	108	0	33	61	0	389.0	0.03
	Future	0	0	6	0	0	6	0	0	0	12.0	
	Overall	36	110	6	42	108	6	33	61	0	401.0	
Futsal	Current	0	0	0	0	0	0	0	39	40	79.0	3.97
	Future	0	0	0	0	32	0	0	170	112	314.0	
	Overall	0	0	0	0	32	0	0	209	152	393.0	
Overall	Current = Code Totals + 10%	166	699	246	173	903	246	303	814	461	4010	0.80
	Future	164	324	279	157	357	209	395	804	519	3208	
	Overall	330	1023	525	330	1259	455	698	1618	980	7217	

Source: SGL Funding Ltd.

3.3.6 Indoor Court Supply Analysis

A range of multipurpose and single code facilities were examined, sporting groups indicated that the bulk of indoor facility activity was catered to by the YMCA, Gisborne Boys High School (GBHS), Gisborne Boys High Schools (GGHS), Ilminster Intermediate, and the Eastland Badminton Centre.

Table 10. Overview of Indoor Court Facilities in Tairāwhiti.

Indoor Court Type	Facilities	#
Public Facility/Council	YMCA	1
School Court (public availability)	GBHS, GGHS, Ilminster Intermediate (x2)	4
School Court (no availability)	Campion High School, Lytton High School, Makauri School, St. Mary's Catholic School	4
Single Court Code	Eastland Badminton Centre, Pātūtahi Hall	2
Event Centre Court		0
Total Indoor Courts		11

3.3.7 Tairāwhiti's Indoor Court Network Resilience

Conversations with sporting codes reiterated the critical role of the YMCA public court in meeting current demand for court use, as this court is consistently oversubscribed.

The YMCA court is over 60 years old with an increasing need for major maintenance. The YMCA has expressed their support for a best-for-region indoor court facility and an interest in collaborating with Council on the Indoor Multipurpose Centre project including the retirement of the current indoor court to align strategically with the best-in-region indoor court solution.



Table 11. Age of Indoor Court Facilities in Tairāwhiti

Indoor Facility	Date Built	Facility Age (Years - as at 2024)
YMCA	1962	62
Eastland Badminton Centre	1982	42
GBHS	2009	15
GGHS	1956	68
Ilminster Intermediate	2004	20

3.3.8 Indoor Courts Needs Assessment: Key Findings

The needs analysis confirmed a shortfall of 1.7 courts between the current supply and projected demand. With the expected retirement of the YMCA court, this leaves Tairāwhiti with **a realistic shortfall of 2.7 courts.**

3.4 Problem Definition

Based on stakeholder feedback and input from the governance group, working group, and stakeholders, the key problems needing to be addressed are:

Problem 1. Tairāwhiti has an urgent and chronic shortfall of 2.7 indoor courts.

Problem 2. Utilisation across indoor court venues is not currently optimized.

Problem 3. Tairāwhiti does not have an Indoor Multipurpose Centre with capacity to host regional events and tournaments and is missing out on the economic gains associated with visitors travelling region for events.

Problem 4. Council and ratepayers cannot afford an Indoor Multipurpose Centre which isn't both affordable and sustainable.

3.5 Investment Principles

The following investment principles are based on the New Zealand Treasury-aligned approach used in the Tairāwhiti Sports Facilities Business Case (2022) and provide a framework to inform decision making for the investment objectives of this project:

Investment Principle 1: Demonstrated Community Need

The needs assessment confirms a shortfall of 2.7 indoor courts. We are confident that a three-court facility of the scale proposed is a prudent and appropriate response to a demonstrated need.

Investment Principle 2: Strategic Fit

The Indoor Multipurpose Centre is repeatedly identified as a project of regional significance, as evidenced with the \$2.5m approved in the current 3YP. This project is strongly aligned with strategic direction of council and partners.

Investment Principle 3: Optimises Utilisation

The Indoor Multipurpose Centre will meet as many purposes as practicable while balancing these with development costs and potential revenue generation. A key decision in the site selection was to leverage and complement existing resources (both staffing and infrastructure) by co-locating with an existing facility.

Investment Principle 4: Affordability

Robust financial modelling has been undertaken to ensure that the facility is affordable to the community, both to construct and operate. The funding commitment is clear and indicative funding sources identified.

Investment Principle 5: Equitable Access.

The facility is located close to schooling populations, transport links, and existing places of high community use and which reflect the social, demographic and cultural needs of the community.

Investment Principle 6: Partnerships and Collaboration

Consideration has been given to the ability of partnerships and collaboration to contribute to the sustainability of the facility through the economic case. However, given the overall capital and operating funding challenges for the Indoor Multipurpose Centre the potential for the optimisation of the current sport and recreation network performance by alternate ownership, governance, management, increased commercial practices, and increased income generating revenue streams should be examined further.

Investment Principle 7: Wider Benefit

The investment has strong potential to stimulate broader goals for social, cultural, and economic development.

3.6 Investment Objectives

Developed with input from the steering group, project working group, and key stakeholders, the five key investment objectives this project must deliver on are summarised in the table below:

Table 12. Investment Objectives and Critical Success Factors.

Investment Objectives	Critical Success Factors
1. Enhance community health and well-being. Provide accessible indoor facilities that promote physical activity and cultural participation, contributing to improved health outcomes and strengthening cultural identity through activities like kapa haka.	<ul style="list-style-type: none"> • Facility usage rates. • Community engagement metric. • Community wellbeing metrics. • Participation rates in physical activities.
2. Address the shortage of Indoor Courts in Tairāwhiti. Resolve the critical shortage of indoor court facilities and multi-use facility with the capacity to host regional tournaments and competitions.	<ul style="list-style-type: none"> • Facility capacity and utilisation metrics. • Ability to accommodate sporting and cultural events. • Growth in membership base of key user groups.
3. Ensure financial and operational sustainability. Develop a facility that is financially viable, with a sustainable operational model ensuring long-term sustainability	<ul style="list-style-type: none"> • Long-term financial sustainability. • Balanced operational costs and revenue generation. • Cost savings achieved from operational synergies with Kiwa Pools. • Program management revenue • Business sponsorships.
4. Strengthen partnerships and collaboration. Foster strong relationships with mana whenua, community organisations, sports and cultural groups, and local businesses to ensure the centre meets the needs of the region and reflects Tairāwhiti's unique identity and cultural heritage.	<ul style="list-style-type: none"> • Formal agreements with mana whenua and key stakeholders • Active participation of local iwi in governance and decision-making • Level of collaboration in event planning and facility use • Long-term partnerships for operational sustainability.
5. Foster economic growth Support local economic development by attracting regional sports tournaments and cultural competitions, increasing visitor numbers, and supporting local businesses.	<ul style="list-style-type: none"> • No. of visitors travelling to Tairāwhiti for hosted regional tournaments and competitions. • Visitor spend on retail, accommodation, hospitality etc. • Revenue generated from hosting tournaments and events.

3.7 Strategic Benefits and Risks

3.7.1 Strategic Benefits

The development of a regional Indoor Multipurpose Centre in Tairāwhiti addresses urgent shortages in indoor facilities while supporting projected demand growth for sports and meeting the needs of cultural events, such as kapa haka.

An Indoor Multipurpose Centre would offer residents a fit-for-purpose facility which enhances quality of life, fosters community cohesion, generates economic returns, and promotes well-being.

The key benefits of building a regional Indoor Multipurpose Centre in Tairāwhiti are identified as:

1. **Increased participation in sports and physical activity** due to greater availability of indoor courts to meet demand.
2. A **projected social return on investment (SROI) of \$10.60 for every \$1** invested in the Indoor Multipurpose Centre.
3. **Strengthening Tairāwhiti's regional competitiveness** as a place to work, live, and play.
4. **Increased economic return** from visitor spend on hospitality, retail, and accommodation when staying in-region for sports tournaments and events.
5. **Reduced travel costs and time savings** for in-region participants because more tournaments and events could be hosted locally.
6. **Better court network resilience from weather events.**
7. **Additional risk resilience** within the Awapuni area through the inclusion of vertical evacuation towers and a flat roof for tsunami and flooding events.

3.7.2 Strategic Risks

This section provides an outline of key risks identified for the Indoor Multipurpose Centre and in the table below, assesses their respective impact on the project's success.

Given the scope of the project there are numerous risks, but this risk assessment seeks to identify the current major key risks for this project:

1. Insufficient direct funding contribution by Council to enable likelihood of funding success for a three-court facility.
2. Insufficient external funding achieved for project to proceed.
3. Ensuring optimisation of net operating cost to Council i.e., need to make final site and locational solutions with consideration of whole-of-lifecycle cost.
4. Given the challenges of risks 1 to 3, that the overall cost to Council is affordable given Council's wider funding pressures.
5. Planning and infrastructure requirements on site do not detract from precinct functionality and/or are costly to resolve.
6. Delayed support by Council for the project design and funding work to proceed i.e., some external funders will require a confirmed resource consent within a certain timeframe. Also, further time risk of a limited notified and fully notified consent.
7. Delayed mana whenua support for preferred site.
8. Capital cost exceeds target budget level.
9. Operational costs being more than expected.
10. Revenue being less than expected.

3.8 Constraints and Dependencies

The key constraints and dependencies identified for the Indoor Multipurpose Centre project are summarised below:

3.8.1 Key Constraints

The table below outlines the key constraints currently identified for this project.

Table 13. Key Indoor Multipurpose Centre Constraints.

Key Constraint	Commentary
Development Site	The recommended site needs to be endorsed by Council.
Physical Constraints	The siting of the footprint of the three-court facility integrates with existing structures within the Kiwa Pools precinct.
Multi-Use	The facility needs to be multi-use to meet the demand for indoor courts and maximise the social and economic return on investment.
Size (number of courts & seating capacity)	The facility needs to be of modest and appropriate scale for the region. To meet the identified shortfall between demand supply of indoor courts an additional three courts. A provision for 1,500 seats. Sufficient car parks to meet demand.

3.8.2 Key Dependencies

The following table outlines the key dependencies identified for this project.

Table 14. Key Indoor Multipurpose Centre Dependencies.

Key Dependency	Description
Business Case Endorsement	The approval of this business case by Council is required before the project can progress.
Securing Required Funding	The capital funding and net operating costs need to be met to enable the project to progress.
Site Availability	The preferred for the Indoor Multipurpose Centre site and the land being obtained on the terms assumed (at no cost).

3.9 Community Engagement

3.9.1 Community Participation

A comprehensive programme of consultation was undertaken for the feasibility study and subsequent needs assessment review throughout 2024. This consultation built on the already significant volume of research in this area including that completed for the Tairāwhiti Sports Facilities Business Case (2022).

3.9.2 Key Stakeholders

The following clubs, groups and organisations were either contacted as part of the consultation undertaken for this business case or contributed by completing the survey, attending a community workshop, meeting or interview:

- ACC
- Autism NZ
- Badminton Eastland's Badminton Centre
- Badminton New Zealand (NSO)
- Barry Memorial Croquet Club
- Basketball New Zealand (NSO)
- Bowls New Zealand (NSO)
- Boxing New Zealand (NSO)
- Champion College
- CCS Disability Action - Gisborne
- Central Football (Futsal)
- Central Football (RSO)
- Climbing New Zealand (NSO)
- Comet Swimming Club
- Department of Internal Affairs
- East Coast Boxing Association
- Eastland Group
- Eastland Junior Football
- Enterprise Swim Club
- Gisborne Archery Club
- Gisborne Athletic Club
- Gisborne Basketball Association
- Gisborne Boys High School
- Gisborne City Hit Pit
- Gisborne District Council (Community Lifelines)
- Gisborne District Council (Emergency Management)
- Gisborne Girls High School
- Gisborne Goju Ryu Karate Club
- Gisborne Gymnastics Club
- Gisborne Holdings Limited
- Gisborne Indoor Bowls
- Gisborne Intermediate School
- Gisborne Judo Club
- Gisborne Netball Centre
- Gisborne School Principals' Association
- Gisborne Tennis Club
- Gisborne Trampoline Club
- Gisborne Volleyball Club
- Gisborne YMCA
- Gymnastics New Zealand (NSO)
- Hicks Bay Boxing
- Hikurangi Sports Club (Netball)
- Hockey New Zealand (NSO)
- Horouta Sports Club Inc
- Horouta Waka Hoe Waka Ama Club
- Horouta Wananga
- HSOB Sports Club (Netball)

- HSOB Squash
- IDEA Services Midcentral Regional Office
- Kapa Haka
- Karate New Zealand (NSO)
- Lytton High School
- Manaaki Tairāwhiti
- Manutūkē School
- Netball New Zealand (NSO)
- New Zealand Cricket (NSO)
- New Zealand Football (NSO)
- New Zealand Pickleball Association
- New Zealand Rugby League (NSO)
- Ngāi Tāmanuhiri
- Ngata Memorial College
- Ngātapa Rugby & Associated Sports Club (Netball)
- Ngātapa Rugby & Associated Sports Club Inc (Football)
- Opotiki District Council
- Parafed Gisborne, Tairāwhiti
- Pātūtahi Boxing Club Gisborne
- Pickleball Gisborne
- Positive Ageing Trust
- Poverty Bay A&P Association
- Poverty Bay Cricket Association
- Poverty Bay Hockey Association
- Rau Tipu Rau Ora
- Rongowhakaata Iwi Trust
- Ruatōria Boxing Club
- Rugby New Zealand (NSO)
- Softball New Zealand (NSO)
- Sonrise Christian School
- Sport New Zealand, Spaces and Places Team
- Squash Eastern (RSO)
- Squash New Zealand (NSO)
- Surf City Squash / Waerenga-A-Hika Squash Club
- Table Tennis Gisborne
- Tairāwhiti Adventure Trust
- Tairāwhiti Indoor Multipurpose Centre Advocacy Group
- Tairāwhiti Multicultural Council Inc.
- Tairāwhiti Softball Association
- Te Aitanga a Mahaki
- Te Karaka Area School
- Te Kura Awhio
- Te Runanga o Ngāti Porou
- Te Rūnanga o Tūranganui a Kiwa
- Teachers Associations (Primary and Secondary)
- Tennis Eastern (RSO)
- TKKM O Hawaiki Hou
- TKKM o Kawakawa mai Tawhiti
- TKKM o Nga Uri A Maui
- TKKM o Rerekohu
- TKKM o Te Waiu o Ngāti Porou
- TKKM O Whatatutu
- Toitu Tairāwhiti
- Tokomaru Bay United Sports Club
- Tolaga Bay Area School
- Touch Rugby New Zealand (NSO)
- Trust Tairāwhiti, General Manager Communities
- Tu Mana Toa Martial Arts
- Tūranga Tangata Rite
- Uawa United Sports Club
- Victoria Sport & Recreation Hub Inc.
- Volleyball New Zealand (NSO)

- Wairoa Boxing Club
- Wairoa District Council
- Waka Ama NZ (NSO)
- Whakatane District Council
- Whiti Ora Tairāwhiti, Chief Executive.

Figure 4. Indoor Multipurpose Centre Feasibility Study - Community Consultation Flyer.



3.9.3 Engagement Matrix

The following matrix provides an overview of level of communication between various entities and the engagement mechanisms used for each group.

Table 15. Engagement Matrix.

Stakeholder / Group	Project Steering Committee	State and Local Government Agencies	Community Organisations / Service Providers	Broader Community
Level of Influence	Collaborate	Involve	Consult	Consult
Project Meetings	✓	✓		
Phone and/or Email Liaison	✓	✓	✓	
Targeted Interviews		✓	✓	
Community Online Survey			✓	✓
Community in-person Workshops and/or Online Webinars				✓
Presentation & Workshop of Draft	✓	✓		
Review of Draft prior to Public Exhibition	✓	✓		
Review of Draft During Exhibition		✓	✓	✓

3.9.4 Community Feedback

There has been significant engagement over many years with key stakeholders on the need for an Indoor Multipurpose Centre - to the point that there is a now a level of consultation fatigue associated with this project. Stakeholder feedback

collected for the Tairāwhiti Sports Facilities Business Case (2022) was complemented with surveys, interviews, meetings, and community workshops.

In summary, participants from the community strongly support the hub concept and need for a multi-use indoor facility. Key uses identified for the centre include sports tournaments, community events, training camps and clinics, fitness classes, and art and cultural events. The emphasis was on functionality and the ability to hold community events, with aesthetics being the lowest priority. Essential features include multi-use sports courts with viewing and seating areas, universally accessible changing rooms, and toilets.

3.9.5 Community Survey

The community online survey garnered substantial community input with 426 responses. Of these respondents, 65% represented clubs, organisations, or groups relevant to an Indoor Multipurpose Centre, while 35% represented the broader community.

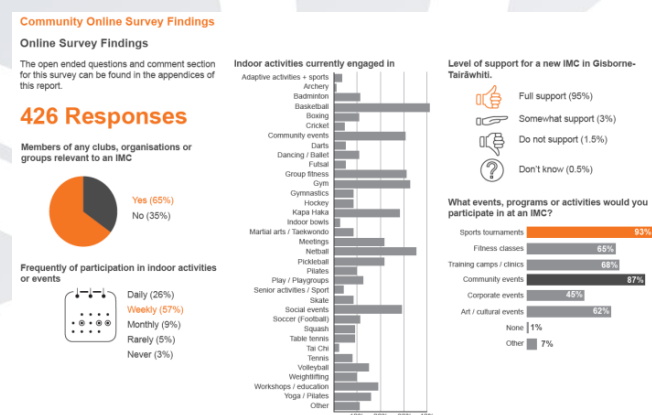
Participants engage in a diverse array of indoor sports and activities, including basketball, community events, group fitness, gym sessions, kapa haka, meetings, netball, pickleball, and social events. No single sport dominated, highlighting the broad reach of Tairāwhiti's sporting and activity interests. There is overwhelming community support and backing for a new Indoor Multipurpose Centre, with 95% fully supporting the initiative and 3% somewhat supportive. Only 1.5% opposed the idea, citing priorities related to the recent impact of Cyclone Gabrielle and concerns about potential increased rates to fund the facility.

Many respondents highlighted the importance of such a facility for the wellbeing of rangatahi and young people, noting its potential to increase their physical activity, participation in sports and resilience against recent climatic trauma

events. Existing clubs, such as basketball, pickleball, and volleyball, were noted to have outgrown their facilities, resulting in the need to turn potential players away. The community stressed the importance of the facility being accessible, well managed, and staffed, and located in an area that complements existing community assets. The community also commented they have been advocating for an Indoor Multipurpose Centre for a long time, feeling that Tairāwhiti is lagging behind other regions in hosting regional events for key sports. There were frequent mentions of the region's restrictions on sports and athlete ability development, with suggestions that Tairāwhiti could be more competitive on a national level if the appropriate facilities were provided.

The survey results indicate a strong community demand for a versatile and functional Indoor Multipurpose Centre in Tairāwhiti, with broad support for its development and a clear preference for the Old Olympic Pool site. This facility is seen by the community as crucial for enhancing community engagement, supporting a wide range of activities, and fostering the wellbeing and development of young people in the region.

Figure 5. Community Survey Findings.



Source: Tredwell Management.

3.9.6 Club/Organisation Survey

The survey received responses from 13 clubs and organisations, including the Gisborne Basketball Association and the Poverty Bay Hockey Association. These organisations engage in a wide range of activities, with primary offerings including community events, meetings, social events, adaptive sports, basketball, group fitness, gymnastics, hockey, netball, pickleball, soccer, and volleyball. Other activities such as badminton, dance/ballet, futsal, kapa haka, senior activities, tennis, and workshops/education were also noted.

A majority of respondents (85%) expressed strong support for the concept of a new Indoor Multipurpose Centre in Tairāwhiti, with an additional 8% somewhat supporting the idea. No organisations opposed the concept outright. Additionally, 92% of respondents supported the idea of 'hubbing' and the multi-use of facilities, indicating a preference for a versatile, shared-use facility that could meet the diverse needs of the community.

The primary reasons clubs and organisations identified for needing access to an IMC were for training and practice sessions (85%), followed by game days, youth programs, and as an alternative venue during poor weather (all 69%). Specialised training facilities and seasonal training needs were also significant, with 62% citing these as important. Other needs included club meetings and gatherings, inclusive and adaptive sports, and community events (all 54%).

In terms of facility needs, 47% of respondents indicated that four courts are required to meet current demands and accommodate future growth. A quarter of the organisations suggested that more than four courts would be necessary, while a small number recommended fewer. Regarding spectator attendance, expectations varied, with 25% estimating 60-80 spectators per event, while others anticipated numbers ranging from 0 to over 100 spectators.

Facilities considered important by these organisations included toilets (92%), viewing and seating areas (84%), universally accessible changing rooms (84%),

and multi-use indoor courts (77%). Other desired features included kitchen/canteen facilities (67%), clubrooms (58%), meeting rooms (58%), and function rooms (50%). Storage, a store/sports shop, and a first aid room were also valued (41%), with a fitness room/gym (38%), bar (25%), and café (17%) being less critical but still noted.

When asked about usage frequency, 39% of clubs indicated they would expect to utilise the Indoor Multipurpose Centre daily, with an equal percentage expecting weekly usage. Usage was anticipated to be highest during the late afternoon and early evening, with 91% of respondents indicating a preference for the 5pm to 8pm time slot. The types of events typically organised by these clubs included regional events (100%), local events (92%), and national events (58%). Over half (54%) of the organisations expressed a willingness to pay for the use of Indoor Multipurpose Centre facilities. However, financial capacity to contribute to the operating costs or construction of such a facility was more limited. Only 17% of regional sports organisations or associations indicated they could contribute to operating costs, and just 8% had funds available for construction contributions.

Regarding potential locations for an Indoor Multipurpose Centre, opinions were varied, with no single site receiving overwhelming support. The Old Olympic Pool site was preferred by 20% of respondents, while other sites such as the A&P Showgrounds, Childers Road Reserve, Harry Barker Reserve, and Victoria Domain each received 10% of votes. Notably, 30% of respondents were unsure about the best location.

3.9.7 Community Workshop

The feasibility study workshop held on 6 March 2024, at the Midway Surf Rescue Community Hub, brought together eight community members to discuss the current and future needs of sports facilities in Tairāwhiti.

Participants highlighted the limitations of the YMCA, which currently accommodates around 300 people and supports 50 basketball and mini ball players yet lacks sufficient capacity for larger community events or functions. The shortage of available courts leads to long wait times for players, with the YMCA fully booked for Term 2, leaving basketball programs without a venue and turning participants away. To address these challenges and future demands, the group identified the need for a minimum of three indoor sports courts, ideally four, to support regional and national tournaments.



6 March 2024 community workshop participants.
Photo credit: Tredwell Management Services.

There was consensus on adopting an affordable and functional approach, recognising the necessity of affordability and the likely need for a staged development plan, starting with essential features like courts and changing rooms and expanding over time. Potential management options for the proposed Indoor Multipurpose Centre were also discussed. If located at Childers Road Reserve or Victoria Domain, the YMCA could potentially have an interest in managing the facility. Alternatively, management could be overseen by Kiwa Pools if the IMC was situated at the Old Olympic Pool site.

Key requirements for the Indoor Multipurpose Centre include three to four indoor multi-use courts, storage areas, changing rooms with showers, adequate lighting, and training spaces. Additional features such as accessibility for schools, curtain partitions for courts, spectator seating, a steam room, sauna, recovery space, and physio facilities were also deemed important. The facility should also provide space for community and cultural events, including conference rooms, an after-school hang-out zone, movable stage and seating, youth programs, and school integration. The capability to host significant cultural events like kapa haka competitions, Pasifika events, and other large gatherings was emphasised. Community hui attendants identified the Old Olympic Pool, Childers Road Reserve, and Harry Barker Reserve as the top three potential sites for the new facility.

3.9.8 Interviews

In addition to the opportunity to complete an online survey or attend a community workshop (online or in-person), interviews were held with the following key user groups as part of the feasibility study process:

- Gisborne Basketball Association
- Badminton Eastland
- Pickleball Gisborne

- Parafed Gisborne
- Gisborne Volleyball
- Central Football
- Kapa Haka
- Gisborne Gymnastics Club
- Gisborne Tennis Club
- Poverty Bay Cricket Association
- Positive Ageing Trust
- Horouta Waka Hoe Waka Ama Club
- Ngātapa Rugby & Associated Sports Club
- Gisborne Netball
- Goju Ryu Karate Club Gisborne
- Gisborne Bowling Club

Input was also received from Climbing New Zealand, Badminton New Zealand, Football New Zealand, Hockey New Zealand, and local schools. Key identified user groups were provided with the opportunity to have input into the study and were contacted several times during the consultation process. A secondary round of in-depth interviews was held with representatives from pickleball, netball, basketball, volleyball, kapa haka, badminton, and futsal.

Table 16. In-depth Interviews with Key User Groups.

Key User Group	Representative
Gisborne Pickleball	Kay Birmingham
Gisborne Netball	Alissa Hall, Kate Foukes
Gisborne Basketball	Camille Collier, Adrian Sparks
Gisborne Volleyball	Adam Harford
Kapa Haka	Harata Gibson
Eastland Badminton	Linda White
Rebels Futsal Gisborne	Lee Smith

3.9.9 Potential User Groups

Potential user groups were identified through consultation with the community, sporting clubs, and key stakeholders. Additionally, national sporting organisations highlighted groups as potential users for inclusion. Many of these prospective user groups currently utilise various facilities across Tairāwhiti and have expressed interest in using an Indoor Multipurpose Centre. Some of these potential user groups have expressed interest in establishing the facility as their primary venue for weekly training and competitions. Others indicated a preference for using the facility for regional competitions or on a monthly or more flexible basis.

Table 17. Potential Users of Indoor Multipurpose Centre.

User Group Type	Name of Club/Organisation
Sport and Recreation	<ul style="list-style-type: none"> ▪ Gisborne Basketball Association ▪ Poverty Bay Cricket Association ▪ Gisborne Netball ▪ Poverty Bay Hockey Club ▪ Eastland Badminton ▪ Central Football ▪ Climbing New Zealand ▪ Ngātapa Rugby and Associated Sports Club ▪ Horouta Waka Hoe Waka Ama Club ▪ Gisborne Tennis Club ▪ Gisborne Volleyball Club ▪ Parafed Gisborne ▪ Pickleball Gisborne ▪ Positive Ageing Trust ▪ YMP Netball ▪ Waikohu Sports Club ▪ Football New Zealand (Futsal)

	<ul style="list-style-type: none"> ▪ High School Old Boys Rugby Club ▪ High School Old Boys Cricket Club ▪ Horouta Hoops Club ▪ High School Old Girls ▪ Tūranga Nui A Kiwa Basketball ▪ Gisborne Dance Club <p>Other identified potential users include yoga/pilates, judo, martial arts and gym.</p>
Community Groups/ Organisations	<ul style="list-style-type: none"> ▪ Gisborne Girls High School ▪ Gisborne Boys High School ▪ Ilminster Intermediate ▪ Gisborne Intermediate ▪ Lytton High School ▪ Ngata Memorial College ▪ Te Tihi o Titirangi TKR ▪ Te Kura Kaupapa Māori o Horouta Wananga ▪ Te Whakaruruhau Kohanga Reo
Cultural Groups	<ul style="list-style-type: none"> ▪ Kapa haka ▪ Te Poho-O-Rawiri Marae
Commercial/organisations	<ul style="list-style-type: none"> ▪ Businesses for meetings, gatherings and corporate events.

3.10 Strategic Case: Summary

Due to a chronic shortage of indoor courts, there is currently insufficient indoor courts to meet day-to-day demand for indoor court sports by key codes such as basketball, netball, pickleball, volleyball, and futsal and there is no regional indoor court facility in Tairāwhiti with the ability to host local and regional competitions and tournaments.

The Strategic Case demonstrates a realistic, conservative shortfall of 1.7 courts in the region presently, with an expected 2.7 court shortfall when the YMCA court reaches its end of life. Therefore, the proposed facility is of modest and appropriate scale with three courts included in the design and provision for a fourth in the future.

The Strategic Case demonstrates the strong alignment of this investment with both local, regional and national plans and strategies, and confirms that this project has long been a regional priority for Council.

Research confirms that significant positive social, cultural, and economic outcomes would result from building an Indoor Multipurpose Centre in Tairāwhiti.

The Strategic Case acknowledges the challenging economic environment within Te Tairāwhiti as it continues its regional recovery from the impacts of Cyclone Gabrielle and affirms the strategic value and importance of investing in developing happier and more active residents.

The Strategic Case provides a compelling justification for an Indoor Multipurpose Centre to be built as a municipal asset for current ratepayers and their families to enjoy now and for future generations.

THE WELLBEING CASE



4. THE WELLBEING CASE

4.1 Purpose

The Wellbeing Case sets out the case for an Indoor Multipurpose Centre on the basis of the wellbeing benefits it would enable for the residents of Tairāwhiti.

4.2 Wellbeing Assessment

4.2.1 He Rangitapu He Tohu Ora - Trust Tairāwhiti Wellbeing Framework

Trust Tairāwhiti's Wellbeing Framework below guides their investment decisions and operations and serves as a foundational means of valuing, assessing, and contributing to regional wellbeing.

Figure 6. Trust Tairāwhiti Wellbeing Framework.



The Indoor Multipurpose Centre project aligns closely with the wellbeing outcomes associated with Hāpori/Communities, Tūhono/Relationships, and Ōhonga/Economy. This project also aligns with their strategic focus 2029 of 'Enhancing our place and spaces for a thriving community and destination.'

4.3 Wellbeing Analysis Methodologies

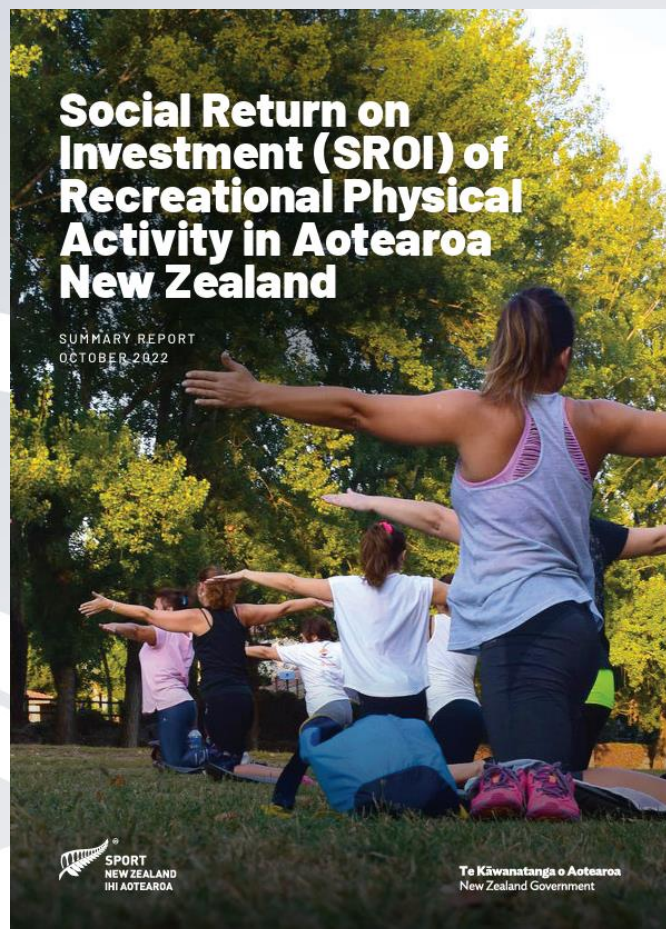
4.3.1 Social Return on Investment methodology

Recent research demonstrates the link between sports participation and the generation of positive social outcomes, though quantifying these impacts in monetary terms at a population level remains underdeveloped. Notable studies, such as those by Fujiwara et al. (2014), have used the Wellbeing Valuation approach to assign monetary value to the subjective wellbeing benefits of sports participation. For instance, this approach found that engaging in sports was valued at £1,127 per person annually.

Other research, such as that by Williams and Jacques (2015), highlights the economic value of sports volunteering, showing benefits such as improved mental health and NHS cost savings.

The Social Return on Investment (SROI) model developed by the Sport Industry Research Centre (SIRC) in 2015 marked a significant progress by evaluating the comprehensive social impact of sports participation and volunteering across multiple outcomes, including health, education, crime reduction, and social capital. This model underscores the importance of sport in public policy, suggesting that investments in sport yield substantial social and economic benefits.

While early SROI analyses have some limitations, such as the exclusion of specific outcomes like primary school sports or targeted programs, the findings suggest that the true value of sport to society is potentially more than currently estimated.



4.3.2 Simetrica Wellbeing Valuation Methodology

On behalf of Sport New Zealand, Simetrica has produced wellbeing values for outcomes relevant to sports interventions in New Zealand for the purpose of conducting cost-benefit analysis and prioritising interventions. Grounded in extensive academic research (Dolan and Fujiwara, 2016), it is endorsed as a best-practice method for policy evaluation by many organisations internationally, including the OECD (2013) and the New Zealand Government (Fujiwara and Campbell, 2011).

This analysis provides Sport New Zealand with insight on the value of the contribution that play, active recreation and sport have towards the wellbeing of all New Zealanders – ensuring consistency with its Outcomes Framework. This, in turn, implies the analysis is fully aligned with the wider New Zealand Treasury's Living Standards Framework, which formed the basis for the Sport New Zealand Outcomes Framework. Wellbeing Valuation (WV) is a well-established method in the field of social impact assessment.

WV estimates social impact in monetary terms, which acts as a 'common currency unit' to enable cost-benefit analysis of various project aspects. Consequently, the financial impacts of the project can be reliably compared with social impacts. Using this in the cost-benefit analysis allows for impacts of different kinds to be calculated across outcomes, beneficiaries and stakeholders, or projects.

4.3.3 SROI Data Sources

The wellbeing values produced for Sport New Zealand are derived from the following two sources:

1. Active New Zealand - a pooled cross-sectional dataset collected by Sport New Zealand in 2017 and 2018 containing 52,188 observations of adults aged 18+ years; and

2. Young People Active New Zealand - a pooled cross-sectional dataset collected by Sport New Zealand in 2017 and 2018 containing 11,599 observations of young people aged 5-17 years.

4.3.4 Simetrica Wellbeing Values

The theory and model specifications outlined above provide insight into how the values are to be interpreted and used.

Further key points include:

- The values are per person per year and represent the average impact for that outcome definition and sub-group (where relevant).
- The values represent the experienced wellbeing benefits of the outcomes.
- These can be applied to any intervention in New Zealand which impacts on the outcomes which have been valued.
- The values can broadly be interpreted as an annual willingness to pay (WTP) and therefore can be applied to beneficiaries in cost-benefit analysis (CBA) where robust estimates of impact on outcomes have been derived.
- To minimise double counting when multiple outcomes apply to the same person, Simetrica make two assumptions: First, that outcomes are independently distributed. Second, that for certain combinations of outcomes, the impacts are non-additive. The independence assumption means the likelihood of achieving one outcome is not affected by whether an individual has achieved another outcome. The non-additive assumption implies that if an individual achieves both, the overall wellbeing impact is only equivalent to the more valuable outcome and so they recommend using the most valuable outcome when an individual has achieved multiple outcomes.

- The only exceptions are the group and individual activity values which are calculated in the same regression and so, can be applied to the same beneficiaries.

The values outlined in the following table form the basis for the SROI Assessment completed for the Tairāwhiti Indoor Multipurpose Centre investment.

Table 18. Annual Wellbeing Values (NZD) Attributed by Outcome.

Outcome	Units	Annual Wellbeing Value (NZD)
Adult outcomes		
Moderate to vigorous physical activity per week (30-150 minutes) *	Category	\$573
Moderate to vigorous physical activity per week (150-300 minutes) *	Category	\$1271
Moderate to vigorous physical activity per week (300+ minutes)	Category	\$2113
Regular volunteering (weekly)	Binary	\$630
Sports club membership**	Binary	\$916
Individual activity (weekly) **	Binary	\$926
Group activity (weekly) **	Binary	\$802
Physically active at MOH guidelines	Binary	\$1472
Youth outcomes		
Young People's PA (meeting guidelines)	Binary	\$1,034
Leisure PA/guidelines		

4.3.5 National SROI Valuation for Sport and Active Recreation

In 2022, Sport New Zealand published a report on the Social Return on Investment of Sport and Recreation in Aotearoa New Zealand. The aim of the study was to better understand, demonstrate, and communicate the contribution of recreational physical activity to wellbeing.

The key finding of this study was that the sector had estimated inputs of \$7.95bn and social outcomes valued at \$16.8bn. The largest contribution by a considerable margin comes from health benefits (\$9bn), even after allowing for the cost of active accident and injury claims related to sport and recreation

The estimated Net Present Value was therefore estimated at 8.86bn, implying a social return of \$2.12 – that is, **for every \$1 invested in recreational physical activity, \$2.12 worth of social impacts are generated.**

4.4 Social Return on Investment Analysis

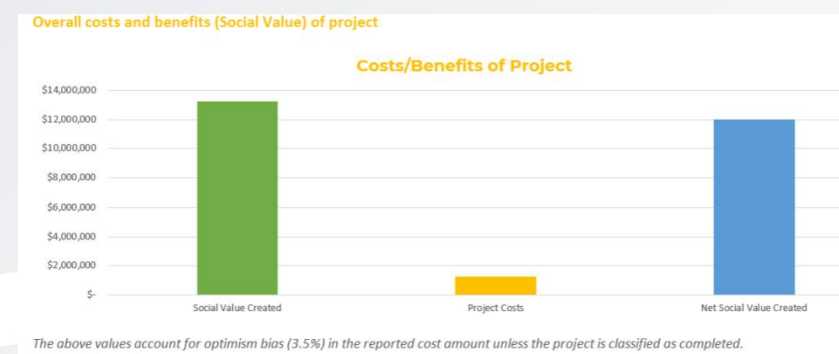
4.4.1 SROI Valuation for Indoor Multipurpose Centre

Using the Simetrica values for the wellbeing value of participation, Sport New Zealand conducted a comprehensive analysis of the anticipated social return on investment (SROI) for the proposed Gisborne Indoor Multipurpose Centre (IMC) Centre ([Appendix 9 – Gisborne Indoor Multipurpose Centre Feasibility SROI](#)).

The study used data from the Demand and Supply assessment conducted as part of this business case, equating these participation rates to expected outcomes for participants. The SROI analysis used sensitivity analysis to test changes in participation rates, the overlap of individuals participating in multiple sports, and variations in the cost of building the facility.

The Indoor Multipurpose Centre is estimated to generate \$13.1 million in social value each year, equating to **\$10.60 of social value for every \$1 invested**. This figure has been adjusted to account for 'deadweight and displacement', considering the relative levels of deprivation in the areas where the program operates.

Figure 7. SROI Costs/Benefits of IMC Project.



4.4.2 Mapping Outcomes

There are a number of outcomes relevant to the Indoor Multipurpose Centre, but not all could be valued. The analysis focused the SROI on the core purpose of the facility which was to provide a space for organised sport and cultural activities.

It is recognized that not all outcomes relevant to the Indoor Multipurpose Centre can be valued. Some of these values are less directly attributable to the investment or not monetised and, therefore, not measured in the SROI. Examples include but are not limited to, increased community cohesion, improved physical and mental health, enhanced social skills development, fostering a sense of belonging, promoting inclusivity, providing opportunities for leadership and teamwork. When multiple outcomes overlap and cannot be used together, the most valuable outcome is prioritised.

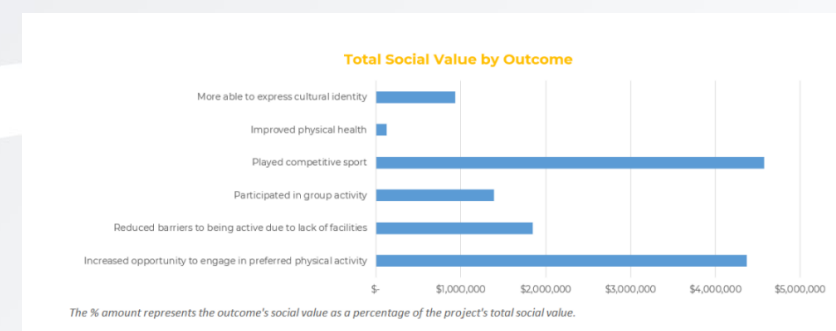
The greatest proportion of value can be attributed to an increased opportunity to engage in preferred physical activity and playing competitive sport. More able to express cultural identity and improved physical health are generated less value. There are more unknowns with these outcomes.

It is expected that in the evaluation of the first year of the Indoor Multipurpose Centre operation a better understanding of the number of individuals impacted culturally and through improved physical health will be established.

Table 19. Percentage of Social Value by Outcome Domain.

Outcome Domain	Percentage of social value
Social outcomes	7%
Physical health	1%
Involvement in sport	59%
Attitudes to physical activity	33%
Total	100%

Figure 8. Total Social Value by Outcome.



4.4.2 Risk Resilience Value

In addition to the SROI value calculated earlier in this section, if the proposed risk resilience functionality was adopted for this facility the value of potential life preservation can also be considered within this Case. Tairāwhiti is a region with a known tsunami risk and with very limited vertical evacuation options within the Awapuni suburb the provision of evacuation towers and a horizontal rooftop

into a building of this nature is a logical and compelling practical initiative to strengthen the risk resilience infrastructure in the central city.

The National Emergency Management Agency (NEMA) endorses the inclusion of this risk resilience component in the Indoor Multipurpose Centre and provided the following statement:

'The National Emergency Management Agency fully supports the tsunami vertical evacuation resilience functionality being included in the Gisborne Indoor Multisport Centre. Tairāwhiti is one of the regions where vertical evacuation will significantly benefit the community and ensure their safety during a tsunami. By including this additional resilience function the facility will not only provide amenity for the community but also provides a safe space to evacuate for Aotearoa New Zealand's most significant risk. This multipurpose tsunami vertical evacuation building will be the first of its kind in Aotearoa New Zealand and will lead the way for other at-risk regions to implement similar buildings.'

from strengthening Tairāwhiti's regional risk resilience infrastructure. This design inclusion may also present an opportunity for water harvesting which with the co-location with Kiwa Pools may enable collection of rainwater for reuse in the pool complex and result in lower operating costs.

4.5 Wellbeing Case: Summary

The Wellbeing Case identifies strong linkages between appropriate facilities which enable communities to remain and/or become active, and compelling positive social/wellbeing outcomes and social return on investment (SROI). It utilises leading wellbeing valuation work to estimate a social return of \$13.1 million each year, equating to **\$10.60 of social value for every \$1 invested**. This value reflects the outcomes experienced by direct participants of the facility and is in addition to significant economic and wider societal benefits.

In addition to general health and wellbeing outcomes, the potential to mitigate against known tsunami risk in Te Tairāwhiti through the inclusion of vertical evacuation towers and a flat roof design has been considered in the concept design. While difficult to quantify, there would be a social return on investment

THE ECONOMIC CASE

5. THE ECONOMIC CASE

5.1 Purpose

This section of the business case outlines the strategic options assessed to meet the lack of indoor courts in the region and how a preferred option was selected. This section considers:

- The process followed.
- The strategic options assessment.
- The long and shortlisted site options.
- Preliminary affordability assessment.
- The recommended option.
- The preliminary concept.

5.2 Strategic Options Development & Assessment

This business case has considered all strategic options to meet the identified need for indoor courts and the investment objectives. This assessment aligns with the Tairāwhiti Community Facilities Strategy Investment Process and the Sport New Zealand's Spaces and Places Framework.

The strategic options to address the shortage of indoor courts in Tairāwhiti are:

- Option 1.** Do nothing.
- Option 2.** Improve governance and management of existing indoor court facilities.
- Option 3.** Improve, repurpose or extend existing indoor court facilities.
- Option 4.** Develop a regional-scale Indoor Multipurpose Centre.

All four options are assessed in more detail in the section below.

5.3 Summary of Strategic Options

Option 1: Do Nothing.

The Indoor Multipurpose Centre Demand and Supply Assessment Review completed by SGL Funding Ltd ([Refer to Appendix 1.](#)) confirms that the lack of appropriate facilities is limiting the growth of many indoor sports and presenting a barrier to Tairāwhiti whānau being active.

It also identified that the region's only publicly available court is nearing end of life and at some point, its maintenance is likely to become unjustifiable/unaffordable to the current owner.

To this end, the current network of facilities is limiting growth and lacking resilience.

However, the obvious benefit of this option is that it has no cost. It is also possible that if Council doesn't invest at all in indoor facilities, schools may continue to develop further indoor facilities that enable some community use, growing the indoor facility network somewhat.

Option 2: Improve Governance and Management of Existing Indoor Court Facilities.

This option would see all facility managers working together to maximise use of the existing facility network to meet the currently unmet demand for indoor court use. This approach is likely to be most successful in larger urban centres where a larger network of facilities exists. A larger network inherently will have more

unused capacity than a smaller network and presents more opportunities for more efficient use.

The demand and supply assessment that informs this business case establishes that the one public indoor court in the city is at capacity. It also found that use of school facilities was high compared to national benchmarks.

As a result, demand exceeds supply by 1.7 courts during peak periods, and this can't be solved by more efficient use of the existing facility mix.

Option 3: Improve, Repurpose or Extend Existing Indoor Court Facilities.

This option would require targeted upgrades or extensions to existing facilities to accommodate the unmet demand for indoor courts.

This option is unlikely to be feasible, given not one facility has the easy ability to be extended into a three-court centre. Additionally, none of the existing facilities are publicly owned, and many would have restrictions on their development or use based on the interests of the facility owner.

Option 4: Develop a Regional Indoor Multipurpose Centre

This option would see the development of a new facility of a scale that meets the unmet demand for indoor courts and allows for growth. It could be designed in such a way to ensure that it meets all of the investment objectives, specifically, so that it can host regional and national tournaments, and cultural events.

This option is likely to have the highest cost but also the highest relative benefits.



5.4 Strategic Options Assessment

In line with the Treasury's Better Business Case Methodology, each option for addressing the strategic challenges is assessed against both the investment objectives and the critical success factors (CSFs).

Options that are unable to fully deliver the objectives or the CSFs are rejected, and a process of positive dismissal is used to derive the short-list of viable options. In effect, the investment objectives and CSFs are used as a yardstick to measure the ability of each option to address the challenges identified in Tairāwhiti.

Table 20. Strategic Options Assessment.

Option	Achieves outcomes	Helps optimize current indoor court facilities	Regionally Competitive	Value for money	Achievability	Outcome
1. Do nothing.						Discarded
2. Improve governance and management of existing indoor court facilities.						Discarded
3. Improve, repurpose, extend existing indoor court facilities.						Discarded
4. Develop a regional-scale Indoor Multipurpose Centre.						Preferred

5.5 Preferred Strategic Option

With consideration to the above, only the development of a regional-scale Indoor Multipurpose Centre can achieve the investment objectives and critical success factors of the project. This assessment demonstrates that the most economically viable option to address the shortage of indoor facilities in Tairāwhiti is the development of a new facility of regional scale.

Option 4: Develop a regional-scale (three court) Indoor Multipurpose Centre is therefore the preferred strategic option.

5.6 Site Options Assessment

With input from the governance group, project working group, and technical advisors, the following process was followed to select potential sites, assess the long list of sites to identify the short list and then to assess the short-listed sites to identify the preferred site.

To identify the preferred site for the Indoor Multipurpose Centre, a long-list shortlist process was followed. The longlist process identified all sites that had potential to meet the essential site requirements, considering size, land ownership, resilience to hazards and other factors. All of these sites (the long list) were assessed against the identified essential criteria. Those that didn't meet all of the essential criteria were discarded and those that did were shortlisted and assessed in more detail.

The shortlist assessment scored sites against more qualitative factors, each weighted based on their importance to the viability of the site. This shortlist assessment produced a preferred site, which forms the key recommendation of this report.

The longlist and shortlist assessments were carried out by an advisory group that included expertise in reserve planning, environmental planning, project management, facility management, governance as well as mana whenua.

1.6.1 Previously Identified Sites Assessment

The long list of sites was developed with input from previous research completed for this project in conjunction with governance group, working group, key stakeholders, and technical advisory input.

As outlined, several previous processes have been undertaken to identify and subsequently assess site options for a regional Indoor Multipurpose Centre. These were considered in the development of this business case and are summarised in the following table:

Table 21. Previous Research on Potential Indoor Multipurpose Centre Sites.

Report	Summary
Papawhāriki Feasibility Study (2015), Global Leisure Group	This feasibility study explores the development of a sports, recreation, and community hub at Waikirikiri Reserve in Kaiti. The proposed facility didn't include indoor courts but noted the many social benefits of locating significant facilities at Waikirikiri Park.
GDC Sports Facilities Plan (2018)	The plan identifies the need to develop a regional level indoor court facility in Gisborne to meet indoor sports needs in an efficient hub. The sports Facilities Plan doesn't specifically indicate a location, though the priority actions within the Community Facilities Strategy Strategic Framework propose a feasibility study that considers location options.
Tairāwhiti Sport and Recreation Facilities Business Case (2022), Habilis	The business case considered site options for an indoor centre, noting that any site selection would be subject to detailed feasibility. The business case proposed Waikirikiri Park as the location for an IMC, followed by Childers and Harry Barker Reserves. It didn't consider the Kiwa Pools/Churchill Park area in the long or short list assessment.
Tairāwhiti IMC Feasibility Study (2024), Tredwell	The feasibility study considered site options for an IMC and shortlisted Childers Road and Kiwa Pools. Through this process, Kiwa Pools was identified as the preferred site.

Refer to [Appendix 3 – Indoor Multipurpose Centre Site Assessment](#) for more detailed information about the site selection criteria and process followed for the site options assessment.

5.7 Long List Site Options Assessment

Using the research and findings in the Tairāwhiti Sports facilities Business Case (2022) as a foundation, fourteen sites were identified as potential locations for a new Indoor Multipurpose Centre. Each site was assessed against a set of essential criteria designed with input from the working group, the steering group, key stakeholders, and knowledge specialists.

Four sites met all the essential criteria and were subsequently shortlisted for further investigation - Childers Road Reserve, Victoria Domain, Kiwa Pools Precinct, and Waikirikiri Park.

Figure 9. Map of Long List Site Options.

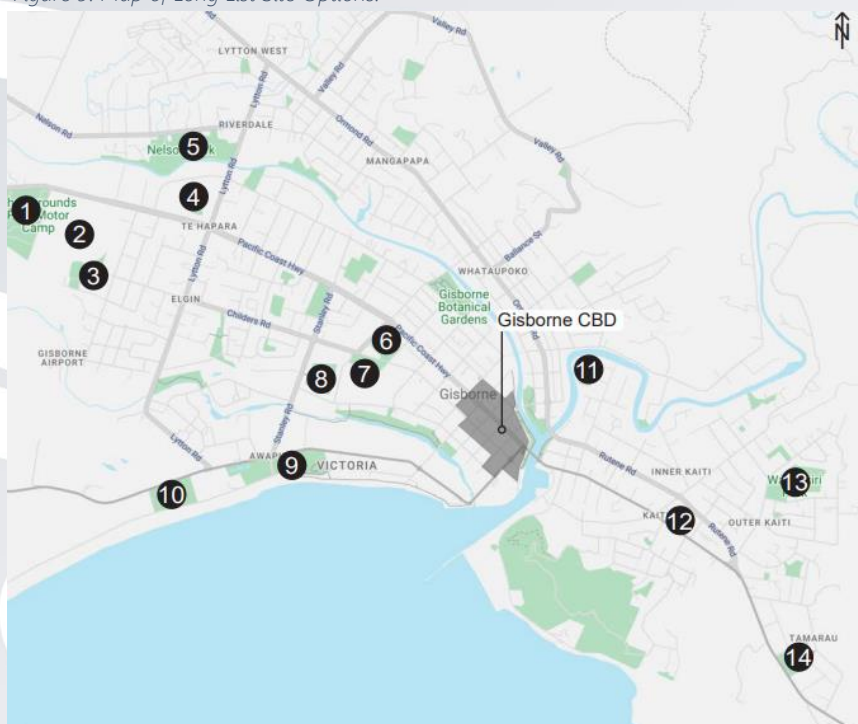


Table 22. Long List of Potential Indoor Multipurpose Centre Site Options.

Location	Outcome
1. A&P Showgrounds.	Discarded
2. Gisborne Park Golf Club.	Discarded
3. Rugby Park.	Discarded
4. Harry Barker Reserve.	Discarded
5. Nelson Park.	Discarded
6. Childers Road Reserve.	Shortlisted
7. Victoria Domain.	Shortlisted
8. Oval Reserve.	Discarded
9. Kiwa Pools Precinct.	Shortlisted
10. Watson Park.	Discarded
11. Anzac Park.	Discarded
12. Kaiti Memorial Park.	Discarded
13. Waikirikiri Park.	Shortlisted
14. Heath Johnston Park.	Discarded

5.8 Short Listed Site Options

5.8.1 Childers Road Reserve

Table 23. Key Information Summary: Childers Road Reserve.

Item	Description
Ownership	Council
Legal Classification	Recreation Reserve (Reserves Act 1977)
District Plan Zoning	Recreation Reserve
Site Area	4.2ha
No. of sports fields/surfaces	Two Sports Fields – 1 field is 'High' Grading (suitable for National and representative competition levels), and one field is 'Medium' Grading (suitable for regional, senior and competitive training levels)
Ancillary facilities	Public Toilets (outside perimeter fencing), Grandstand, changing rooms (under grandstand), Lights (half owned by Eastern Junior Football, Half owned by Gisborne Thistle)
Carparking	One large car park (60+ vehicles)
Leases	Gisborne Thistle Football Club, Central Football, Eastland Junior Football Club, Rangataua o Aotearoa Māori Martial Arts Club, Eastland Badminton, YMCA Childcare Centre.

Childers Road Reserve is a 4.5 hectare site on the north side of Childers Road, centrally located within the city. It houses two sports fields primarily used for football, and a range of community buildings. The YMCA Gym, including the only public indoor court in the region is located on an adjacent land parcel which is owned by the YMCA, though it functions as a part of the wider reserve site. Our analysis of the site considers potential synergies between the YMCA and Council-owned land.

The site's location provides excellent walking, cycling, and public transport access to nearby schools, support services and shops. Currently being redeveloped, located on the other side of Childers Road is Victoria Domain, which offers facilities for tennis, netball, squash, and cross-fit.

Childers Road Reserve and the surrounding facilities and services function as a central sporting hub and have many benefits as such. However, traffic movements, noise restrictions, impact of current user displacement, and congestion place constraints on the potential intensification of activity at the site.

Figure 10. Site Photos of YMCA and Childers Road Site.



5.8.2 Victoria Domain

Table 24. Key Information Summary: Victoria Domain.

Item	Description
Ownership	Council
Legal Classification	Recreation Reserve (Reserves Act 1977)
District plan zoning	Recreation Reserve
Site area	2.7ha
No. of sports fields/surfaces	12 Netball courts, seven tennis courts, one squash club building, two bowling greens. Work is currently underway to renew the outdoor court facilities at the site.
Ancillary facilities	12 floodlights
Carparking	1 x medium car park (20 vehicles) 1 x large council car park across Roebuck Road (90+ vehicles)
Leases	Victoria Domain Hub Society (Netball Courts), Tennis Club, Surf City Squash, YMCA (Bowls Club), Idea Services

Victoria Domain is a 2.7 hectare reserve located adjacent to Childers Road Reserve, in the centre of Gisborne's urban area.

The Domain provides for a number of codes including netball, tennis, squash, lawn bowls and cross-fit. Victoria Domain is also in close proximity to a number of schools and adjoins Gisborne Intermediate School.

With the wide range of existing uses on the site, the construction of an Indoor Multipurpose Centre has great potential for clustering of facilities and services, but it would also have greater disruption to existing users. It's expected that the most viable sites at the domain would be to the east of the netball courts.

Figure 11. Aerial Photo of Victoria Domain Precinct.



5.8.3 Kiwa Pools Precinct

Table 25. Key Information Summary: Kiwa Pools Precinct.

Item	Description
Ownership	The Crown (administered and controlled by Council)
Legal Classification	Recreation Reserve (Reserves Act 1977)
District plan zoning	Recreation Reserve
Site area	4.9ha
No. of sports fields/surfaces	50m Indoor swimming pool complex (opened 2023), outdoor swimming facilities (33m pool, diving pool, toddler pool and hydro slide)
Ancillary facilities	Council-operated reception, meeting room, café, changing rooms, bathrooms, outdoor ablution block.
Carparking	Two off-road car parks and two on-road car parks large car park (90+ vehicles combined)
Leases	None

A full reconstruction of the end-of-life Olympic Pool, which was formerly situated on the site, the Kiwa Pools complex opened in 2023 and includes a 50m swimming pool, learn-to-swim, water play and hydrotherapy pools. The pools are a premiere facility which integrate significant cultural design and narratives from mana whenua which a new Indoor Multipurpose Centre would need to complement.

Catering to over 200,000 visits annually, Kiwa Pools provides the best opportunity for the clustering of high-use activities with an Indoor Multipurpose Centre in the city. Its existing facilities and reception services have potential to provide operational synergies if an Indoor Multipurpose Centre was built at the site.

Bordering Centennial Marine Drive, and Stanley and Awapuni Roads, Kiwa Pools is part of a precinct of sport and recreation facilities around 'Midway' Beach. Directly adjacent to the pools are the Midway Surf Lifesaving Hub, Adventure Playground, Learn-to-Ride cycle park, Soundshell music venue, Awapuni Stadium and Watson Park.

While the site is not quite so centrally located as other options it is still relatively accessible for much of Tairāwhiti through excellent active transport links, and GDC's Regional Public Transport Plan includes the pools as a new stop to be added as part of the new bus contract to commence in July 2025.

To the East of the site is Churchill Park, five separate land parcels comprising 2.4ha. Churchill Park has a range of constraints but was explored in this analysis. The historic Gaol has heritage status, and Rongowhakaata have indicated that development of the Churchill Park site doesn't align with their aspirations, due to historic and unresolved land claims.

Figure 12. Site Photos of Kiwa Pools Precinct.



5.8.4 Waikirikiri Park

Table 26. Key Information Summary: Waikirikiri Park.

Item	Description
Ownership	Council
Legal Classification	Recreation Reserve (Reserves Act 1977)
District plan zoning	Recreation Reserve
Site area	9.3ha
No. of sports fields/ surfaces	Two sports fields, one Softball Diamond
Ancillary facilities	Changing rooms (and public toilets when the changing rooms are unlocked), full basketball court, basketball hoop and mini pad, playground equipment
Carparking	Large carpark (approximately 160 car parks) and room for buses to maneuver. Also, roadside parking along Dalton and Tyndall Roads.
Leases	None

Waikirikiri Park is one of Gisborne's largest sports parks and is in close proximity to primary schools and Ilminster Intermediate. This reserve adjoins Martin Road Reserve (and the drainage reserve that connects to Delatour Road) providing an informal pedestrian link from Waikirikiri Reserve to Delatour Road.

It is the primary site for Junior Rugby during Winter months and sees use from Softball and Touch Rugby in the Summer. The site was once set aside for the

construction of a secondary school, which didn't eventuate. The land was then purchased by Council for the development of a multi-sports ground.

The site would accommodate an Indoor Multipurpose Centre easily and has a good amount of existing parking. The site was identified as the preferred location for an indoor centre in the 2022 Tairāwhiti Sport and Recreation Facilities Business Case, primarily due to the significant social benefit that could be achieved by locating the facility there.

With only limited outdoor field sports at the ground at present, there are minimal opportunities for clustering with existing facilities or services. The site is also located in a primarily residential area, and would have a reasonable impact on neighbouring properties, and traffic flows on surrounding streets.

Although this site did not meet all of the essential criteria in the long-list assessment, it was fully considered on the basis of the expected benefits.

Figure 13. Site Photo at Waikirikiri Park.



5.9 Short Listed Site Assessment

The short-list site assessment drew on the findings from the feasibility study and specialist input from SGL Funding Ltd, who have expertise in planning similar facilities in New Zealand and Australia and involved site visits and workshop sessions with the project working group, as well as input from the project steering group.

The scoring of each criterion below is from 1-5, with 5 being the best possible score.

Table 27. Short List Site Assessment Matrix.

CRITERIA	Childers 'YMCA'	Childers 'Football'	Victoria Domain	Kiwa Pools Main Complex	Kiwa Pools Churchill Park	Waikirikiri Park
	Score (1-5)	Score (1-5)	Score (1-5)	Score (1-5)	Score (1-5)	Score (1-5)
Least Capital Cost	2	4	2	3.5	4	4
Least Planning Constraints	3	4	2	4.5	4.5	4
Phased Build Flexibility	5	5	3	5	5	5
Material Dislocation of Existing Groups (with no ready solution)	2.5	2.5	2	4	4	4
Can Integrate with Existing Facility Management/Reception Service (Positive impact on Whole-of-Lifecycle cost)	4	1	1	4.5	4.5	1
Resilience (climate change and hazards)	5	5	5	4	4	5
Mana whenua aspirations	4	4	4	4	2	4
Community Facility/Activity Clustering (foster weekend & afterschool/evening multi-activity centre for whānau)	4	4	4	4	4	2
Total	29.5	29.5	23	33.5	32	29

5.10 Recommended Indoor Multipurpose Centre Site

The site options assessment process identified the Kiwa Pools site as the preferred location for the Indoor Multipurpose Centre.

Through the working group's analysis, it was clear that the key to a site functioning successfully as an Indoor Multipurpose Centre would be determined by its ability to capture as many users as possible, and to ideally share facility management/reception synergies with an existing facility to reduce its net operating benefit. The savings gained by those two factors are critical to an Indoor Multipurpose Centre being affordable and sustainable for the community.

It is noted that the operational synergies gained by locating an Indoor Multipurpose Centre at the Kiwa Pools site are heavily reliant on the shared use of staffing and ancillary facilities. For that reason, the site options assessment recommended that configurations be explored that keep a close connection between the main Kiwa Pools building and the Indoor Multipurpose Centre.

Note, that this recommendation is specific to the existing Kiwa Pools footprint and land parcel only, as our analysis found that Churchill Park has some unique constraints and shouldn't be pursued further. Therefore, the site proposed is a location within the footprint shown in the map to the right.

Key Benefits of the Kiwa Pools site:

- ✓ Shared facility management, reception, café and service staff,
- ✓ Ability to share facilities with existing Kiwa Pools complex,
- ✓ Mutual benefits of two high use community facilities functioning at the same location, including for whānau to participate at both simultaneously,
- ✓ Existing services and utility infrastructure available,
- ✓ Clustering with existing facilities – Kiwa Pools, Midway Surf Lifesaving Club, Learn to Ride, Adventure Playground,
- ✓ Iconic waterfront location is attractive for regional events and tournaments,
- ✓ Existing and planned active and public transport connections.

Figure 14. Aerial View of Kiwa Pools Precinct.



5.11 Spatial Planning Options at Kiwa Pools Precinct

Following identification of the Kiwa Pools precinct as the recommended location for the Indoor Multipurpose Centre and based on the functional identified from findings in both the feasibility study, needs analysis, and stakeholder input, three potential locations were identified for a three-court facility.

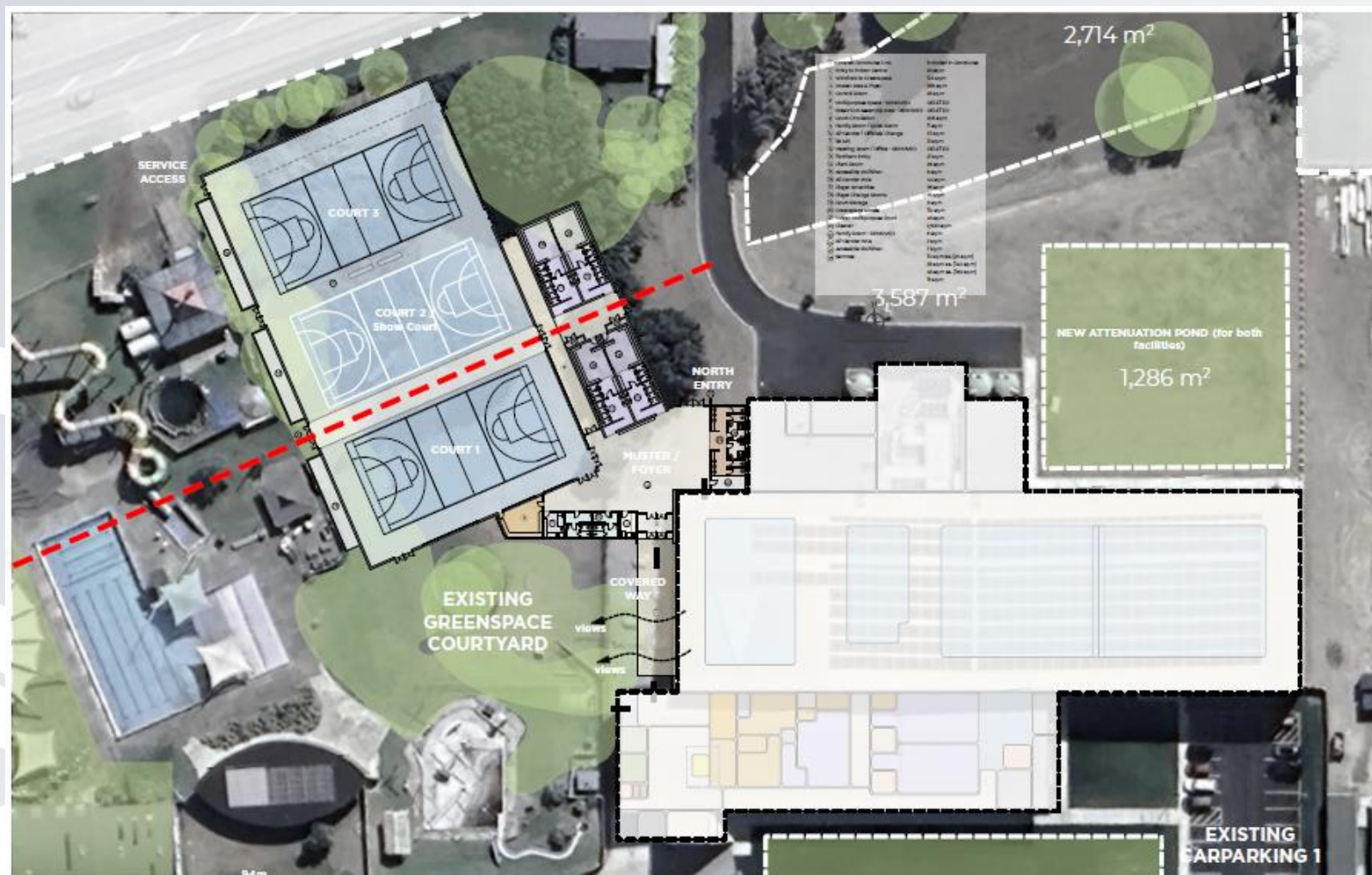
Of note is the wastewater pipe (the red dotted line) which mana whenua indicated would not be appropriate to play sports directly above. Additionally, to retain access to the pipe in the future the decision was taken to position the footprint adjacent to (and not over) this key infrastructure.

Figure 15. Potential Footprints at Kiwa Pools Precinct



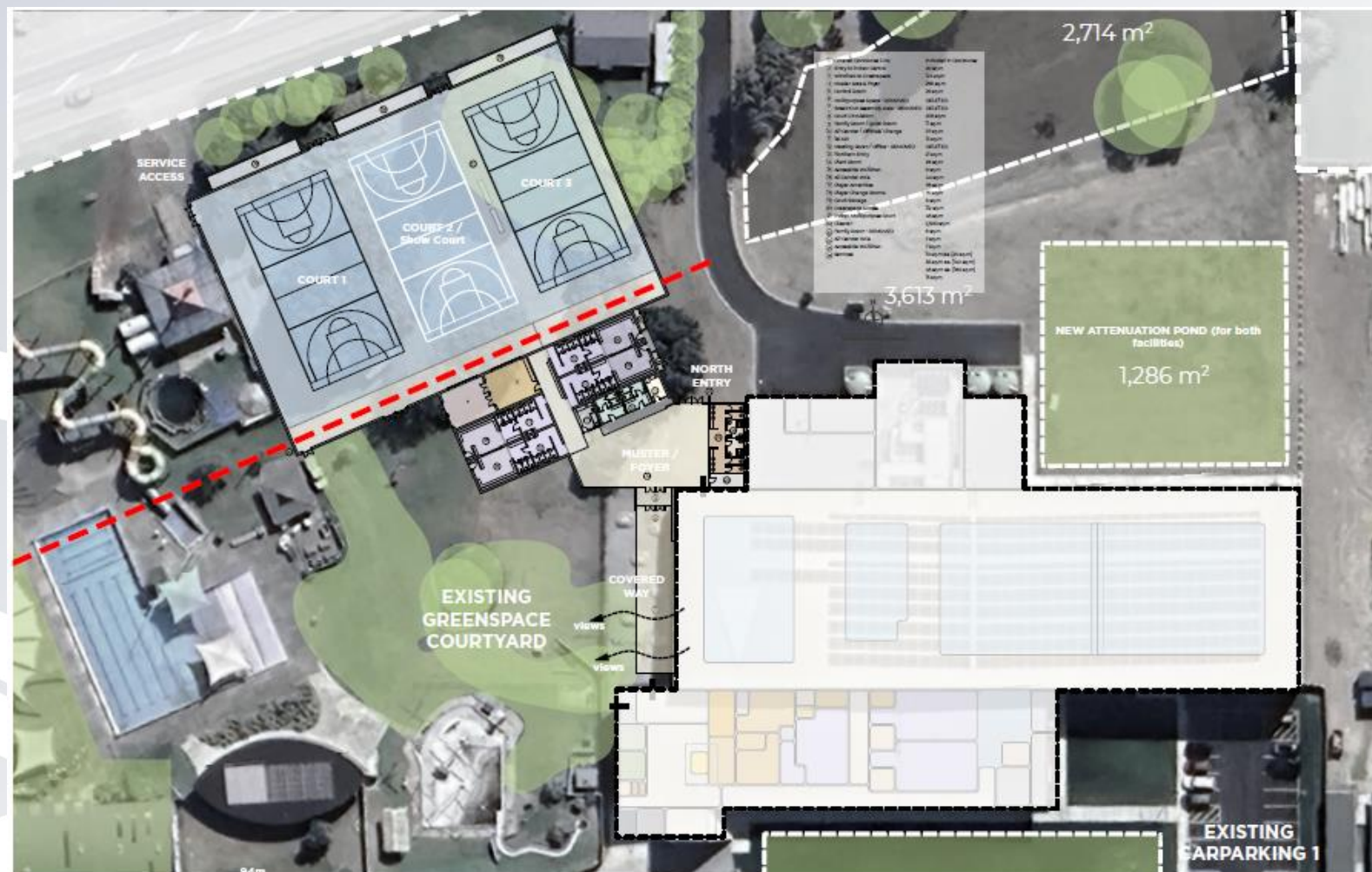
Source: MODE Design

Figure 16. Concept Plan Option 1B.2 at Kiwa Pools Precinct.



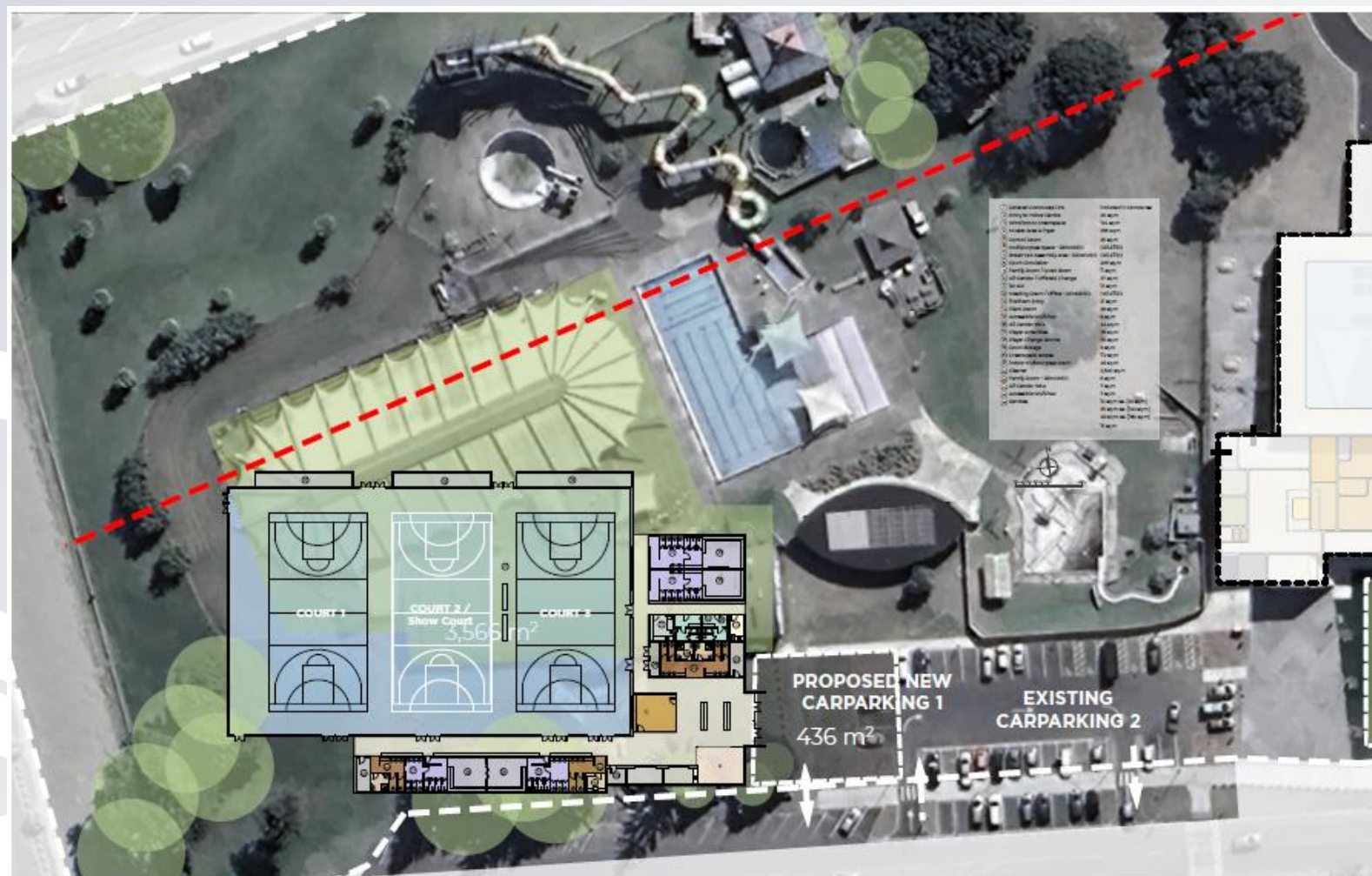
Source: MODE Design

Figure 17. Concept Plan Option 1C at Kiwa Pools Precinct.



Source: MODE Design

Figure 18. Concept Plan Option 2 at Kiwa Pools Precinct.



Source: MODE Design

5.11.1 Strengths and Weaknesses of Potential Footprints at Kiwa Pools Precinct.

The following table summarises the key strengths identified for the three Concept design Options – 1B.2, 1C, and 1B – at Kiwa Pools Precinct. Note that each option is based on a similar square meterage footprint & functional requirement. A new attenuation pond is required for all options. A carparking provision of 50 parks per court has been applied as a guide.

Table 28. Identified Strengths and Weaknesses of Potential Footprints at Kiwa Pools Precinct.

Criteria	Option 1B.2	Option 1C	Option 2
Strengths	<ul style="list-style-type: none"> ▪ Integrated functional relationship with Kiwa Pools (shared reception, centralised staffing, use of Kiwa Pools' indoor change rooms and public toilets as IMC overflow etc.). ▪ Connects with current green muster area. ▪ Staged opportunity for first court. ▪ Maintains direct sight lines with Kiwa Pools. ▪ Enables an integrated 'wet & dry' visitor experience. ▪ Links with existing Kiwa Pools carparking in front. ▪ Opportunity to increase retail revenue from more visitors entering via centralised reception. ▪ Lowest net operating cost. 	<ul style="list-style-type: none"> ▪ Integrated functional relationship with Kiwa Pools (shared reception, centralised staffing, use of Kiwa Pools' indoor change rooms and public toilets as IMC overflow etc.). ▪ Connects with current green muster area (retains more green space than Option 1B.2). ▪ Staged opportunity for first court. ▪ Maintains direct sight lines with Kiwa Pools. ▪ Enables an integrated 'wet & dry' visitor experience. ▪ Links with existing Kiwa Pools carparking in front. ▪ Opportunity to increase retail revenue from more visitors entering via centralised reception. 	<ul style="list-style-type: none"> ▪ Positions the IMC within the Kiwa Pools footprint in a less restrictive manner. ▪ Space available to build a fourth court. ▪ Does not straddle stormwater pipe. ▪ Existing greenspace and trees adjacent to Kiwa Pools are not impacted. ▪ Connection to newly formed greenspace & natural amphitheatre. ▪ Better flexibility for the facility to support precinct events. ▪ Location on Centennial Marine Drive creates opportunity to complement cultural narrative embedded in Kiwa Pools. ▪ Enables visual connection with culturally significant Kiwa. ▪ Better connection with Midway SLS Hub, Learn-to-Ride, Adventure Playground. ▪ Standalone facility closer to existing carparking. ▪ Remote operational synergies with Kiwa Pools (H&S, supervision, program management etc.). ▪ Reception is Easterly facing (not exposed to southerly weather). ▪ Proposed retractable wall opens to north and natural amphitheatre. ▪ Safer access via Centennial Marine Drive.

Criteria	Option 1B.2	Option 1C	Option 2
Weaknesses	<ul style="list-style-type: none"> ▪ Straddles stormwater pipe. ▪ Siting would impact cottage & tenant. ▪ Siting in close proximity to busy main road raises potential safety concerns. ▪ Constrained space prevents future expansion. ▪ Access to potential new carparking in northeastern quadrant is off busy Awapuni Rd. ▪ Not visible from Centennial Marine Drive limits opportunity to create stronger cultural narrative about Tairāwhiti to complement Kiwa Pools. ▪ Limited linkage to Midway SLS Hub, Learn-to-Ride, Adventure Playground. ▪ Proposed internal walkway to IMC intersects with current pool visitor flows between indoor & outdoor. ▪ Difficult to manage entry & activity of different user types from a centralised reception. ▪ Impact on trees to green space & shaded area ▪ Limited ability to open up venue to accommodate outdoor audience viewing for large events. ▪ Limited opportunity for external seating for large audiences. ▪ No space for a future fourth court due to restrictive footprint. ▪ Some restricted light to Kiwa Pools due to location to the north. 	<ul style="list-style-type: none"> ▪ Straddles stormwater pipe. ▪ Would impact cottage (more than Option 1B.2). ▪ Siting in close proximity to busy main road raises potential safety concerns. ▪ Constrained space prevents future expansion. ▪ Not visible from Centennial Marine Drive limits opportunity to create stronger cultural narrative about Tairāwhiti to complement Kiwa Pools. ▪ Limited linkage to Midway SLS Hub, Learn-to-Ride, Adventure Playground. ▪ Access to potential new carparking in northeastern quadrant off busy Awapuni Rd. ▪ Proposed internal walkway to IMC clashes with current pool visitor indoor-outdoor movement. ▪ Difficult to manage entry & activity of different user types from a centralised reception. ▪ Impact on trees to green space & shaded area (more than Option 1B.2). ▪ Limited ability to open up venue to accommodate outdoor audience viewing for large events. ▪ Limited opportunity for external seating for large audiences (via connection with current green space south of proposed IMC siting). ▪ No space for a future fourth court due to restrictive footprint. <p>Some restricted light to pools due to North aspect.</p>	<ul style="list-style-type: none"> ▪ Standalone facility. ▪ Some impact on trees in southwestern quadrant. ▪ Potential site contamination cost ▪ Highest net operating cost. ▪ Space for additional carparks. ▪ Large structure & massing is present on immediate street frontage – needs treatment & consideration of form to reduce visual impact. ▪ Less integrated relationship with Kiwa Pools and increased reliance on technology e.g. surveillance cameras.

5.12 Recommended Footprint at Kiwa Pools Precinct

The concept plan below shows the recommended footprint for a three-court facility being built in the lower left quadrant of the Kiwa Pools precinct, labelled New IMC – Option 2 and highlighted in yellow.

Figure 19. Recommended Site at Kiwa Pools Precinct.



Source: MODE Design

5.13 Preliminary Concept Design

What was in Scope

For the purposes of preparing the business case and associated financial modelling, we have sought to develop a preliminary concept only to:

- Ensure that the facility is appropriately scaled, and that supporting infrastructure is based on actual need and sound financial judgement,
- Provide exact capital and operational costs for the facility,
- Ensure that the placement of the facility is feasible on the Kiwa Pools site.

Therefore, the preliminary concept is limited at this stage to functional layout drawings and 3D massing study only. This scope also considers and aligns with the preferred procurement approach for the facility, being Design and Build.

Council engaged MODE Design architects to complete this work due to their specialist experience with designing sports centres of similar scale.

What was out of Scope

We sought to avoid work that wasn't required for this stage of the project or might be duplicated later. For these reasons, the following was out of the preliminary concept design scope:

- Visual design and 3D elevations,
- Visual motifs or storytelling,
- Site master planning beyond the building footprint.

Site Constraints

The following requirements were identified by the project working group with input from specialists and key stakeholders to ensure that the facility was designed appropriately for the site:

- Playing and seating areas couldn't be located above the wastewater main that cuts through the site. Ideally the building would be located away from this altogether. Moving the wastewater main was found to not be feasible in the context of this project.
- To consider how the facility could best integrate with the existing Kiwa Pools facility to achieve management and reception efficiencies.
- The facility had to respect the important design elements of the Kiwa Pools building, such as the façade and entranceway.
- The facility had to allow for the management of two participant groups – Indoor Multipurpose Centre users and Kiwa Pools' visitors.

5.14 Schedule of Accommodation

The following schedule of accommodation defines the requirements of the facility and ensures the facility is appropriately scaled, with each component based on an actual or reliably expected need.

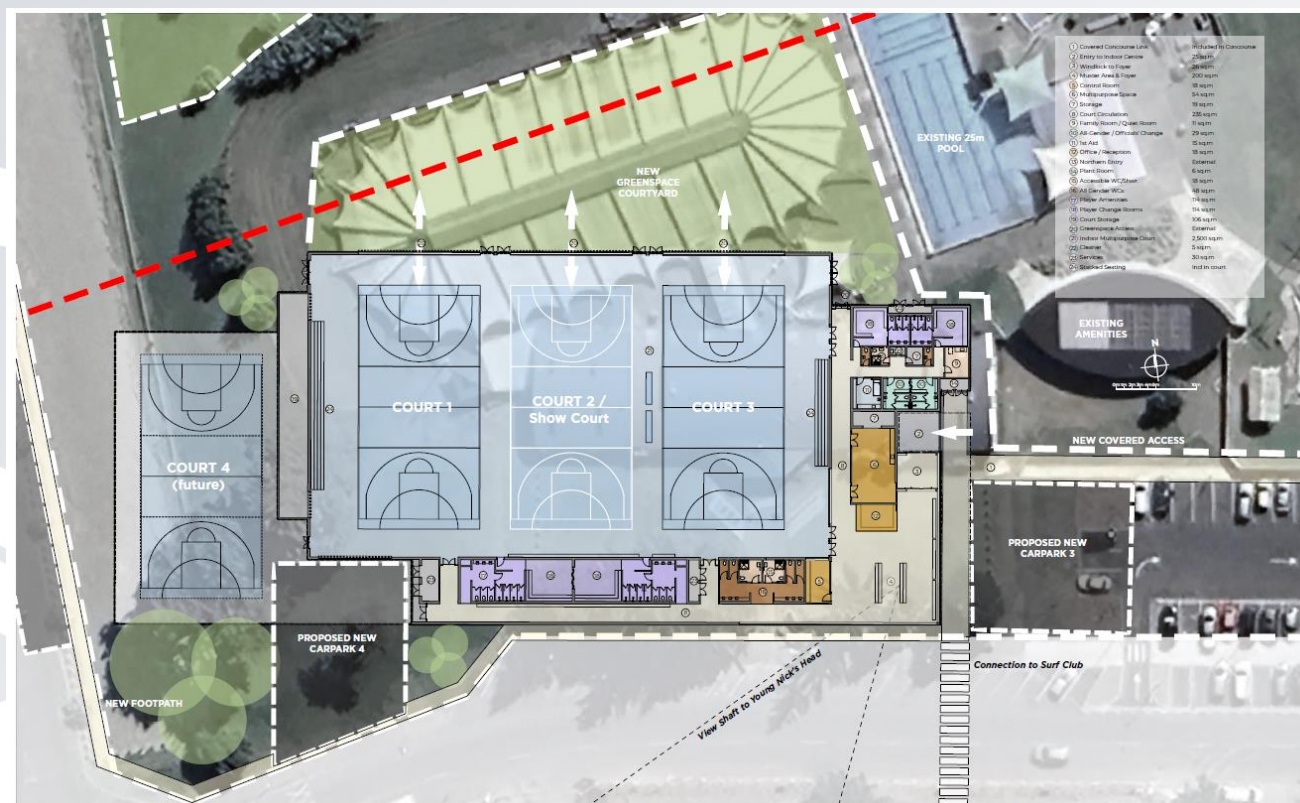
Table 29. Schedule of Accommodation: Tairāwhiti Indoor Multipurpose Centre

Design Element	In scope	Comments
Multipurpose Sports Courts	3 Courts	Ensure the facility is sited to allow for a future extension to add 4 th court.
Spectator Seats	1000 seats	Important for functionality as Kapa Haka venue
Stage	Bump-in (modular) for community use	Consider best bleacher seating/set up solution if also to cater for kapa haka
Multipurpose Sports Room	Out of scope	Not a priority from needs assessment
Stores	General storage requirements	Further consider level of storage required.
Male Change Female Change	6 each	For tournaments assume 6 teams on 3 courts at any onetime
Club Room/Function room	Out of scope	Not a priority through needs assessment
Kiosk/Canteen	Out of scope	Kiosk at adjacent pools reception
Bar, Cool Room	Out of scope	Not appropriate/needed
Kitchen, Store	Out of scope	Not justified and now at Kiwa not appropriate
Administration Offices	For user group and IMC operations.	Simple control room overlooking courts
Reception & Foyer	Modest foyer area – no reception	Shared reception at Kiwa – very important to reduce net operating cost
Fitness Gym	Out of scope	Consider how could provide future fitness centre at Kiwa in future.
Leasable commercial space	Out of scope	Existing retail area in Kiwa main lobby
Corporate, Sponsors Area/s	Out of scope	Not a priority
Bin Storage/Waste Disposal	Out of scope	Integrate with Kiwa
Plant room/s	In scope	As required
Car parking	150 vehicles	Integrated traffic solution with Kiwa Pools and wider precinct
Vertical evacuation towers for tsunami	In scope – costed separately	Evacuation area on roof considered and costed as an option
Integration with Kiwa Pools design	In scope	Integrated cultural narrative with Kiwa is critical

5.15 Recommended Functional Design

Based on the assessment completed by the project working group and mana whenua, and subsequent endorsement by the steering group of the preferred site being at the Kiwa Pools precinct, spatial planning options for a three full basketball court (with provision for a fourth in the future) facility within the preferred with a continued focus on achieving the benefits of co-location with Kiwa Pools reception and other neighbouring amenities location were developed by the architect. The image below shows the final preliminary concept for the recommended Option 2 as endorsed by the steering group.

Figure 20. Option 2 Floor Plan on Recommended Site at Kiwa Pools Precinct.

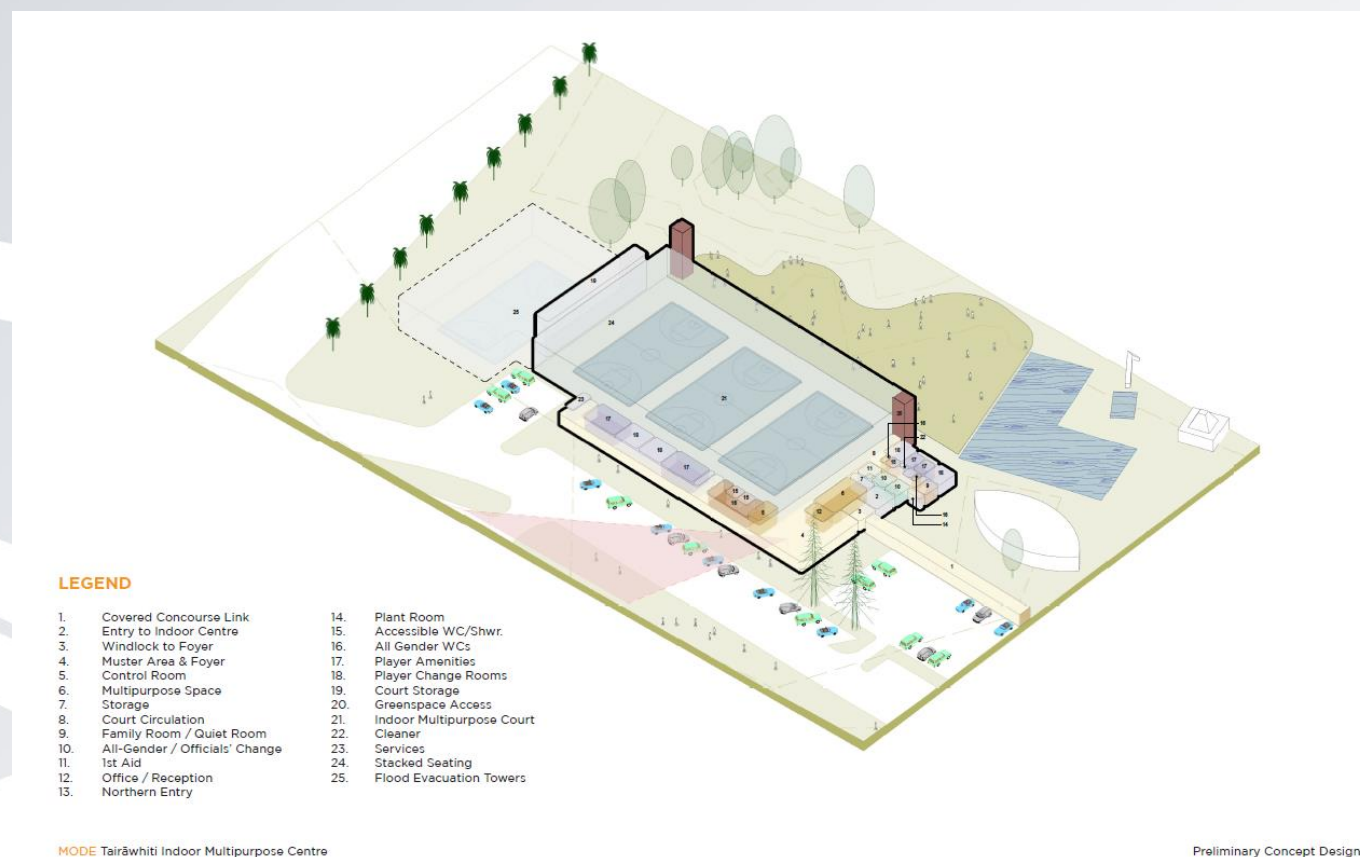


Source: MODE Design

5.16 3D Functional Diagram

The diagram below shows the location of the three indoor courts and the dotted line to the left-hand side depicts the area where a fourth court could be added on to the facility in the future should it be required. The brown verticals are evacuation stairwells.

Figure 21. Tairāwhiti Indoor Multipurpose Centre: 3D Functional Diagram.



Source: MODE Design

5.17 3D Isometric Views

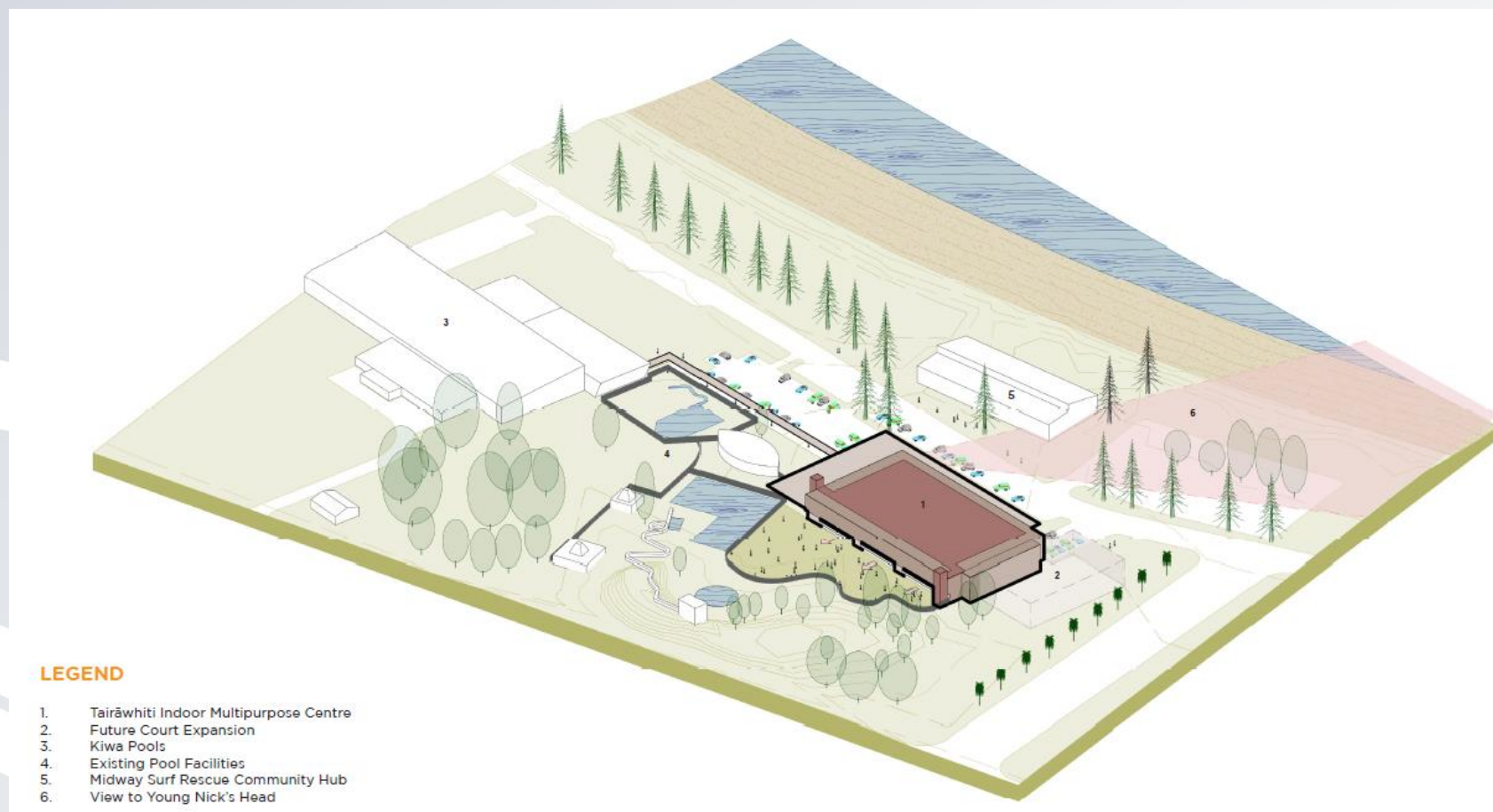
This diagram shows an aerial view looking back from above Midway beach towards the Kiwa Pools precinct. Kiwa Pools is the white building to the right and the Indoor Multipurpose Centre is the brown building.

Figure 22. Isometric View 1. Tairāwhiti Indoor Multipurpose Centre at Kiwa Pools Precinct.



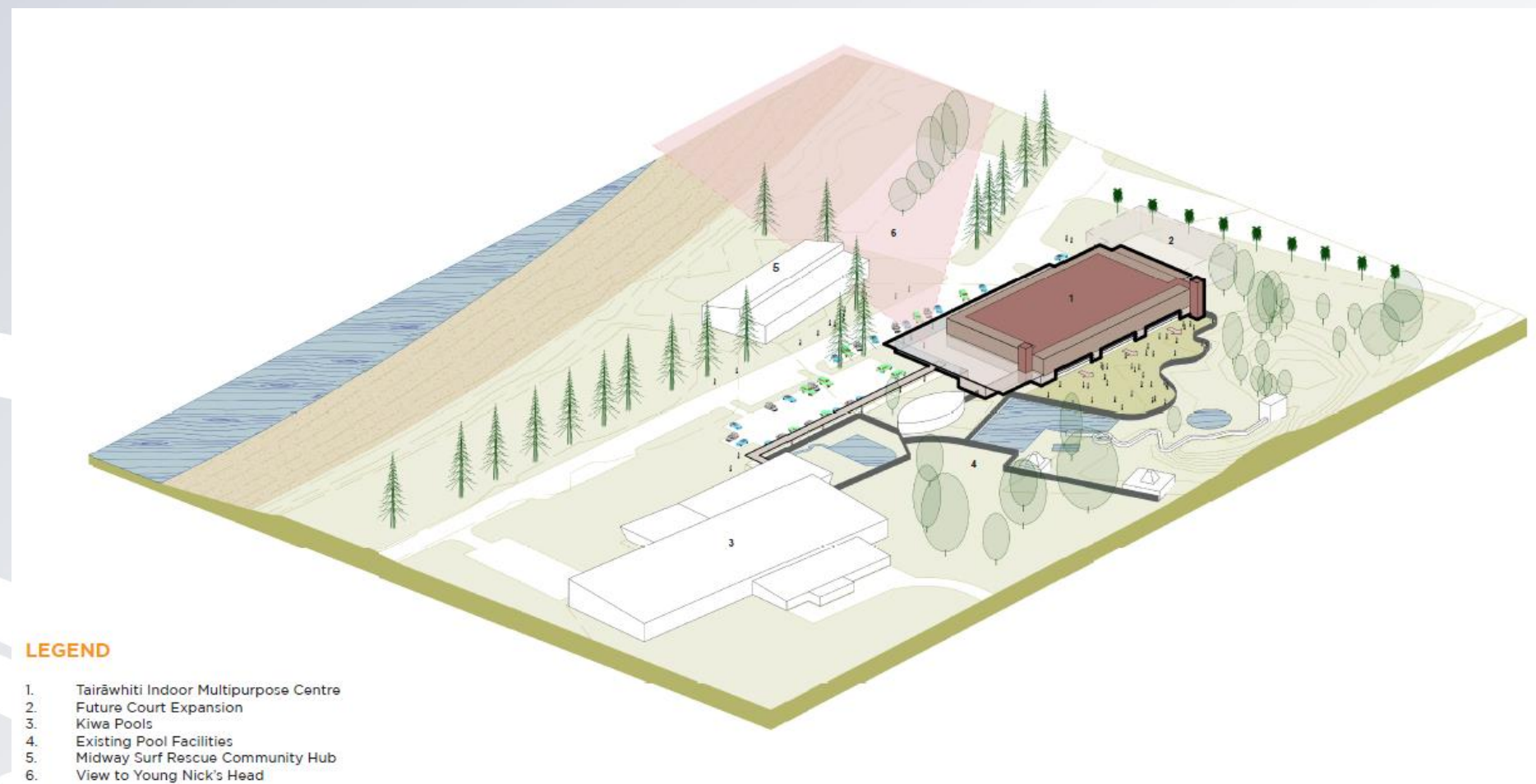
Source: MODE Design

Figure 23. Isometric View 2. Tairāwhiti Indoor Multipurpose Centre at Kiwa Pools Precinct.



Source: MODE Design

Figure 24. Isometric View 3. Tairāwhiti Indoor Multipurpose Centre at Kiwa Pools Precinct.

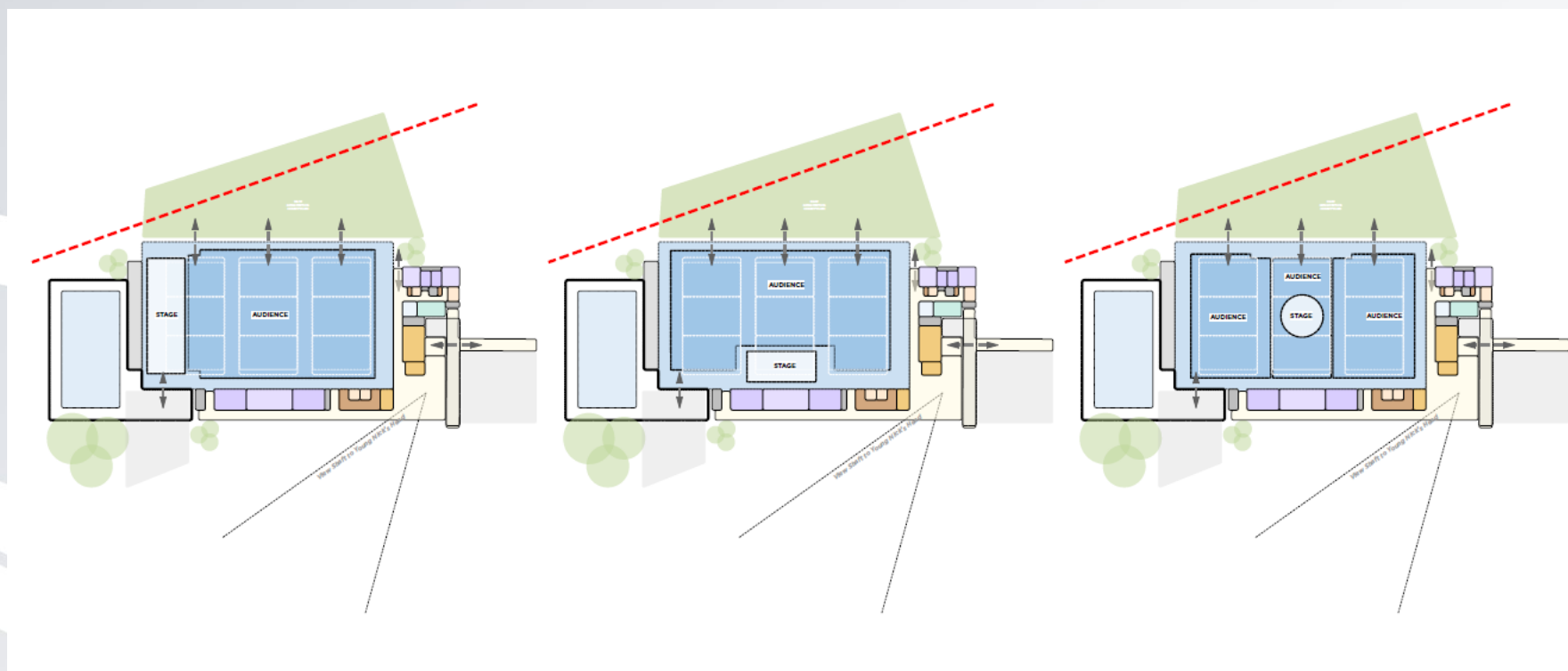


Source: MODE Design

5.18 Recommended Concept Plan: Stage and Viewing Options

To plans below show possible staging configurations to achieve the indoor/outdoor connection which emerged as a key benefit which could be derived from locating the Indoor Multipurpose Centre at this site at Kiwa Pools precinct.

Figure 25. Concept Plan: Option 2 Staging.

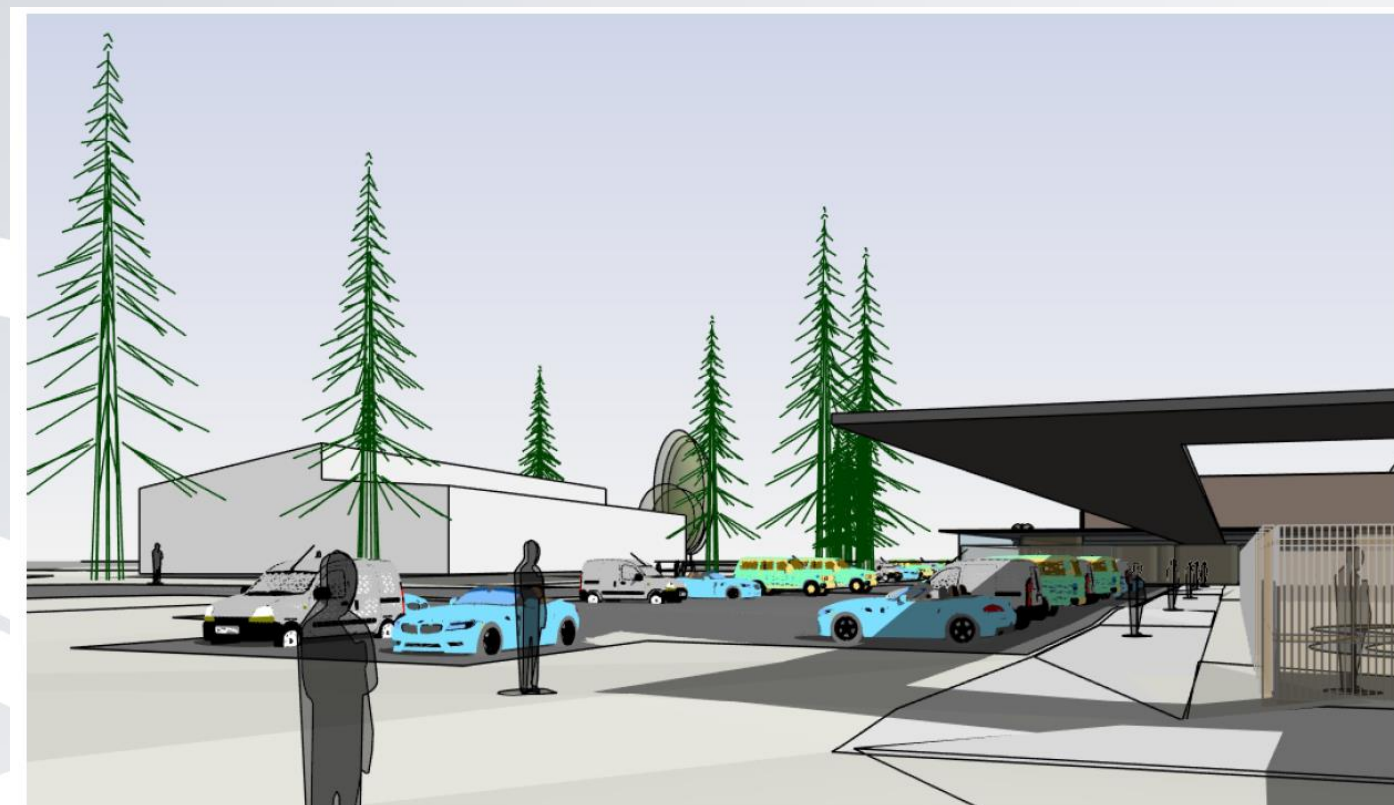


Source: MODE Design

5.19 3D Perspectives

The following image shows the connection that the Indoor Multipurpose Centre will have with the Kiwa Pools reception (in the foreground) through to Midway Surf Lifesaving Hub and Midway Beach to the left.

Figure 26. 3D Perspective View 1. From Kiwa Pools Reception Towards Indoor Multipurpose.



View from Kiwa Pools looking towards Midway Surf Rescue Community Hub, Young Nick's Head & connected walkway to Indoor Multipurpose Centre

Source: MODE Design

Figure 27. 3D Perspective : View 2. Tairāwhiti Indoor Multipurpose Centre at Kiwa Pools Precinct.



View from Midway Surf Rescue Community Hub looking towards Indoor Multipurpose Centre

Source: MODE Design

5.20 Ownership and Operation Options

A preliminary range of options have been explored for the ownership and operation of a new Indoor Multipurpose Centre. These are described in the table below.

Table 30. Ownership and Operation Options.

Criteria	Council owned and managed	CCO owned and managed	CCO owned, council managed	Contracted/leased to private provider	Contracted/leased to community trust	Owned and operated by community trust
Description	Council responsible for all aspects of management and operation.	An existing or new CCO owns and operates the new facility.	An existing or new CCO owns the new facility and enables Council to operate through a lease or contractual agreement.	Council owns the asset and has a contract agreement with a private provider to operate the facility. All costs sit with Council.	Council owns the asset and has a contract agreement with a Community Trust to operate the facility. All costs sit with Council.	Separate organisation owns and manages the new facility (asset transferred).
Asset management	Council responsible for asset management. This would utilise existing systems and expertise	CCO responsible for asset management. Council provides input to periodic asset management plans.	CCO responsible for asset management.	Council responsible for asset management.	Council responsible for asset management.	No council involvement in management of assets (other than Council's capital and operating funding requirements).
Event and programme coordination	Council would be responsible for the coordination of programs. Would need additional capacity within existing pools staff to enable this.	CCO would be responsible for the coordination of programs.	Council responsible for coordination of programs	Private provider responsible for coordination of programs	Community trust responsible for coordination of programs	Community trust responsible for coordination of programs
Fundraising	Potentially easier to access central government but harder for community funds.	Potentially easier to access central government harder for community funds. Also potential of a direct CCO contribution	Potentially easier to access central government but harder for community funds. Also potential of a direct CCO contribution	Potentially more difficult to raise funds.	Should be able to access both central government and community funds	Community trust would be responsible for fundraising.
Cost implications	Lowest expected operational cost.	Less cost efficiencies than utilising Council's existing staff and systems at Kiwa Pools.	Utilises CCO asset management functions			Need to consider how Council would best contribute capital and operating funding.

5.21 Future Ownership and Operating Model

The current financial modelling is based on the Indoor Multipurpose Centre being Council-owned and managed by the Kiwa staff team to achieve both staff and system efficiencies. However, also as per the financial modelling the overall capital and net operating cost to Council may necessitate a further rethink. For example, one could consider:

- How can Council optimise its existing sport and recreation facility spend and in particular with regard to reducing the ongoing net operating cost of Kiwa Pools?
This could include an increased commercial focus (through say the establishment of an Internal Board with commercial skill sets) to specific strategies such as establishing an associated fitness centre (discussed further in the next two bullet points), how to optimise precinct secondary spend (food & beverage and retail), etc.
- Modern aquatic centres usually include a fitness centre, both because it provides a complementary offering of fitness activity options (i.e., swimming and cardio, free weights, exercise classes, etc.) at the same site, but usually foremost because a fitness centre, if run well, is a profit-making cost centre, reducing the corresponding net operating cost to Council.
- If a fitness centre service is to be provided, then it needs to be done at scale to achieve a material net operating benefit. When a Council runs a fitness centre there can sometimes be the criticism that it is directly competing with the private sector – the reality is it is, but if a Council does not run a fitness centre with an aquatic facility, then the consequence is a much higher operating subsidy is required by ratepayers to sustain the aquatic centre operations. A strategy that has been used in

other areas can be to buy-out an existing private provider and offer employment to some of the previous staff at the new facility, hence capturing their fitness centre membership base rather than cannibalising the existing fitness centre market; to considering a possible relocation of an existing operating partner to run the Centre.

- Another strategy can also be to create a charitable CCO to run relevant sport and recreation facilities, as previously occurred by Regional Facilities Auckland, a former charitable CCO of Auckland Council. This can also have the advantage that the CCO debt is not included as part of the core parent debt of Council, sometimes providing greater capital funding flexibility.

In summary, subject to support by Council to seek to proceed with the development of an Indoor Multipurpose Centre, there should be further work undertaken to consider the best ownership, governance, and operating model, including its interrelationship with and optimisation of the existing sport and recreation facility network and current spend by Council.

5.22 Economic Case: Summary

The preferred investment option is the development of a regional (three-court) Indoor Multipurpose Centre.

This is due to the limited opportunities to extend or better use the limited facilities currently within the network, and the significant benefits associated with a fit-for-purpose facility.

The preferred site is within the existing Kiwa Pools precinct.

This allows significant operational cost savings through shared facility management, reception, staffing and services with Council's only other significant recreational facility. It also drives higher visitation to both facilities due to the convenience of access and cross-activity benefit when these facilities are co-located.

The current financial and funding modelling is based on Council owning the facility and the current Kiwa staff team managing the facility.

However, as part of mitigating the future net cost to Council recommend the future ownership/operating model requires further review.



COMMERCIAL CASE

6. THE COMMERCIAL CASE

6.1 Introduction

The Indoor Multipurpose Centre project will follow best practice procurement process and adhere to Government Procurement Rules and [Council's Procurement Policy, Guidelines and Rules](#). Established government contracting frameworks will be used and the project would proceed on the assumption of a competitive tendering environment being achieved. In determining the most cost-effective procurement model for the Indoor Multipurpose Centre project, the following factors need to be considered:

- Capital cost.
- Operating cost.
- Complexity and scale.
- Timeframe.
- Risk management.
- Availability of information relevant to the project.
- Public accountability.
- Quality of Facility (and visitor experience).
- Market conditions.

The chosen procurement model must demonstrate its ability to effectively balance these factors to meet the expectations of the Council and its partners.

¹ MBIE is currently consulting on new rules

6.2 Procurement Strategy

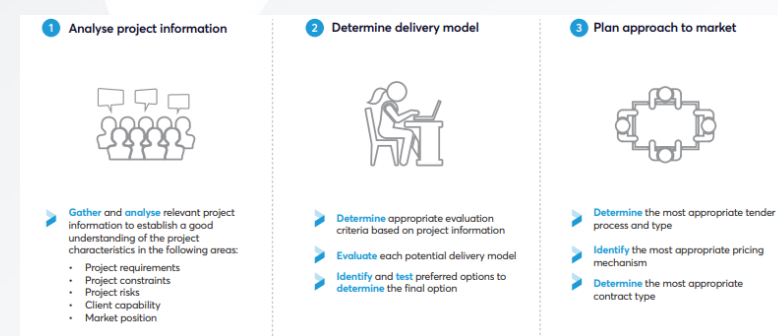
The procurement strategy defines the procurement process for the project. It is considered best-practice for Councils to follow the Government Procurement Rules¹. The Rules help to support good market engagement, which leads to better outcomes for agencies, suppliers and New Zealanders.

One of the key objectives of a procurement strategy is to assess a range of delivery options and payment mechanisms and to identify a recommended delivery model. Assessing a range of options increases the likelihood of maximising value by optimising project outcomes and appropriately sharing project risks.

The procurement plan enables realisation of the procurement strategy, providing the methodology, approach, process, and project management structure for sourcing and managing potential suppliers.

The process of developing a procurement strategy can be divided into three key steps as outlined in the diagram below:

Figure 28. The process of developing a procurement strategy.



6.3 Procurement Approach Assessment

There are a number of options available to the Council to procure the services for the construction of an Indoor Multipurpose Centre. The options and their likely suitability for the project are as follows:

Table 31. Procurement Approach Assessment.

Approach	Summary	Rating
Open tender	The open procedure is suitable where the contract is straightforward, with a limited requirement for specific skills/technical capacity, and where there is a limited number of potential contractors/consultants. It can be achieved by a 2-stage approach comprising an Expression of Interest that is evaluated to short-list bidders who may tender for the work. This allows the broadest field of suppliers to participate, providing the most competitive outcome.	
Pre-selected tender	The pre-selected tender is suitable when specific skills/technical capacity are needed and there is a limited number of potential contractors/consultants. Advice should be sought from specialists in procurement or sports facilities.	
Existing procurement panel	Typically, an existing procurement panel will have a pre-qualification for specific skills/ technical capacity. This is a potential approach if access to an existing panel, with a specific facility skill set, is demonstrated.	
Competitive dialogue	This procedure should only be used for complex contracts where the local authority does not have defined service requirements or is not able to identify clearly its legal and/or financial requirements. This procedure is most commonly used for high-value and innovative contracts.	
Closed tender	Similar to the pre-selected tender and suitable for when specific skills/technical capacity are needed and there is a limited number of potential contractors/consultants. Advice should be sought from specialists in procurement and/or sports facilities.	
Negotiated tender	Subject to relevant procurement policies, a negotiated tender between no more than two parties may be a suitable procurement approach when specific skills/technical capacity are needed and there is a limited number of potential contractors/consultants. Both parties would need to have specific sports facility experience.	
Sole source tender	Subject to relevant procurement policies, a negotiated sole source tender may be a suitable procurement approach when specific skills/technical capacity are needed and there is a limited number of potential contractors/consultants. The party would need to have specific sports facility experience.	

6.4 Delivery Models

The delivery model determines the balance of project risk assumed by Council and its suppliers. There are a number of delivery models that could be used to deliver the Indoor Multipurpose Centre project.

Models commonly used for delivering sports facilities are summarised on the table at right.

A combination of models can be used, and different models may be used for different parts of projects. The type of project, complexity, scale and location will be key inputs into the decision on which delivery model to use. The most appropriate delivery model will be determined by evaluation against a set of weighted criteria that is based on the outcomes sought.

An assessment of these delivery models is included in the following section.

Table 32. Assessment of Delivery Models Commonly Used for Delivering Sports Facilities.

Approach	Summary
Alliance	Typically used for larger projects, it is very unlikely to be used for the development of a community sport and recreation facility. Specialist skills would need to be procured for developing this delivery model.
Design and build	Suitable where parties are seeking innovation in the build and they do not require significant control over the final design. Requires clear performance requirements to work well, especially for an aquatic facility. Requires the additional procurement of an operator, service providers and maintenance.
Design and build with operate and maintain	Suitable where parties are seeking innovation in the build and they do not require significant control over the final design. Requires clear performance requirements to work well and may provide greater price certainty. Design and build procurement can be undertaken in different ways: <ul style="list-style-type: none"> Competitive two-stage process: 1. Main contractor selected on preliminary and general and margin basis. 2. Main contractor selected on 'preferred status' with open-book approach for provision of sub-trades. Design consultant engaged (by client) then novated to the selected contractor. Advantages include: time and cost savings, streamlined project delivery, less administration, greater contractor participation in the design phase, and a more collaborative team approach, which may minimise litigation.
Design and build with leisure contract	Single-entity delivery of the design, build and operations. Limited capability in the market at present.
Traditional	Suitable where parties are seeking control over the final design. Requires the additional procurement of an operator, service providers and maintenance if not undertaken by the local authority.
Early contractor involvement (ECI)	ECI is an approach to contracting that can complement either a traditional or novated design and build delivery model. ECI can be used to gain early advice and involvement from a contractor into the buildability and optimisation of designs. ECI usually takes the form of a two stage approach to tendering.
Traditional with operate and maintain	Suitable where parties are seeking control over the final design. Requires the additional procurement of service providers and key performance requirements to link contract requirements to service providers' needs.
Traditional with leisure contract	Suitable where parties are seeking control over the final design. Assumes contracting party will take up leisure contract. Limited capability in the market at present.
Public private partnership (PPP)	PPP is a term that can refer to many different kinds of relationships between the government and the private sector. Generally, the term is used to refer to long-term contracts for the delivery of a service, where the provision of the service requires the construction of a facility or asset, or the enhancement of an existing facility. The private sector partner finances and builds the facility, operates it to provide the service and usually transfers control of it to the public sector at the end of the contract. A key objective of the PPP approach is the drive to optimise whole-of-life outcomes by encouraging innovation from the private sector.

6.5 Delivery Model Evaluation Criteria and Scoring

A range of delivery models were assessed using the NZ Treasury's Delivery model evaluation tool to determine their suitability to this project.

Table 33. Assessment of Delivery Models using NZ Treasury Delivery Model Evaluation Tool.

Options evaluation Criteria (and considerations)	Criteria weight %	Delivery Model														Model Enhancement	
		Traditional		Design & Build		Package based		Direct Managed		Alliance		PPP		Panel Supply		Early Contractor Involvement	
		Score	Weighted Score	Score	Weighted Score	Score	Weighted Score	Score	Weighted Score	Score	Weighted Score	Score	Weighted Score	Score	Weighted Score	Score	Weighted Score
Time Is time of the essence?	5%	3	15%	4	20%	2	10%	4	20%	2	10%	1	5%	4	20%		0%
Certainty of Time Is project completion on time critical to operations?	10%	4	40%	4	40%	2	20%	5	50%	4	40%	4	40%	2	20%		0%
Certainty of Cost Is certainty of final cost critical before commitment to a contract?	20%	4	80%	4	80%	1	20%	3	60%	4	80%	4	80%	3	60%		0%
Price Competition Is competition in pricing required to demonstrate value?	20%	5	100%	4	80%	2	40%	3	60%	3	60%	2	40%	2	40%		0%
Flexibility Are variations (brief, scope, time) likely after contract is agreed?	20%	3	60%	1	20%	2	40%	4	80%	3	60%	2	40%	3	60%		0%
Complexity Is the building highly specialised, technologically advanced or serviced	1%	4	4%	3	3%	5	5%	4	4%	4	4%	4	4%	3	3%		0%
Quality Is high quality of the product (material, workmanship, design) important?	4%	3	12%	2	8%	4	16%	4	16%	4	16%	3	12%	2	8%		0%
Scale Does the project require scarce contracting capacity?	5%	2	10%	4	20%	1	5%	1	5%	2	10%	5	25%	3	15%		0%
Risk What is Council's aversion to design, construction and contract risk?	15%	2	30%	4	60%	1	15%	1	15%	2	30%	5	75%	2	30%		0%
		100%		39%		37%		19%		34%		34%		36%		28%	
Rank:		1		2		7		4		4		3		6			

Note: Early Contractor Involvement is not a delivery model; it is an enhancement of the other models that can be adopted with most of them. Also note, if client resourcing was added to the criteria the highest score would probably have shifted to D & B.

6.6 Recommended Delivery Model

A Traditional or Design and Build delivery model is recommended.

As demonstrated in the above analysis, a design and build delivery model and a Traditional model are seen as the most effective ways to deliver the project, consistent with Council's aspirations and resources.

6.6.1 Typical Benefits of Design and Build Delivery

Design and build can provide certainty in cost, and cost benefits. Integration of the design and construction processes means value-for-money decisions can be optimised, since aspects of buildability will be key factors in design decisions.

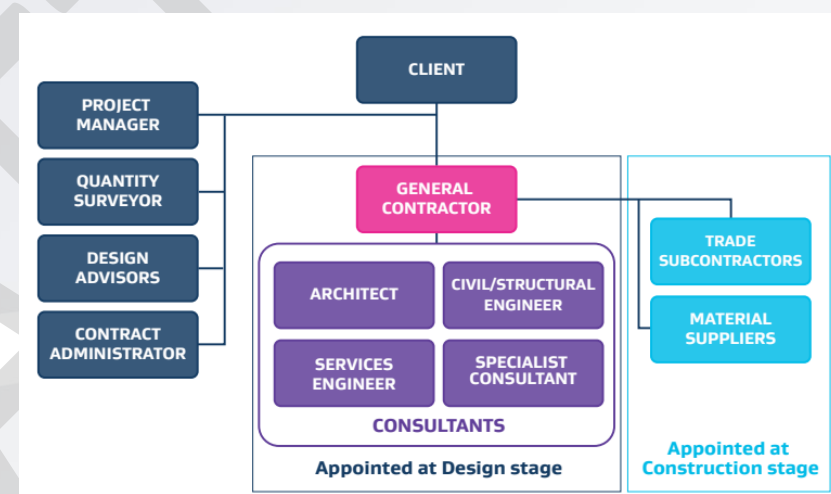
The design team can work with the contractor to consider the costs of constructing the range of proposed design solutions. The contractor will also be able to bring their expertise, and that of the supply chain, to work with the design team in developing innovative design solutions that maximise project benefits. They may, for example, specify alternative products that meet the same performance requirements that the design team are looking to achieve, or source alternative products that have shorter lead times for delivery to speed up the programme.

Design and build can enable an earlier on-site start date and an earlier completion date when compared to a traditional delivery model, through overlapping design and construction activities. However, compared to a traditional delivery model, extra time will be needed at tender stage. This includes sufficient time allowances for tenderers to prepare proposals for the design, and sufficient time allowances for the tender evaluation team to review and evaluate proposals, and to seek clarifications from tenderers.

6.6.2 Design and Build Delivery Model Contractual Relationships

The following diagram shows a typical contractual arrangement for the design and build model.

Figure 29. Typical contractual arrangement for the design and build model.



Source: New Zealand Treasury

6.6.2 Typical Benefits of Traditional Delivery

The traditional delivery model is regarded as the best delivery model to use for routine, uncomplicated works of small to medium size and duration where:

- Timeframes are sufficient to complete the design and then follow up separately with the construction works.
- Requirements for innovation are less important, as requirements are straightforward, and scope is well defined.
- The client is willing to retain all of the design risk.
- There's likely to be a large pool of tenderers and strong competition.
- The client wants to retain overall control of the design throughout the project.
- There's need for a high degree of cost certainty at the time of contract award.
- There are appropriately skilled and experienced resources available to administer and manage the contract.

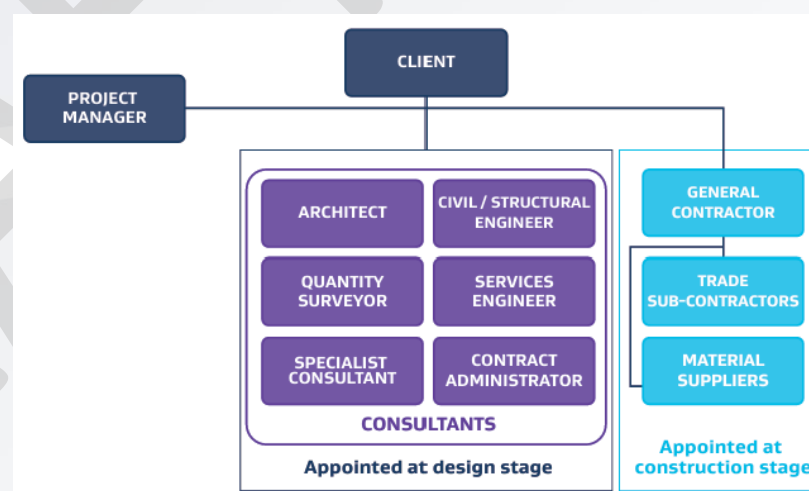
Potential Benefits and Points to Note

- The client has full control of the design of the project at all stages.
- The straightforward nature of the bidding process (especially if a schedule of quantities is used), lowers the cost of tendering and level of risk retention by the client, and usually encourages a competitive tender field.
- Bids are generally less complex and cheaper to assess than under many other delivery models.
- There's a high degree of cost certainty at the time of contract award, provided the design is substantially complete and properly reflects the project brief.
- The model is well known and understood by industry and clients.

- The design can be varied with relative ease after the construction contract has been awarded.
- A longer lead time can be required to get to the tender stage, as design needs to be complete to get a Lump Sum Fixed Price. However, the Indoor Multipurpose Centre project has sufficient time programmed to accommodate this requirement.

6.6.3 Traditional Delivery Model Contractual Relationships

Figure 30. Typical contractual arrangement for the design and build model.



6.6.3 Pricing Mechanism to Accompany the Delivery Model

The degree of financial risk shared between client and contractor for different pricing mechanisms is determined by the pricing mechanism chosen.

The following table illustrates (in broad terms) the financial risks associated with each of the pricing mechanisms outlined.

Table 34. Degree of Financial Risk by Pricing Mechanism

Pricing mechanism	DEGREE OF FINANCIAL RISK	
	Client	Contractor
Guaranteed maximum price		
Lump sum fixed price		
Lump sum		
Target costs		
Measurement contract		
Cost reimbursable contract		

It is recommended that Council elect to use a Lump Sum Fixed Price mechanism as it provides a large degree of certainty without being subject to the high premiums often imposed by contractors for providing the higher level assurance that is offered by a Guaranteed Maximum Price.

6.7 Options for Early Contractor Involvement (ECI)

Early contractor involvement (ECI) is an approach to contracting that can complement either a traditional or novated design and build delivery model. ECI can be used to gain early advice and involvement from a contractor into the buildability and optimisation of designs. ECI usually takes the form of a two-stage approach to tendering.

The first stage tender documents should provide early design information (e.g. concept or preliminary) and an indication of the client's budget limit. The documents should also include a pre-construction services agreement (PSA) detailing the services required to be provided by the contractor during the second stage tender, e.g. buildability, value engineering and supply chain advice, and input to the design and tendering services.

Where the specified conditions are not met, the PSA will typically provide the client with the right to go back out to the market for a tender.

In the second stage tender, the contract sum is essentially arrived at through a process of negotiation since the design will not be complete at the time of contract award. To ensure competitive tension, the process of negotiation is made on an open-book basis where the contractor's cost build-up for the project is fully transparent to the client's cost consultant. These costs can be subject to market testing to ensure that the total cost of the project represents public value.

6.8 Commercial Case: Summary

The Commercial Case considered the appropriateness of various procurement, delivery, and pricing options and recommends the following:

At this time Design and Build is the preferred construction delivery method as it is a relatively simple building to build, and Council is seeking best value for money. Also, once set up, it will require least management by Council. However, this is subject to the required funding being secured.

To achieve added value and cost-effective input from the main contractor to the building methodology and materials, it is recommended this main contractor procurement process is undertaken at the end of preliminary design and once mana whenua cultural requirements are fully understood.

Also, given there is time available and to follow best procurement practice, it is recommended for the main contractor procurement that an open EOI process is undertaken, with then up to three contractors shortlisted for tender based on P&G and margin.

It is then recommended an Early Contractor Involvement (ECI) process occur to the end of Developed Design; and to provide price certainty for Council and based on an open book process for sub-trades, that a lump sum fixed price is then agreed with the contractor.

It is also at this stage (i.e., at the end of Developed Design and with agreement by the Council with the contractor on the lump sum fixed price) that the design team would be novated to the main contractor but with a duty of care to the client – for clarity, although now working for the contractor, that they would still have a professional duty of care to the client to ensure the objectives, functionality, and quality of the project are achieved. Please note, the Quantity Surveyor would remain a direct report to the client throughout the project design and build process.

Based on current project knowledge, this is the suggested procurement approach and process at this time, but this process should be further reviewed once the final project ownership, funding, and operating model is fully determined and understood.

FINANCIAL CASE



7. THE FINANCIAL CASE

7.1 Purpose

The Financial Case outlines the overall cost and affordability of the recommended preliminary concept for the Indoor Multipurpose Centre identified within the Economic Case.

The purpose of the Financial Case is to:

- Quantify expected construction cost of the Indoor Multipurpose Centre,
- Quantify expected annual costs of the Indoor Multipurpose Centre development,
- Identify likely required capital and net operating funding commitments by Council and other potential sources of capital funding, and in turn
- Assess the estimated cost to Council.

7.2 Recommended Option

The recommended option is for a three-court Indoor Multipurpose Centre to be built in the southwestern quadrant of the Kiwa Pools precinct at the estimated capital cost of \$22.09 million² for the core facility with a construction start date in the second quarter of 2028.

Additional to the core cost, it is recommended that the provision for a vertical evacuation capability via the inclusion of two vertical evacuation stairwells and a

² Rawlinsons. (2025). Revised Concept Design Estimate For Tairāwhiti Indoor Multipurpose Facility.

³ Ibid.

⁴ Ibid.

horizontal rooftop, be endorsed at the estimated cost of \$1.69 million³. It is acknowledged that this funding would need to be sourced externally.

Representatives from the kapa haka community suggested incorporating an opening wall to integrate the facility with the outdoors to make it an attractive venue for both cultural and sporting events capable of attracting larger audiences and hosting events with higher economic earning potential for the region. The estimated cost to include the opening wall is \$644,000⁴.

The cost estimate for the covered walkway connecting Kiwa Pools reception and the Indoor Multipurpose Centre is \$301,000⁵.

An extra provision of \$500,000⁶ has been made at this time for potential soil contamination, which sits outside the current core capital budget. Further site work is required to assess the need for this extra budget provision.

7.3 Affordability Assessment

The affordability for ratepayers and the community is a key consideration for the Indoor Multipurpose Centre and identifying a cost-effective solution to address the chronic shortage of indoor courts has guided the project team and governance group in its decision making with site assessment, accommodation schedule provisions, floor area, and proposed collaborative operating model with Kiwa Pools.

⁵ Ibid.

⁶ Rawlinsons. (2025). Revised Concept Design Estimate For Tairāwhiti Indoor Multipurpose Facility.

7.3.1 Construction Cost Estimate

Based on the preliminary concept the estimated construction cost of the core Indoor Multipurpose Centre is \$22.09 million⁷ if construction of the facility starts by Q2 2028. The construction cost estimate for the core facility increases to \$22.78 million⁸ if construction is deferred to Q2 2029.

The following table summarises two different construction start dates and itemizes the costs associated with including an opening wall, covered walkway, ground contamination provision, and integrating risk resilience into the build through the inclusion of vertical evacuation towers and a flat rooftop design with temporary capacity for up to 500 people.

These estimated costs are based on measured quantities, rates are escalated as detailed and assume a competitive tender. Also, all figures exclude GST.

Table 35. Itemized Tairāwhiti Indoor Multipurpose Centre Construction Cost Estimate⁹.

Description	(\$)
Mode Design Option 2 – 3,612m2 commencing 2Q2028	22,090,000
Mode Design Option 2 – 3,612m2 commencing 2Q2029	22,780,000
Additional Cost for Opening North Wall (3 doors)	\$644,000
Additional Cost for covered walkway to Kiwa Pools	\$301,000
Additional Cost (provisional) for ground contamination	\$500,000
Additional Cost to make roof accessible for CD purposes	\$1,690,000

⁷ Rawlinsons. (2025). Revised Concept Design Estimate For Tairāwhiti Indoor Multipurpose Facility.

7.3.2 Construction Cost Estimate Assumptions

The preliminary construction cost estimate makes the following assumptions:

- The ground conditions are suitable.
- Construction will be procured through a Design and Build model.

7.3.3 Construction Cost Estimate Inclusions

The preliminary construction cost estimate includes allowances for the following:

- Site preparation
- Building works
- Furniture, Fixtures and Equipment (FF&E) at \$500,000
- Cultural Design at \$750,000
- Design Development and Estimating Contingency of 5%
- Construction contingency of 10%
- Escalation to commencement, and to midpoint of construction.

7.3.4 Construction Cost Estimate Exclusions

The preliminary construction cost estimate makes no provision for the following:

- GST
- Temporary accommodation and relocation costs
- Out of hours works
- Information Technology, hardware etc.
- Insurance

⁸ Ibid.

⁹ Ibid.

- f) Blinds/window treatments
- g) Off-site storage.
- h) No allowances have been included for potential costs associated with new Government legislation/initiatives, disrupted supply chains, procurement complications or labour inefficiencies in relation to Covid-19 or similar Pandemics.

For more information refer to [Appendix 7](#).

7.4 Operational Costs

7.4.1 Approach

The expected annual costs to operate the regional Indoor Multipurpose Centre in Tairāwhiti were calculated through the design of a financial model SGL Funding Ltd and by Baker Tilly Staples Rodway (BTSR), who are experienced in such modelling for stadia throughout New Zealand and have recently completed modelling for similar projects in Matamata and New Plymouth for which comparable costs and assumptions could be reviewed and integrated into the modelling specific to the Tairāwhiti Indoor Multipurpose Centre project.

Baker Tilly Staples Rodway Auckland ("BTSR") were engaged to carry out financial modelling services for the purposes of understanding the financial affordability and viability of the proposed development of the Tairāwhiti Indoor Multipurpose Centre.

Based on a three-court facility, two timeframes have been considered which are referred to as Pathway One and Pathway Two:

- Pathway One assumes that construction starts on site in May 2028 and the Centre being operational by 1 December 2029.

- Pathway Two assumes that construction starts on site in May 2029 and the Centre being operational by 1 November 2030.

The following detailed operational revenue and costs assumptions are based on Pathway One.

7.5 Overall Operating Summary

The Indoor Multipurpose Centre is forecast to make a loss of approximately \$320k to \$330 per annum (\$120k to \$130k pre-Long Term Maintenance (LTM) and depreciation) which would need to be funded by Council (or through funding arrangements able to be secured with strategic partners).

The following table shows the average annual operating deficit and cumulative operating deficit over 10 years under Pathway One and Pathway Two as well as the capital cost of each option.

Table 36. Overall Operating Summary.

Overall Summary	Average Annual Y1 to Y10		Cumulative Y1 to Y10	
	Pathway One	Pathway Two	Pathway One	Pathway Two
Revenue	284,886	292,416	2,848,856	2,924,162
Operating Costs	(407,959)	(419,772)	(4,079,593)	(4,197,725)
Deficit before LTM & Depreciation	(123,074)	(127,356)	(1,230,737)	(1,273,563)
LTM	(147,381)	(153,187)	(1,473,806)	(1,531,866)
Fit out Depreciation	(49,239)	(49,239)	(492,386)	(492,386)
Net Deficit	(\$319,693)	(\$329,781)	(\$3,196,928)	(\$3,297,814)
Capital Cost Estimates				
Capital Expenditure			\$22,090,000	\$22,780,000

Source: Baker Tilly Rodway Staples

7.6 Overall Summary: Long Term Maintenance Options

BTSR investigated the impact of reducing the provision for LTM for the first seven years of operation and then increasing it in years 8 to 50 to make up for the reduced amounts.

Scenario B: A provision of 0.15% of the total construction cost is made in the first seven years of operation and is increased to 0.73% in years 8 to 50 so the total provision over 50 years is equal to 0.65%.

Scenario C: Instead of spreading the long-term maintenance fund provision over 50 years, a provision of 0.15% of the total construction cost is made in the first seven years of operation.
In years 8 to 50 a provision is made equal to 2/3rds of the cost of construction over a 43 year period.

Table 37. Overall Summary Long Term Maintenance Options

Overall Summary	Average Annual Y1 to Y10			Cumulative Y1 to Y10		
	Pathway One	Scenario B	Scenario C	Pathway One	Scenario B	Scenario C
Revenue	284,886	284,886	284,886	2,848,856	2,848,856	2,848,856
Operating Costs	(407,959)	(407,959)	(407,959)	(4,079,593)	(4,079,593)	(4,079,593)
Deficit before LTM & Depreciation	(123,074)	(123,074)	(123,074)	(1,230,737)	(1,230,737)	(1,230,737)
LTM	(147,381)	(78,118)	(122,783)	(1,473,806)	(781,179)	(1,227,827)
Fit out Depreciation	(49,239)	(49,239)	(49,239)	(492,386)	(492,386)	(492,386)
Net Deficit	(319,693)	(250,430)	(295,095)	(3,196,928)	(2,504,302)	(2,950,950)
Variance to base		69,263	24,598		692,626	245,979

Source: Baker Tilly Rodway Staples.

7.7 Overall Summary: Cost to Council

Overall Summary Cost to Council



- The following table shows the average annual cost to council over 10 years (Y1 to Y10) under pathway one (May 2028 build start) and pathway two (May 2029 build start). We have also shown the cumulative cost to council from pre-opening to Y10.
- Note this is based on just the cost of developing the IMC and excludes additional options such as roof access for civil defence, the northern opening wall, a covered Kiwa Pool walkway and ground contamination work.
- Note the figures below include pre-opening costs and interest cost from when construction begins. We have assumed borrowings of \$8.5m at 5%.

	Average Annual Y1 to Y10		Cumulative	
	Pathway One	Pathway Two	Pathway One	Pathway Two
Operating Cashflow (including LTM)	(319,693)	(329,781)	(3,196,928)	(3,297,814)
Pre-opening Costs*	(84,112)	-	(144,243)	(144,243)
Loan Principal**	(53,623)	(53,623)	(576,828)	(576,828)
Interest**	(411,980)	(411,980)	(4,727,660)	(4,786,277)
Total Cost to Council	(793,706)	(807,828)	(8,645,659)	(8,929,601)

- * Note Pre-Opening Costs Applies to Y1
- **Note: We have assumed loan will be interest only until construction is completed in Y0. The interest costs begin to be incurred as funds are drawn down over the construction period.

Source: Baker Tilly Staples Rodway.

7.8 Cost to Council: Long Term Maintenance (LTM) Options

Overall Summary Cost to Council LTM Options



- The following table shows the average annual cost to council over 10 years (Y1 to Y10) and cumulative cost to council from pre-opening under pathway one, scenario b and scenario C.
 - Scenario B: a provision of 0.15% of the total construction cost is made in the first 7 years of operation and is increased to 0.73% in years 8 to 50 so the total provision over 50 years is equal to 0.65%.
 - Scenario C: instead of spreading the long-term maintenance fund provision over 50 year, a provision of 0.15% of the total construction cost is made in the first 7 years of operation. In years 8 to 50 a provision is made equal to 2/3rd of the cost of construction over a 43-year period.

	Average Annual Y1 to Y10			Cumulative		
	Pathway One	Scenario B	Scenario C	Pathway One	Scenario B	Scenario C
Operating Cashflow (including LTM)	(319,693)	(250,430)	(295,095)	(3,196,928)	(2,504,302)	(2,950,950)
Pre-opening Costs*	(84,112)	(84,112)	(84,112)	(144,243)	(144,243)	(144,243)
Loan Principal**	(53,623)	(59,931)	(66,240)	(576,828)	(576,828)	(576,828)
Interest**	(411,980)	(460,448)	(508,916)	(4,727,660)	(4,727,660)	(4,727,660)
Total Cost to Council	(793,706)	(724,444)	(769,108)	(8,645,659)	(7,953,033)	(8,399,680)
Variance to Base		69,263	24,598		692,626	245,979

- * Note Pre-Opening Costs Applies to Y1
- **Note: We have assumed loan will be interest only until construction is completed in Y0. The interest costs begin to be incurred as funds are drawn down over the construction period.

Source: Baker Tilly Staples Rodway.

7.9 Additional Considerations and Cost to Council

We have considered the impact on both the overall capital cost and additional cost to council if the decision is made to include roof access for civil defence, the northern opening wall, a covered Kiwa Pools walkway and ground contamination work as part of the Indoor Multipurpose Centre. Note the figures presented are based on Pathway One.

We determined that under Pathway One and \$9.5m council funding the addition of the northern opening wall and the covered Kiwa Pool walkway would be possible. With \$10.5m Council funding the addition of the northern opening wall, the covered Kiwa Pool walkway and ground contamination work would be possible under both Pathway One and Two.

Note that roof access for civil defence would require funding from an external source.

Table 38. Additional Considerations and Cost to Council.

Council Borrowing	Average Annual Y1 to Y10			Cumulative Y1 to Y10		
	\$8.5m	\$9.5m	\$10.5m	\$8.5m	\$9.5m	\$10.5m
Operating Cashflow (including LTM)	(328,104)	(328,104)	(328,104)	(3,341,171)	(3,341,171)	(3,341,171)
Loan Principal	(53,623)	(59,931)	(66,240)	(576,828)	(644,690)	(712,552)
Interest	(411,980)	(460,448)	(508,916)	(4,727,660)	(5,262,342)	(5,797,024)
Total Cost to Council	(793,706)	(848,483)	(903,260)	(8,645,659)	(9,248,203)	(9,850,747)
Variance to base		(54,777)	(109,553)		(602,544)	(1,205,088)
Capital Expenditure (based on Pathway One)				\$22,090,000	\$23,035,000	\$23,535,000

Source: Baker Tilly Rodway Staples

7.10 Key Assumptions

7.10.1 Court Utilisation: Pathway One

The demand and supply analysis indicated that there is approximately 10,400 court hours currently available and estimated current demand + 10% was 7,939 court hours. Without the YMCA court, but with a new 3-court Indoor Multipurpose Centre, the new Indoor Multipurpose Centre would equal 53% of the total court supply in the region.

BTSR then applied this 53% against the demand figure of 7,939 court hours to reach an annual demand figure for the 3-court Centre of 4,208 hours. BTSR also cross checked the utilisation of the residual network i.e. with a new three court facility the residual demand is 3,731 court hours - which compares to current utilisation of 4,010 court hours, and consequently similar demand for existing facilities would be expected. We then applied a ramp-up of utilisation starting at 80% of 4,208 hours in Year 1, increasing to 90% in Year 2, 95% in Year 3, 100% in Year 4, 105% in Year 5 and reaching peak utilisation 110% in Year 6.

BTSR also assumed 250 hours of commercial use (trade shows etc.) that is also subject to the same ramp up.

Note that Year 1 is only seven months and assumes the Centre opens in December 2029 and so BTSR applied a further 58.33% discount to the court hours in Year 1.

Table 39. Court Utilisation: Pathway One.

	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
FY	2029/2030	2030/2031	2031/2032	2032/2033	2033/2034	2034/2035	2035/2036	2036/2037	2037/2038	2038/2039
Community Hours	1,964	3,787	3,997	4,208	4,418	4,628	4,628	4,628	4,628	4,628
Commercial Hours	117	225	238	250	263	275	275	275	275	275
Total	2,080	4,012	4,235	4,458	4,681	4,903	4,903	4,903	4,903	4,903

Source: Baker Tilly Rodway Staples

7.10.2 Court Revenue: Pathway One

Based on a review of current rates being charged in the region, a 2024/2025 court hire rate of \$45 (excl. GST) for community users and a 2024/2025 court hire rate of \$75 (excl. GST) for commercial users has been assumed, which have then been escalated for inflation.

Commercial users include trade shows, community events, private bookings, and tournaments subject to policy.

Please note that in practice, day and half day rates are applied for commercial users/events, with additional charges for hiring extra items (e.g. sound system/AV, security, additional seating, pack in/out staffing, etc).

BTSR have assumed the programme manager won't generate any additional programme revenue on top of the base court hire revenue and note this is a potential growth area for the Indoor Multipurpose Centre.

Grant/Sponsorship income of \$25,000 per annum (uninflated) was assumed to be received from Year 1 onwards. A 2% inflation rate year on year has been applied. Also note that Year 1 is only seven months as assumes the Centre opens in December 2029

Table 40. Court Revenue: Pathway One.

	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
FY	2029/2030	2030/2031	2031/2032	2032/2033	2033/2034	2034/2035	2035/2036	2036/2037	2037/2038	2038/2039
Community Use	99,509	195,748	210,756	226,285	242,351	258,970	264,149	269,432	274,821	280,317
Commercial Use	9,854	19,384	20,870	22,408	23,999	25,645	26,157	26,681	27,214	27,759
Programmes	-	-	-	-	-	-	-	-	-	-
Grant / Sponsorship Income	16,423	28,717	29,291	29,877	30,475	31,084	31,706	32,340	32,987	33,647
Total	\$125,786	\$243,849	\$260,917	\$278,570	\$296,825	\$315,699	\$322,013	\$328,453	\$335,022	\$341,722
Hourly Rate Community use	\$51	\$52	\$53	\$54	\$55	\$56	\$57	\$58	\$59	\$61

Source: Baker Tilly Rodway Staples

7.10.3 Administration Costs

The following annual administration costs benchmarked against similar 3-court facilities (note all exclude GST and are based on uninflated FY2024/2025 figures) were applied for this modelling:

Accounting, Legal and Professional fees	\$7,000	Advertising	\$6,000
Bank charges*	\$2,000	IT Support*	\$5,000
Equipment Hire	\$1,000	Health & Safety/Compliance costs	\$3,000
Minor Equipment	\$10,000	Office Expenses*	\$6,000
Telephone, Tolls & Internet*	\$3,600		

We have allowed for a contingency of 5% of revenue which equates to \$5,468 in Year 1 and \$10,757 in Year 2. We have applied a 2% inflation rate year on year.

* These costs are assumed to be lower when compared to similar facilities due to the proximity to Kiwa Pools and the ability to share resources and costs. If the Centre were to be stand-alone, we would expect these costs to be higher.

Table 41. Administration Costs: Pathway One.

	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
FY	2029/2030	2030/2031	2031/2032	2032/2033	2033/2034	2034/2035	2035/2036	2036/2037	2037/2038	2038/2039
Accounting, Legal & Professional Fees	4,598	8,041	8,202	8,366	8,533	8,704	8,878	9,055	9,236	9,421
Advertising	3,942	6,892	7,030	7,171	7,314	7,460	7,609	7,762	7,917	8,075
Bank Charges	1,314	2,297	2,343	2,390	2,438	2,487	2,536	2,587	2,639	2,692
IT Support	3,285	5,743	5,858	5,975	6,095	6,217	6,341	6,468	6,597	6,729
Equipment Hire	657	1,149	1,172	1,195	1,219	1,243	1,268	1,294	1,319	1,346
Health & Safety/Compliance	1,971	3,446	3,515	3,585	3,657	3,730	3,805	3,881	3,958	4,038
Minor Equipment	6,569	11,487	11,717	11,951	12,190	12,434	12,682	12,936	13,195	13,459
Office Expenses	3,942	6,892	7,030	7,171	7,314	7,460	7,609	7,762	7,917	8,075
Telephone, Tolls & Internet	2,365	4,135	4,218	4,302	4,388	4,476	4,566	4,657	4,750	4,845
Total	\$28,642	\$50,083	\$51,084	\$52,106	\$53,148	\$54,211	\$55,295	\$56,401	\$57,529	\$58,680

Source: Baker Tilly Rodway Staples

Note: Year 1 is only seven months as assumes the Centre opens in December 2029.

7.10.4 Occupancy Costs

We assumed the following annual costs associated with the building benchmarked against similar three court facilities (note all exclude GST and are uninflated FY2024/2025 figures):

Cleaning	\$15 per square meter**
Insurance	\$5.95 per square meter (based on Kiwa Pools)**
Light, Heat and Power	\$8.00 per square meter** (based on users mostly not using showers with tournament days the exception)
Rates	\$Nil (based on same treatment as Kiwa Pools)
Water Rates	\$2.50 per square metre (based on wastewater charge only)**
Waste Removal	\$3,000
Security	\$15,000

Repairs & Maintenance based on 0.15% of the total cost of construction. We have applied a 2% inflation rate year on year.

** Assumes a 3,681 square meter building.

7.10.5 Occupancy Costs: Pathway One

Table 42. Occupancy Costs: Pathway One.

	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
FY	2029/2030	2030/2031	2031/2032	2032/2033	2033/2034	2034/2035	2035/2036	2036/2037	2037/2038	2038/2039
Cleaning	36,272	63,425	64,693	65,987	67,307	68,653	70,026	71,426	72,855	74,312
Insurance	14,388	25,158	25,662	26,175	26,698	27,232	27,777	28,333	28,899	29,477
Light, Heat & Power	19,345	33,826	34,503	35,193	35,897	36,615	37,347	38,094	38,856	39,633
Rates	-	-	-	-	-	-	-	-	-	-
Repairs & Maintenance	18,836	32,935	33,594	34,266	34,951	35,650	36,363	37,091	37,833	38,589
Water Rates	6,045	10,571	10,782	10,998	11,218	11,442	11,671	11,904	12,143	12,385
Waste Removal	1,971	3,446	3,515	3,585	3,657	3,730	3,805	3,881	3,958	4,038
Security	9,854	17,230	17,575	17,926	18,285	18,651	19,024	19,404	19,792	20,188
Total	\$106,711	\$186,592	\$190,324	\$194,131	\$198,013	\$201,973	\$206,013	\$210,133	\$214,336	\$218,623

Source: Baker Tilly Rodway Staples

Note: Year 1 is only seven months and assumes the Centre opens in December 2029.

7.10.6 Opening Hours Comparison of Indoor Multipurpose Centre to Kiwa Pools

Table 43. Opening Hours Comparison of IMC to Kiwa Pools.

	Kiwa Pools	Indoor Court Centre (Opening hours)
School Term – Weekdays	6am to 8pm	3.30pm to 10pm
School Holidays – Weekdays	6am to 8pm	9am to 10pm
Saturday*	6am to 6pm	8am to 6pm
Sunday*	6am to 6pm	8am to 9pm

*Note that Saturday and Sunday hours are based on the Kiwa Pools' current winter opening hours. During the summer period the weekend closing time is 8.00pm.

7.10.7 Staff Costs: Pathway One

After discussions with Kiwa Pools leadership, we have determined the following staffing would be required:

Team Leader	0.5 FTE	\$85,000 per annum*
Programmer	0.5 FTE	\$80,000 per annum*
Customer Service	0.5FTE	\$65,000 per annum**

*A 5% loading to account for KiwiSaver and ACC to these positions has been applied.

**A 20% loading to account for KiwiSaver and ACC plus casual staff required when the staff member is on leave has been applied.

Annual staff general expenses of \$1,500 per annum uninflated is assumed.

A 2% inflation rate year on year is assumed.

Table 44. Staff Costs: Pathway One.

	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
FY	2029/2030	2030/2031	2031/2032	2032/2033	2033/2034	2034/2035	2035/2036	2036/2037	2037/2038	2038/2039
Salaries	82,527	144,304	147,190	150,134	153,136	156,199	159,323	162,509	165,760	169,075
Staff Expenses	985	1,723	1,757	1,793	1,828	1,865	1,902	1,940	1,979	2,019
Total	\$83,512	\$146,027	\$148,947	\$151,926	\$154,965	\$158,064	\$161,225	\$164,450	\$167,739	\$171,094

Source: Baker Tilly Rodway Staples

Note, Year 1 is only seven months as assumes the Centre opens in December 2029.

7.10.8 Expenses: Pathway One

Table 45. Expenses: Pathway One.

	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
FY	2029/2030	2030/2031	2031/2032	2032/2033	2033/2034	2034/2035	2035/2036	2036/2037	2037/2038	2038/2039
Administration costs	28,642	50,083	51,084	52,106	53,148	54,211	55,295	56,401	57,529	58,680
Occupancy Costs	106,711	186,592	190,324	194,131	198,013	201,973	206,013	210,133	214,336	218,623
People Costs	83,512	146,027	148,947	151,926	154,965	158,064	161,225	164,450	167,739	171,094
Contingency	5,468	10,757	11,581	12,435	13,318	14,231	14,515	14,806	15,102	15,404
Total Operating Expenses	\$224,333	\$393,458	\$401,937	\$410,597	\$419,444	\$428,479	\$437,049	\$445,790	\$454,706	\$463,800

Source: Baker Tilly Rodway Staples

Note, Year One is only seven months as assumes the Centre opens in December 2029.

7.10.9 Depreciation and Long-Term Maintenance

An annual long-term maintenance provision of 0.65% of the total construction cost equalling \$139,922 in Year One and inflated by 2% per annum. Note we have already provided a general maintenance cost based on 0.15% in occupancy costs, which gives a total average annual maintenance provision of 0.80% of construction cost.

We have split fit out into three separate categories i.e. fit out will be depreciated over either 5 years, 10 years or 20 years.

We have split the categories by the following percentages:

5 years 20%	\$100,000
10 years 20%	\$100,000
20 years 60%	<u>\$300,000</u>
Total	\$500,000 (uninflated)

Table 46. Depreciation and Long-Term Maintenance.

	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
FY	2029/2030	2030/2031	2031/2032	2032/2033	2033/2034	2034/2035	2035/2036	2036/2037	2037/2038	2038/2039
Long Term Maintenance	81,621	142,720	145,575	148,486	151,456	154,485	157,575	160,726	163,941	167,220
Depreciation	25,359	50,719	50,719	50,719	50,719	51,892	53,065	53,065	53,065	53,065
Total	\$106,981	\$193,439	\$196,294	\$199,205	\$202,175	\$206,377	\$210,640	\$213,791	\$217,006	\$220,285

Source: Baker Tilly Rodway Staples

Note, Year 1 is only seven months as assumes the Centre opens in December 2029.

7.10.10 Overall Summary: Pathway One

As outlined in the table below, the net deficit stabilises after six years, with an annual deficit before LTM and fit out depreciation of approximately \$110,000 to \$120,000; and with an annual deficit after LTM and fit out depreciation of approximately \$320,000 to \$340,000. Note that Year 1 is only seven months as assumes the Centre opens in December 2029.

Table 47. Overall Summary: Pathway One.

	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
FY	2029/2030	2030/2031	2031/2032	2032/2033	2033/2034	2034/2035	2035/2036	2036/2037	2037/2038	2038/2039
Community Use	99,509	195,748	210,756	226,285	242,351	258,970	264,149	269,432	274,821	280,317
Commercial Use	9,854	19,384	20,870	22,408	23,999	25,645	26,157	26,681	27,214	27,759
Programmes	-	-	-	-	-	-	-	-	-	-
Grant / Sponsorship Income	16,423	28,717	29,291	29,877	30,475	31,084	31,706	32,340	32,987	33,647
Total Revenue	\$125,786	\$243,849	\$260,917	\$278,570	\$296,825	\$315,699	\$322,013	\$328,453	\$335,022	\$341,722
Administration costs	28,642	50,083	51,084	52,106	53,148	54,211	55,295	56,401	57,529	58,680
Occupancy Costs	106,711	186,592	190,324	194,131	198,013	201,973	206,013	210,133	214,336	218,623
People Costs	83,512	146,027	148,947	151,926	154,965	158,064	161,225	164,450	167,739	171,094
Contingency	5,468	10,757	11,581	12,435	13,318	14,231	14,515	14,806	15,102	15,404
Total Costs	\$224,333	\$393,458	\$401,937	\$410,597	\$419,444	\$428,479	\$437,049	\$445,790	\$454,706	\$463,800
Surplus/(Deficit) before LTM & Depreciation	(\$98,547)	(\$149,609)	(\$141,020)	(\$132,027)	(\$122,618)	(\$112,781)	(\$115,036)	(\$117,337)	(\$119,684)	(\$122,077)
LTM	81,621	142,720	145,575	148,486	151,456	154,485	157,575	160,726	163,941	167,220
Fit Out Depreciation	25,359	50,719	50,719	50,719	50,719	51,892	53,065	53,065	53,065	53,065
Surplus/(Deficit)	(\$205,528)	(\$343,048)	(\$337,313)	(\$331,232)	(\$324,793)	(\$319,158)	(\$325,676)	(\$331,128)	(\$336,690)	(\$342,362)

Source: Baker Tilly Rodway Staples

7.10.11 Overall Summary: Pathway Two

As shown on the table below, the net deficit stabilises after six years, with an annual deficit before LTM and fit out depreciation of approximately \$115,000 to \$125,000; and with an annual deficit after LTM and fit out depreciation of approximately \$325,000 to \$350,000. Note, Year 1 is only eight months as assumes the Centre opens in November 2030.

Table 48. Overall Summary: Pathway Two.

	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
FY	2030/2031	2031/2032	2032/2033	2033/2034	2034/2035	2035/2036	2036/2037	2037/2038	2038/2039	2039/2040
Community Use	115,999	199,663	214,971	230,811	247,198	264,149	269,432	274,821	280,317	285,923
Commercial Use	11,487	19,772	21,288	22,856	24,479	26,157	26,681	27,214	27,759	28,314
Programmes	-	-	-	-	-	-	-	-	-	-
Grant / Sponsorship Income	19,145	29,291	29,877	30,475	31,084	31,706	32,340	32,987	33,647	34,320
Total Revenue	\$146,631	\$248,726	\$266,136	\$284,142	\$302,762	\$322,013	\$328,453	\$335,022	\$341,722	\$348,557
Administration costs	33,388	51,084	52,106	53,148	54,211	55,295	56,401	57,529	58,680	59,853
Occupancy Costs	124,637	190,694	194,508	198,398	202,366	206,413	210,542	214,753	219,048	223,429
People Costs	97,351	148,947	151,926	154,965	158,064	161,225	164,450	167,739	171,094	174,515
Contingency	6,374	10,972	11,813	12,683	13,584	14,515	14,806	15,102	15,404	15,712
Total Costs	\$261,751	\$401,697	\$410,353	\$419,194	\$428,225	\$437,449	\$446,198	\$455,122	\$464,225	\$473,509
Surplus/(Deficit) before LTM & Depreciation	(\$115,120)	(\$152,971)	(\$144,217)	(\$135,053)	(\$125,464)	(\$115,437)	(\$117,746)	(\$120,101)	(\$122,503)	(\$124,953)
LTM	96,195	147,178	150,122	153,124	156,187	159,311	162,497	165,747	169,062	172,443
Fit Out Depreciation	25,359	50,719	50,719	50,719	50,719	51,892	53,065	53,065	53,065	53,065
Surplus/(Deficit)	(\$236,674)	(\$350,868)	(\$345,058)	(\$338,896)	(\$332,369)	(\$326,639)	(\$333,307)	(\$338,912)	(\$344,629)	(\$350,460)

Source: Baker Tilly Rodway Staples.

7.11 Capital Expenditure

7.11.1 Capital Expenditure: Pathway One

The overall project cost (including escalation) based on Pathway One has been estimated at \$22.09 million as per the preliminary capital cost estimate report from Rawlinsons based on a build commencement of May 2028. This estimate assumes a 3,612 square meter building and any separate civil defence and opening wall costs are not included in the total below. Additional funding would be required for these to be addressed.

Table 49. Capital Expenditure: Pathway One.

	\$
Construction Cost	12,496,600
Carparking & Landscaping	1,948,048
Cultural Design	750,000
FF&E Allowance	500,000
Professional Fees	941,679
Design & Consent	1,181,180
Contingency	1,781,751
Escalation	2,490,134
Rounding	609
Total	\$22,090,000

Source: Rawlinsons

Below is a summary of the capital expenditure to be incurred in each financial year assuming a start on site in May 2028. Construction costs have been spread over the development period using a cashflow provided by Rawlinsons and assumes an opening date of 1 December 2029.

Table 50. Timing of Capital Expenditure: Pathway One (By Financial Year)

	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	Total
Design & Consent	233,492	735,109	116,747	284,469	-	-	\$1,369,817
Construction Cost	-	-	-	-	17,323,742	2,832,899	\$20,156,641
Fitout	-	-	-	-	-	563,542	\$563,542
Total	\$233,492	\$735,109	\$116,747	\$284,469	\$17,323,742	\$3,396,441	\$22,090,000

7.11.2 Capital Expenditure: Pathway Two

The overall construction cost estimate (including escalation) of the Tairawhiti Indoor Multipurpose Centre based on a build commencement of May 2029 based on Pathway Two is \$22.78 million development. This estimate assumed a 3,612 square meter building and any separate civil defence and northern opening wall costs are not included in the total below. Additional funding would be required for these to be addressed.

Table 51. Capital Expenditure: Pathway Two.

	\$
Construction Cost	12,496,600
Carparking & Landscaping	1,948,048
Cultural Design	750,000
FF&E Allowance	500,000
Professional Fees	941,679
Design & Consent	1,181,180
Contingency	1,781,751
Escalation	3,175,579
Rounding	5,163
Total	\$22,780,000

Source: Baker Tilly Staples Rodway

Below is a summary of the capital expenditure to be incurred in each financial year if the project has a start on site in May 2029. The construction costs have been spread over the development period using a cashflow provided by Rawlinsons and assumes an opening date of 1 November 2030.

Table 52. Timing of Capital Expenditure: Pathway Two (By Financial Year)

	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031	Total
Design & Consent	240,738	757,919	60,185	60,186	293,294	-	-	\$1,412,322
Construction Cost	-	-	-	-	-	17,865,844	2,938,292	\$20,804,136
Fitout	-	-	-	-	-	-	563,542	\$563,542
Total	\$240,738	\$757,919	\$60,185	\$60,186	\$293,294	\$17,865,844	\$3,501,834	\$22,780,000

Source: Baker Tilly Staples Rodway

7.12 Funding and Cost to Council

7.12.1 Pre-Opening Costs: Pathway One

To ensure that the Centre opens ready to operate the key staff members will need to be recruited in the year before opening and other costs will be incurred to ensure the Centre is ready to meet the Y1 demand for use. We have identified the following pre-opening costs:

- 0.5 FTE Team Leader to be recruited 12 months in advance of opening.
- 0.5 FTE Programme Manager to be recruited 3 months in advance of opening.
- 0.5 FTE Customer Service to be recruited 2 months in advance of opening.
- Recruitment costs will equal 15% of the employee's annual salary.
- Other operating costs totaling approximately \$60k.

Table 53. Pre-Opening Costs: Pathway One.

	Y0	Y1
FY	2028/2029	2029/2030
Salary Cost	28,741	34,429
Recruitment Cost	7,390	13,683
Other Set Up Costs	24,000	36,000
Total Pre-Opening Costs	\$60,131	\$84,112

Source: Baker Tilly Staples Rodway.

7.12.2 Indicative Funding Profile

The table below summarises the potential maximum level of funding that may be achieved, under pathway one where the capital cost is \$22.09m, with the funding profile outlined below potentially providing leeway of \$0.75m compared to targeted funding not being achieved.

Note: that any separate civil defence and northern opening wall costs are not included in the current capital cost estimates and additional funding would be required for these to be addressed.

Table 54. Indicative Funding Profile.

Funder	\$
Gisborne District Council	8,500,000
Regional and Local Funders	9,000,000
Lottery Community Facilities Fund	750,000
Lottery Significant Projects Fund*	3,000,000
Other Philanthropic support	600,000
Corporate, other funders and local support	1,000,000
Total	\$22,850,000

Source: Baker Tilly Staples Rodway.

*Note: this assumes that the Lottery Significant Projects Fund is reintroduced, which it may not be.

7.12.3 Council Funding – Loan: Pathway One

The assumption was made that the \$8.5m funding from Council will be a 50-year loan where Council funds both the annual interest and principal repayments. Also, that the first principal repayment will be made in Year 1 once the facility is operational i.e., the loan will be interest only up until that point. Assuming an interest rate of 5% the annual principal and interest payments would be as follows:

Table 55. Council Funding – Loan: Pathway One.

	Y-4	Y-3	Y-2	Y-1	Y0	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
FY	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031	2031/2032	2032/2033	2033/2034	2034/2035	2035/2036	2036/2037	2037/2038	2038/2039
Interest	11,675	48,430	54,267	68,491	425,000	422,970	420,838	418,600	416,250	413,782	411,191	408,471	405,614	402,615	399,465
Principal	-	-	-	-	40,602	42,632	44,764	47,002	49,352	51,820	54,411	57,131	59,988	62,987	66,137
Total	\$11,675	\$48,430	\$54,267	\$68,491	\$465,602	\$465,602	\$465,602	\$465,602	\$465,602	\$465,602	\$465,602	\$465,602	\$465,602	\$465,602	\$465,602

Source: Baker Tilly Staples Rodway.

7.12.4 Cashflow: Pathway One

The next table shows that from Year One through to Year 10 the average annual cost to Council is approximately \$793,706. From Year 4 - 10 the cumulative cost to Council would be around \$8,645,659.

Table 56. Cashflow: Pathway One.

	Y-4	Y-3	Y-2	Y-1	Y0	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
FY	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031	2031/2032	2032/2033	2033/2034	2034/2035	2035/2036	2036/2037	2037/2038	2038/2039
Design & Consent	(233,492)	(735,109)	(116,747)	(284,469)	-	-	-	-	-	-	-	-	-	-	-
Construction	-	-	-	-	(17,323,742)	(2,832,899)	-	-	-	-	-	-	-	-	-
Fitout	-	-	-	-	-	(563,542)	-	-	-	-	-	-	-	-	-
GDC Loan Drawdown	233,492	735,109	116,747	284,469	7,130,183	-	-	-	-	-	-	-	-	-	-
Other External Funding	-	-	-	-	10,193,559	4,156,441	-	-	-	-	-	-	-	-	-
Net Loan Servicing Costs (Interest & Principal)	(11,675)	(48,430)	(54,267)	(68,491)	(465,602)	(465,602)	(465,602)	(465,602)	(465,602)	(465,602)	(465,602)	(465,602)	(465,602)	(465,602)	(465,602)
Net Operating Deficit	-	-	-	-	(60,131)	(289,640)	(343,048)	(337,313)	(331,232)	(324,793)	(319,158)	(325,676)	(331,128)	(336,690)	(342,362)
Net Cashflow	(\$11,675)	(\$48,430)	(\$54,267)	(\$68,491)	(\$525,733)	\$4,758	(\$808,650)	(\$802,915)	(\$796,834)	(\$790,396)	(\$784,760)	(\$791,278)	(\$796,731)	(\$802,292)	(\$807,964)
Cost to Council	(\$11,675)	(\$48,430)	(\$54,267)	(\$68,491)	(\$525,733)	(\$755,242)	(\$808,650)	(\$802,915)	(\$796,834)	(\$790,396)	(\$784,760)	(\$791,278)	(\$796,731)	(\$802,292)	(\$807,964)

Source: Baker Tilly Staples Rodway.

7.12.5 Council Funding – Loan if Funding Target Not Met: Pathway One

BTSR assumed an additional \$1m funding from council taking the total to \$9.5m and that the funding will be a 50 year loan where Council funds both the annual interest and principal repayments, and the first principal repayment will be made in Year 1 once the centre is operational i.e., the loan will be interest only up until that point.

Under this scenario the principal and interest repayments will be an additional \$54,777 per annum when compared to the original funding scenario.

Assuming an interest rate of 5% the annual principal and interest payments would be as follows:

Table 57. Council Funding – Loan if Funding Target Not Met: Pathway One.

	Y-4	Y-3	Y-2	Y-1	Y0	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
FY	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031	2031/2032	2032/2033	2033/2034	2034/2035	2035/2036	2036/2037	2037/2038	2038/2039
Interest	11,675	48,430	54,267	68,491	475,000	472,731	470,349	467,847	465,221	462,463	459,567	456,526	453,334	449,981	446,461
Principal	-	-	-	-	45,379	47,648	50,030	52,532	55,158	57,916	60,812	63,853	67,045	70,398	73,918
Total	\$11,675	\$48,430	\$54,267	\$68,491	\$520,379	\$520,379	\$520,379	\$520,379	\$520,379	\$520,379	\$520,379	\$520,379	\$520,379	\$520,379	\$520,379

Source: Baker Tilly Staples Rodway

7.12.6 Cashflow: Council Funds \$9.5m Pathway One

As shown in the table below, from Year 1 - 10 the average annual cost to Council is approximately \$848,483. From Year Four through to Year 10 the cumulative cost to Council would be approximately \$9,248,203.

Table 58. Cashflow: Council Funds \$9.5m Pathway One.

	Y-4	Y-3	Y-2	Y-1	Y0	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
FY	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031	2031/2032	2032/2033	2033/2034	2034/2035	2035/2036	2036/2037	2037/2038	2038/2039
Design & Consent	(233,492)	(735,109)	(116,747)	(284,469)	-	-	-	-	-	-	-	-	-	-	-
Construction	-	-	-	-	(17,323,742)	(2,832,899)	-	-	-	-	-	-	-	-	-
Fitout	-	-	-	-	-	(563,542)	-	-	-	-	-	-	-	-	-
GDC Loan Drawdown	233,492	735,109	116,747	284,469	8,130,183	-	-	-	-	-	-	-	-	-	-
Other External Funding	-	-	-	-	9,193,559	4,156,441	-	-	-	-	-	-	-	-	-
Net Loan Servicing Costs (Interest & Principal)	(11,675)	(48,430)	(54,267)	(68,491)	(520,379)	(520,379)	(520,379)	(520,379)	(520,379)	(520,379)	(520,379)	(520,379)	(520,379)	(520,379)	(520,379)
Net Operating Deficit	-	-	-	-	(60,131)	(289,640)	(343,048)	(337,313)	(331,232)	(324,793)	(319,158)	(325,676)	(331,128)	(336,690)	(342,362)
Net Cashflow	(\$11,675)	(\$48,430)	(\$54,267)	(\$68,491)	(\$580,510)	(\$50,019)	(\$863,427)	(\$857,692)	(\$851,611)	(\$845,172)	(\$839,537)	(\$846,055)	(\$851,507)	(\$857,069)	(\$862,741)
Cost to Council	(\$11,675)	(\$48,430)	(\$54,267)	(\$68,491)	(\$580,510)	(\$810,019)	(\$863,427)	(\$857,692)	(\$851,611)	(\$845,172)	(\$839,537)	(\$846,055)	(\$851,507)	(\$857,069)	(\$862,741)

Source: Baker Tilly Staples Rodway

7.12.7 Additional Capital Considerations

BTSR have considered the impact on both the overall capital cost and additional funding requirements if Council decides to include roof access for civil defence, the northern opening wall, a covered Kiwa Pool walkway and ground contamination work as part of the IMC project.

Table 59. Additional Capital Considerations.

	Capital Cost	Realistic Funding Source	Level of Council Funding
Base Cost Pathway One	22,090,000	Council	8,500,000
Additional Costs:			
Northern Opening Wall	644,000	Council	644,000
Kiwa Pool Walkway	301,000	Council	301,000
Ground Contamination*	500,000	Council	500,000
Roof Access for Civil Defense	1,690,000	Emergency Management Strategic Improvement Programme (MSIP) Resilience Fund or similar	
Total	\$25,225,000		\$9,945,000
Base Cost Pathway Two	\$22,780,000		690,000**
			\$10,635,000

Source: Baker Tilly Staples Rodway

7.12.8 Council Funding: \$10.5m Debt Funding

Under this scenario the principal and interest repayments will be an additional \$109,553 per annum when compared to the original funding scenario. We have assumed an additional \$2m funding from Council taking the total to \$10.5m. The funding will be a 50-year loan where council funds both the annual interest and principal repayments.

BTSR assumed the first principal repayment will be made in Year One once the center is operational i.e., the loan will be interest only up until that point.

Assuming an interest rate of 5% the annual principal and interest payments would be as follows:

Table 60. Council Funding: \$10.5m Debt Funding.

	Y-4	Y-3	Y-2	Y-1	Y0	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
FY	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031	2031/2032	2032/2033	2033/2034	2034/2035	2035/2036	2036/2037	2037/2038	2038/2039
Interest	11,675	48,430	54,267	68,491	525,000	522,492	519,859	517,094	514,191	511,143	507,942	504,582	501,053	497,348	493,457
Principal	-	-	-	-	50,156	52,664	55,297	58,062	60,965	64,013	67,213	70,574	74,103	77,808	81,698
Total	\$11,675	\$48,430	\$54,267	\$68,491	\$575,156	\$575,156	\$575,156	\$575,156	\$575,156	\$575,156	\$575,156	\$575,156	\$575,156	\$575,156	\$575,156

Source: Baker Tilly Staples Rodway

7.12.9 Cashflow: Council Funds \$10.5m Pathway One

From Year 1 - 10 the average annual cost to council is approximately \$903,260. From Year 4 through to Year 10 the cumulative cost to Council would be \$9,850,747.

Table 61. Cashflow: Council Funds \$10.5m Pathway One.

	Y-4	Y-3	Y-2	Y-1	Y0	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
FY	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031	2031/2032	2032/2033	2033/2034	2034/2035	2035/2036	2036/2037	2037/2038	2038/2039
Design & Consent	(233,492)	(735,109)	(116,747)	(284,469)	-	-	-	-	-	-	-	-	-	-	-
Construction	-	-	-	-	(17,323,742)	(2,832,899)	-	-	-	-	-	-	-	-	-
Fitout	-	-	-	-	-	(563,542)	-	-	-	-	-	-	-	-	-
Additional Costs	-	-	-	-	-	(1,445,000)	-	-	-	-	-	-	-	-	-
GDC Loan Drawdown	233,492	735,109	116,747	284,469	9,130,183	-	-	-	-	-	-	-	-	-	-
Other External Funding	-	-	-	-	8,193,559	5,156,441	-	-	-	-	-	-	-	-	-
Net Loan Servicing Costs (Interest & Principal)	(11,675)	(48,430)	(54,267)	(68,491)	(575,156)	(575,156)	(575,156)	(575,156)	(575,156)	(575,156)	(575,156)	(575,156)	(575,156)	(575,156)	(575,156)
Net Operating Deficit	-	-	-	-	(60,131)	(289,640)	(343,048)	(337,313)	(331,232)	(324,793)	(319,158)	(325,676)	(331,128)	(336,690)	(342,362)
Net Cashflow	(\$11,675)	(\$48,430)	(\$54,267)	(\$68,491)	(\$635,287)	(\$549,796)	(\$918,204)	(\$912,469)	(\$906,388)	(\$899,949)	(\$894,313)	(\$900,832)	(\$906,284)	(\$911,845)	(\$917,518)
Cost to Council	(\$11,675)	(\$48,430)	(\$54,267)	(\$68,491)	(\$635,287)	(\$864,796)	(\$918,204)	(\$912,469)	(\$906,388)	(\$899,949)	(\$894,313)	(\$900,832)	(\$906,284)	(\$911,845)	(\$917,518)

Source: Baker Tilly Staples Rodway

7.12.10 Cashflow: Scenario C Pathway One

From Year 1 through to 10 the average annual cost to Council is approximately \$769,108. From Year 4 to 10 the cumulative cost to Council would be \$8,399,680.

Table 62. Cashflow: Scenario C Pathway One.

	Y-4	Y-3	Y-2	Y-1	Y0	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
FY	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031	2031/2032	2032/2033	2033/2034	2034/2035	2035/2036	2036/2037	2037/2038	2038/2039
Design & Consent	(233,492)	(735,109)	(116,747)	(284,469)	-	-	-	-	-	-	-	-	-	-	-
Construction	-	-	-	-	(17,323,742)	(2,832,899)	-	-	-	-	-	-	-	-	-
Fitout	-	-	-	-	-	(563,542)	-	-	-	-	-	-	-	-	-
GDC Loan Drawdown	233,492	735,109	116,747	284,469	7,130,183	-	-	-	-	-	-	-	-	-	-
Other External Funding	-	-	-	-	10,193,559	4,156,441	-	-	-	-	-	-	-	-	-
Net Loan Servicing Costs (Interest & Principal)	(11,675)	(48,430)	(54,267)	(68,491)	(465,602)	(465,602)	(465,602)	(465,602)	(465,602)	(465,602)	(465,602)	(465,602)	(465,602)	(465,602)	(465,602)
Net Operating Deficit	-	-	-	-	(60,131)	(226,854)	(233,263)	(225,333)	(217,012)	(208,289)	(200,323)	(204,465)	(504,145)	(506,492)	(508,886)
Net Cashflow	(\$11,675)	(\$48,430)	(\$54,267)	(\$68,491)	(\$525,733)	\$67,543	(\$698,865)	(\$690,935)	(\$682,614)	(\$673,891)	(\$665,925)	(\$670,067)	(\$969,748)	(\$972,094)	(\$974,488)
Cost to Council	(\$11,675)	(\$48,430)	(\$54,267)	(\$68,491)	(\$525,733)	(\$692,457)	(\$698,865)	(\$690,935)	(\$682,614)	(\$673,891)	(\$665,925)	(\$670,067)	(\$969,748)	(\$972,094)	(\$974,488)

Source: Baker Tilly Staples Rodway

7.12.11 Comparison Cost to Council: Base vs Scenarios B & C for Pathway One

This section considers the comparison cost to Council for the various scenarios and pathways identified for the project.

The average cost to Council Year One to Year 10:

- Base \$793,706
- Scenario B \$724,444
- Scenario C \$769,108

The cumulative cost to Council Year Four to Year 10:

- Base \$8,645,659
- Scenario B \$7,953,033
- Scenario C \$8,399,680

Table 63. Comparison Cost to Council: Base vs Scenarios B & C for Pathway One.

	Y-4	Y-3	Y-2	Y-1	Y0	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
FY	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031	2031/2032	2032/2033	2033/2034	2034/2035	2035/2036	2036/2037	2037/2038	2038/2039
Base	(\$11,675)	(\$48,430)	(\$54,267)	(\$68,491)	(\$525,733)	(\$755,242)	(\$808,650)	(\$802,915)	(\$796,834)	(\$790,396)	(\$784,760)	(\$791,278)	(\$796,731)	(\$802,292)	(\$807,964)
Scenario B	(\$11,675)	(\$48,430)	(\$54,267)	(\$68,491)	(\$525,733)	(\$692,457)	(\$698,865)	(\$690,935)	(\$682,614)	(\$673,891)	(\$665,925)	(\$670,067)	(\$817,217)	(\$823,188)	(\$829,278)
Variance to Base	-	-	-	-	-	\$62,786	\$109,785	\$111,981	\$114,220	\$116,505	\$118,835	\$121,211	(\$20,486)	(\$20,896)	(\$21,314)
Scenario C	(\$11,675)	(\$48,430)	(\$54,267)	(\$68,491)	(\$525,733)	(\$692,457)	(\$698,865)	(\$690,935)	(\$682,614)	(\$673,891)	(\$665,925)	(\$670,067)	(\$969,748)	(\$972,094)	(\$974,488)
Variance to Base	-	-	-	-	-	\$62,786	\$109,785	\$111,981	\$114,220	\$116,505	\$118,835	\$121,211	(\$173,017)	(\$169,803)	(\$166,524)

Source: Baker Tilly Staples Rodway

Note, if this cumulative cost was applied over 20 years, then Scenario C would be considerably higher.

7.13 Financial Case: Summary

The Financial Case sets out the overall cost and affordability of developing a regional-scale Indoor Multipurpose Centre in Tairāwhiti with financial modelling based at this time on Council owning the facility and being operated by the Kiwa staff team.

The project is significant in scale and cost and a mixed-funding model will be required, with most of the funding coming from Council borrowing, national, and local community funders.

Table 64. Financial Case: Summary.

Total cost:	\$22.09m (excluding GST) for core facility (assuming Q2 2028 start). The construction cost estimate for the core facility increases to \$22.78 million if construction is deferred to Q2 2029.
Other features	Additional \$1.69m (excluding GST) for vertical evacuation (stairwell & flat rooftop). Additional \$644k (excluding GST) for opening wall. Additional \$301k (excluding GST) for walkway to/from Kiwa Pools reception.
Expected Council capital contribution required	An additional \$6.0m (excluding GST) plus \$1m contingency, i.e. In total \$8.5 million capital funding and potentially \$9.5 million to achieve the core facility cost.
External funding sources	Crown, national/local funders, strategic partnerships, sponsorship.
Affordability measures	Operational efficiencies from co-location benefits, scale appropriate and prudent to needs, and on Council land.

The Indoor Multipurpose Centre is forecast to make an operating loss of approximately \$320k to \$330 per annum (\$120k to \$130k pre-Long Term Maintenance provision and fitout depreciation).

Based on total Council loan funding of \$8.5 million at a 5% interest rate, the average annual net cost to Council in the first ten years, based on a May 2028 build start, is about \$794k. Please note, this figure assumes an annual Long Term Maintenance provision of about \$150k is set aside from the outset, so there is the option to defer from when this LTM reserve is set aside to help make more affordable in the earlier years.

MANAGEMENT CASE

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8. THE MANAGEMENT CASE

8.1 Introduction

The Management Case sets out the frameworks and processes which would be implemented to ensure the project has the required direction, management, control, and communication to make it a success.

It considers the following work areas:

- Project governance,
- Project management,
- Project delivery,
- Procurement model,
- Stakeholder engagement and communications,
- Benefits management,
- Risks management.

8.2 Project Governance

Strong and committed governance is critical to this project's success, and the Governance Group's purpose is to ensure the best possible result in delivering the Tairāwhiti Indoor Multipurpose Centre project. 'Best possible' is defined as delivering the stated benefits in a cost-effective and timely way, and requires a clearly defined programme scope, timeline, budget, planning outputs, delivery, and closure.

8.2.1 Current Governance Group Membership

The current Steering Group has a membership from the following organisations:

- Gisborne District Council, Director Liveable Communities
- Rongowhakaata Iwi Trust, governance representative
- Whiti Ora Tairāwhiti, Board Chair
- Gisborne District Council, Councillor

It is recommended that the current governance group adapt into the Project Steering Group. This future Steering Group should comply with Council's Governance Project Management Framework and in determining the final membership it is also important there are the overall required governance skill sets for a project of this nature, including active support for the potential required partnership and funding solution process.

8.2.2 Current Project Management Team

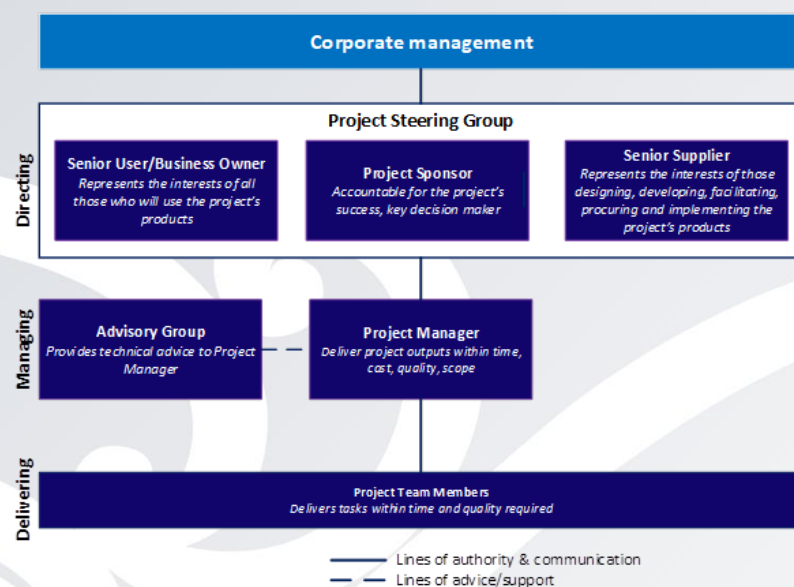
The current project management team comprises a project director with specialist stadia feasibility and funding knowledge and experience, a project lead, and a Council team member from Liveable Communities, with contributions from other Council staff on operational matters related to Kiwa Pools and operational costs and modelling.

Specialist input has been outsourced for capital cost estimate calculation, financial modelling, and programme timeline planning and would continue to be utilised as needed.

8.3 Project Management

The project management would align with Council's Project Governance Framework (2024) as shown below:

Figure 31. Gisborne District Council Project Management Framework.



8.3.1 Key Roles and Responsibilities

As outlined in Council's Project Governance Framework, the Council project management structure has four levels, three of which represent the project management team and the fourth which sits outside and above the project.

8.3.2 Corporate Management: Portfolio Governance Group (PGG)

This level sits outside the project management team but will be responsible for commissioning the project, including identifying the Project Sponsor and making some phase gate decisions (Initiation and Planning for full projects).

8.3.3 Overall Project Direction and Management

The Project Steering Group (PSG) is responsible for the overall direction and management of the project within the constraints set out by the corporate management and comprises the sponsor, senior user/business owner and senior supplier. The sponsor is the ultimate decision maker but takes advice from the Steering Group to inform decisions.

The Steering Group is accountable for the success of the project. As part of the directing the project, the Steering Group will:

- Approve or recommend approval for all major plans and resources.
- Authorise any deviation that exceeds or is forecast to exceed phase tolerances.
- Approve or recommend the completion of each phase and authorise the start of the next phase.
- Communicate with other stakeholders.

8.3.4 Project Management

The Project Manager is responsible for the day-to-day management of the project within the constraints set out by the PSG. The Project Manager's prime responsibility is to ensure that the project produces the required outputs in accordance with time, cost, quality, scope, risk and benefit performance goals.

However, for a project of this nature where substantive partnership and funding solutions are likely to be required a revised overall Project Director role may be required who is also responsible for leading the structural, capital funding, and operational solutions, project development and delivery, and the stakeholder communications management process.

Subject to Council's future directions for this project suggest that this future project leadership and management structure, required roles, and skill sets are reviewed.

8.3.5 Project Delivery

While the Project Manager is responsible for the day-to-day management of the project, team members are responsible for delivering the project's outputs to an appropriate quality within specific timescale and cost.

This would include a Quantity Surveyor (QS) reporting to the project manager and is responsible for cost control, Design Team members who would review and provide input into and approval of the various design stages and oversee design outcomes, and the chosen building contractor responsible for building the Indoor Multipurpose Centre in alignment with the agreed design and specifications.

8.4 Procurement Process

An overview of the recommended procurement approach and indicative timeframes is provided in the tables below.

It should be noted that a more detailed procurement strategy will be developed once this business case is approved.

Table 65. Pathway One - Indicative Procurement Timeframes.

Activity	Start	Duration
Contractor's trade pricing	Dec 2027	30 days
GDC approval process	Feb 2027	15 days
Contract agreement	Mar 2027	30 days
Construction start approval	Apr 2027	20 days

Table 66. Pathway Two - Indicative Procurement Timeframes.

Activity	Start	Duration
Contractor's trade pricing	Mar 2026	25 days
GDC approval process	Apr 2026	10 days
Contract agreement	Apr 2026	15 days
Construction start approval	Jul 2026	20 days

8.5 Indicative Project Timeline

Identifying the material nature of securing the funding needed for this significant project, two potential pathways have been developed which outline two potential timelines for the Indoor Multipurpose Centre project:

8.5.1 Indicative Programme Timeline I Pathway One.

This programme assumes that Council approves the Indoor Multipurpose Centre project to proceed in April 2025 and the appointment of the interim project management team takes effect from late April 2025, with a view to managing the project through to the end of the resource consent process - for which one year has been budgeted.

The project funding process comprises several key dates, and the program timeline incorporates key funding application close and announcement dates for Lottery Community Facilities Funding and Lottery Significant Projects Fund (subject to confirmation of reopening).

On Pathway One building consenting is estimated start by December 2027 with building consent approval by late February 2028. The procurement process is estimated to take around three months from December 2027.

The estimated construction of the building in Pathway One is for a duration of 390 days from May 2028 with an opening date of August 2029.

Employment of staff would commence from November 2028 with the Centre Team Leader, followed with the Programme Manager in August 2029 and then Customer Experience Leader in September 2029 and a November 2029 opening of the Indoor Multipurpose Centre.

For more detailed information on the Pathway 1 programme timeline refer to Appendix 9.

8.5.2 Indicative Programme Timeline I Pathway Two.

Pathway Two also assumes that Council approval is obtained in April 2025. The key difference with this pathway is that it illustrates the impact of a scenario in which the external funding is not able to be fully achieved and requires a re-approach to Council for additional funding or revised scoping of the project.

In Pathway Two, the interim project management team is also appointed in April 2025 with responsibility for managing the project through to the end of the resources consent process, which is expected to take around 12 months with a target date of April 2026.

The task of raising the level of capital required for the Indoor Multipurpose Centre in the currently challenging economic environment is recognized. Around 18 months has been allowed for the project funding stage and is determined by funding application opening dates, announcement dates, and in the case of Lottery Significant Projects Fund subject to confirmation of it being re-opened.

Contingent of full funding requirements being fulfilled, the second phase of the project could start with the appointment of the project manager and mobilization of the project by July 2028 and the procurement of the design and build contractor taking place by August 2028 with detailed design sign-off in December 2028 and consent approval received by February 2029.

In Pathway Two, construction is planned to start in May 2029 with completion in June 2030 with an October 2030 opening date.

For more detailed information on the Pathway Two programme timeline refer to Appendix 10.

8.6 Benefits Management

Processes will be developed to enable effective monitoring and measurement of the key benefits identified for the Indoor Multipurpose Centre. The following table outlines the key expected benefits of having an Indoor Multipurpose Centre in Tairāwhiti and suggested performance indicators:

Table 67. Key Performance Indicators for Benefits Management.

Expected Benefit	Key Performance Indicator
Increased participation in sports and physical activity due to greater availability of indoor courts to meet demand.	<ul style="list-style-type: none"> The number of indoor court utilisation hours increase from baseline over first three years. Clubs and organisations satisfaction survey results indicate 90% of respondents value the new facility. Clubs and organisations report increased membership due to increased indoor court hours available.
The projected social return on investment (SROI) in the Indoor Multipurpose Centre.	<ul style="list-style-type: none"> The SROI meets or exceeds the projected return for every \$1 invested in the Indoor Multipurpose Centre. 90% of individual users report a wellbeing benefit from using the Indoor Multipurpose Centre. Individual users report being more active because of the Indoor Multipurpose Centre
Strengthening Tairāwhiti's relative perception as a good place to work, live, and play.	<ul style="list-style-type: none"> 75% of residents perceive the Indoor Multipurpose Centre has improved Tairāwhiti as a place to live, work, and play.
Economic benefit from more visitors travelling to and staying in-region for sports tournaments, competitions, and events.	<ul style="list-style-type: none"> The no. of visitor nights directly attributable to hosting events in-region at the Indoor Multipurpose Centre has increased. Event organisers indicate increase in no. of out-of-region visitors travelling to Tairāwhiti specifically for their event.
Reduced travel costs for out-of-region travel	<ul style="list-style-type: none"> Local players and families report reduced time and travel costs incurred due to more events being hosted in-region at the Indoor Multipurpose Centre.
Better resilience from weather impacting tournaments and competitions, e.g. netball.	<ul style="list-style-type: none"> No. of events which would have been negatively impacted because of poor weather able to proceed due to indoor facilities.
Providing capacity to host regional events in-region.	<ul style="list-style-type: none"> The no. of regional events hosted at the Indoor Multipurpose Centre each year.
Increased risk resilience within the Awapuni area through the inclusion of vertical evacuation towers and a flat rooftop.	<ul style="list-style-type: none"> Structure built with vertical evacuation and flat rooftop/

8.7 Risk Management

This section outlines the key risks currently identified with the implementation of the Indoor Multipurpose Centre in Tairāwhiti.

The risk management process for this project would follow Council's best practice guidelines and would follow the approach outlined below:

- Risk Management Planning.
- Risk Identification.
- Risk Assessment.
- Risk Handling.
- Risk Management and Impact Controls.
- Risk Reporting and Tracking.

The following risk assessment matrix was developed for this project:

Table 68. Risk Categorization Matrix.

Likelihood		Consequence/Impact		Overall Risk Level	
Probable	5	Catastrophic	5	High	12 and above
Likely	4	Major	4	Medium	7 to 11
Possible	3	Moderate	3	Low	6 and below
Unlikely	2	Minor	2		
Rare	1	Insignificant	1		

The key project risks for this phase of the project were identified by the project working group and steering group and from input from key stakeholders and are outlined in the table below and a commentary provided alongside each. It

is noted that additional risks will emerge and require assessment and management as the project proceeds.

Table 69. Indoor Multipurpose Centre Project Key Risk Assessment Matrix.

#	Key Risk	Commentary	Likelihood	Impact	Score
1.	Insufficient direct funding contribution by GDC to enable likelihood of funding success for a three-court facility.	Essential to have early confirmation of sufficient GDC direct funding contribution for project confidence and also without cannot progress external funding discussions, with consequent project delay and increased cost implications.	3	5	15
2.	Insufficient external funding achieved for project to proceed.	For a \$22 million project the external funding levels are challenging and to achieve will require substantive support from external funders and the re-emergence of Lottery Significant Projects Fund (or alternate Government funding), otherwise will realistically require a higher level of GDC contribution to be able to achieve a 3-court facility. Also, as part of the potential funding solution need to further consider the ownership and operating model.	4	5	20
3.	Ensuring optimisation of net operating cost to Council	Financial modelling shows optimal net operating cost by being able to achieve some integrated facility management and operating cost efficiencies with Kiwa Pools. Also need to ensure realistic expectations regarding future operating grant/ sponsorship revenue. Also see item below.	3	4	12
4.	Given the challenges of risks 1 to 3, that the overall cost to Council is affordable given GDC's wider funding pressures.	If capital and operating funding pressures for GDC are too high, and/or to reduce the project funding risk, to further consider the ownership and operating model and potentially to also consider how to achieve the wider optimisation of the current GDC sport and recreation net facility spend and in particular for Kiwa Pools.	3	4	12
5.	Planning and infrastructure requirements on site do not detract from precinct functionality and/or are costly to resolve.	Includes designing facility placement to accommodate cultural concerns re existing sewer pipe, and through smart solutions can then practically address access control, parking, and stormwater detention without negatively impacting on the overall precinct functionality.	3	3	9

#	Key Risk	Commentary	Likelihood	Impact	Score
6.	Delayed support by GDC for the project design and funding work to proceed i.e., some external funders will require a confirmed resource consent within a certain timeframe. Also, further time risk of a limited notified and fully notified consent.	To best position for funding outcomes, need to proceed with concept and preliminary design within the first eight months of the 2025/26 financial year, which requires governance comfort and SLT approval to proceed to this next stage of project development.	3	4	12
7.	Lack of mana whenua support for preferred site.	Rongowhakaata engaged as key partner through the project, and a clear desire from both Council and RIT to work in partnership as the project progresses, especially given the significance and history of the site.	3	4	12
8.	Capital cost exceeds target budget level.	Fundamental to the current capital cost estimate is construction by a design-build approach and containment of the total m2 by provision of essential amenity and service requirements only, plus some spatial efficiencies by co-locating with Kiwa Pools.	4	3	12

8.8 Stakeholder Engagement

The Project Steering Group prioritized the importance of stakeholder engagement from the inception of this project. This included project updates being sent to local iwi and an invitation to join the governance group for this regional project. Community consultation was extensive through the feasibility study phase and a high level of engagement was achieved with 426 survey responses received from individuals and 13 surveys completed by local clubs and organisations, as well as many phone interviews and discussions and participation at the community consultation hui.

8.8.1 Key Stakeholders

As outlined in the Communication Plan for this project, the key stakeholders identified are:

Table 70. Key Stakeholders and Engagement Matrix.

Group	Stakeholders	Influence Level	Support Level Needed	Level of Engagement
Central Government (on assumption that funding sought)	Local MPs	Medium	Medium	As required
	Minister for Sport and Recreation	High	High	High involvement
	Minister for Regional Development	High	High	High involvement
	Minister of Finance	High	High	As required
	Minister for Infrastructure	High	High	As required
	Sport NZ	High	High	As required

Group	Stakeholders	Influence Level	Support Level Needed	Level of Engagement
Local Government	Mayor	High	High	As required
	Councillors	High	High	As required
	Chief Executive	High	High	As required
	Chief Financial Officer	High	High	As required
	Director of Liveable Communities	High	High	Extensive involvement
	Director of Community Lifelines	High	High	Extensive involvement
	Kiwa Pools Manager	Medium	High	High involvement
Local iwi Representatives / Mana Whenua	Rongowhakaata iwi Trust and nominated representatives	High	High	High involvement
Strategic Partners	Trust Tairāwhiti	High	High	As required
	Whiti Ora Tairāwhiti	Medium	High	High involvement
	National Funders	High	High	As required
	Local Funders	High	High	As required
Sports	Regional Sports Organisations (RSOs)	Medium	High	As required
	Community Sports Groups	Medium	High	As required
Local Businesses	Contractors	Medium	Medium	As required
Schools	Principals	Medium	Medium	As required
	Sports Coordinators	Medium	Medium	As required
Community	Residents	Medium	High	Keep informed and address concerns

8.9 Project Assurance

In addition to the current project steering group transitioning into a dedicated governance group into which the project management team would report, Council will design a programme of independent quality and risk assurance across the Indoor Multipurpose Centre project.

Nominated Council staff will be given responsibility to oversee the project's progress in relation to project key risks and any associated organizational risks.

Formal milestone evaluations will be completed throughout the project, including for the following:

- The completion of the detailed design (before commitment to construction).
- The completion of construction (Practical Completion issued).
- The completion of operational commissioning.
- Financial reviews and reporting, as required.

A formal post-project review will start three months after public operational use starts.

8.10 Project Closure

The project close-out will follow Government's best practice protocols and be managed in accordance with an approved Project Closure Plan developed by the project team alongside key stakeholders throughout the design phase.

It is expected that the Project Closure Plan would consider the following:

1. Project Summary.
2. Closure Activities.
3. Benefits Realization & Performance Assessment.

4. Lessons Learned & Continuous Improvement.
5. Financial Closure.
6. Risk & Issue Closure.
7. Stakeholder & Communications Closure.
8. Handover & Transition Plan.
9. Governance & Sign-Off.

Ongoing monitoring against objectives, benefits, and risks will be included in regular Council reporting cycles.

8.11 Management Case: Summary

The Management Case outlines the governance, management, and assurance frameworks that will be implemented to ensure the successful delivery of the Indoor Multipurpose Centre project. It sets out the project's structure, key roles, procurement approach, risk management strategies, stakeholder engagement, and benefits monitoring to support effective decision-making, accountability, and successful outcomes.

The project will be guided by a Project Steering Group (PSG) responsible for high-level decision-making and oversight, supported by a Project Management Team (PMT) ensuring day-to-day project delivery. The governance structure aligns with Gisborne District Council's Project Governance Framework (2024).

However, for a project of this nature where substantive partnership and funding solutions are likely to be required a revised overall Project Director role may be required who is also responsible for leading the structural, capital funding, and operational solutions, project development and delivery, and the stakeholder communications management process.

Subject to Council's future directions for this project suggest that this future project leadership and management structure, required roles, and skill sets are reviewed.

The Indoor Multipurpose Centre's construction will follow a structured procurement process, with two potential pathways identified based on funding outcomes. Indicative timelines have been developed, ensuring clear project milestones and budget control.

Effective collaboration with local iwi, government agencies, sports organizations, community groups, and funding partners has been prioritized. Ongoing consultation and transparent communication will be maintained throughout the project lifecycle.

A risk management framework is in place to proactively identify, assess, and mitigate project risks. A benefits monitoring process will track key performance indicators, such as increased sports participation, economic benefits, and improved community wellbeing.

Independent quality assurance processes will be applied at key milestones, with formal post-project reviews and a structured Project Closure Plan ensuring lessons learned, financial accountability, and smooth transition to operational use.

Through these outlined approaches, the Indoor Multipurpose Centre project will be well placed for successful delivery of a facility which provides the residents of Tairāwhiti with an indoor sports facility that provides long-term value and benefits for the community for generations to come.

Appendices

1. [Indoor Multipurpose Centre Demand and Supply Assessment Review for Gisborne District Council \(October 2024\) by SGL Funding \(2024\)](#)
2. [Tairāwhiti Indoor Multipurpose Centre Feasibility Study \(2024\), Tredwell Management Services](#)
3. [Tairāwhiti Indoor Multipurpose Centre Site Options Assessment, Gisborne District Council \(2024\)](#)
4. [Indoor Multipurpose Centre Accommodation Schedule by MODE Design](#)
5. [Tairāwhiti Indoor Multipurpose Centre. Preliminary Concept Draft – Final \(February 2025\) by MODE Design](#)
6. [Tairāwhiti Indoor Multipurpose Centre Financial Modelling Pack \(19 February 2025\) by Baker Tilly Staples Rodway Auckland](#)
7. [Revised Concept Design Estimate for Tairāwhiti Indoor Multipurpose Facility, 17/02/2025 by Rawlinsons](#)
8. [Gisborne Indoor Multipurpose Centre Feasibility SROI Report \(2025\), Sport New Zealand](#)
9. [Proposed Tairāwhiti Indoor Multipurpose Centre Programme Timeline | Pathway 1.](#)
10. [Proposed Tairāwhiti Indoor Multipurpose Centre Programme Timeline | Pathway 2.](#)



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Title: Report 25-53 Public Transport Private
Section: Share Targets Journeys Operations
Prepared by: Hanoa Morete - Public Transport Lead
Meeting Date: Wednesday 9 April 2025

Legal: Yes	Financial: Yes	Significance: Medium
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Report to COUNCIL/TE KAUNIHERA for decision

PURPOSE - TE TAKE

The purpose of this report is to seek adoption from Council of Private Share Targets for Public Transport for the 24/25, 25/26 and 26/27 financial years.

SUMMARY - HE WHAKARĀPOPOTOTANGA

The Government Policy Statement (GPS) on Land Transport 2024 sets an expectation for Public Transport Authorities (PTAs) to increase private share revenue to offset increased levels of operating expenditure and reduce financial pressure on ratepayers and taxpayers.

The New Zealand Transport Agency Waka Kotahi (NZTA) set proposed private share targets for each region, as well as national targets.

Having reviewed the initial targets proposed by NZTA and acknowledging the limited levers available to Gisborne District Council (Council) to increase private share, staff are recommending lower private share targets for adoption than initially proposed by NZTA.

NZTA have a preferred timeline to set targets, including for officer level agreement on private share targets and initiatives for achieving these targets on 31 January 2025, and in turn are being presented for final Council decisions to be provided to NZTA by the 10 April 2025.

RECOMMENDATIONS - NGĀ TŪTOHUNGA

That the Council/Te Kaunihera:

1. Approves requirements to increase private share of public transport operating costs as set out in the Government Policy Statement for Land Transport 2024.
2. Approves the preferred timelines to set private share targets outlined by NZTA to include officer level agreement by 31 January 2025 and Council decision by 9 April 2025.
3. Approves Council officers to report private share target progress on a quarterly basis to the Regional Transport Committee.

Authorised by:

Tim Barry - Director Community Lifelines

Keywords: Private Share,

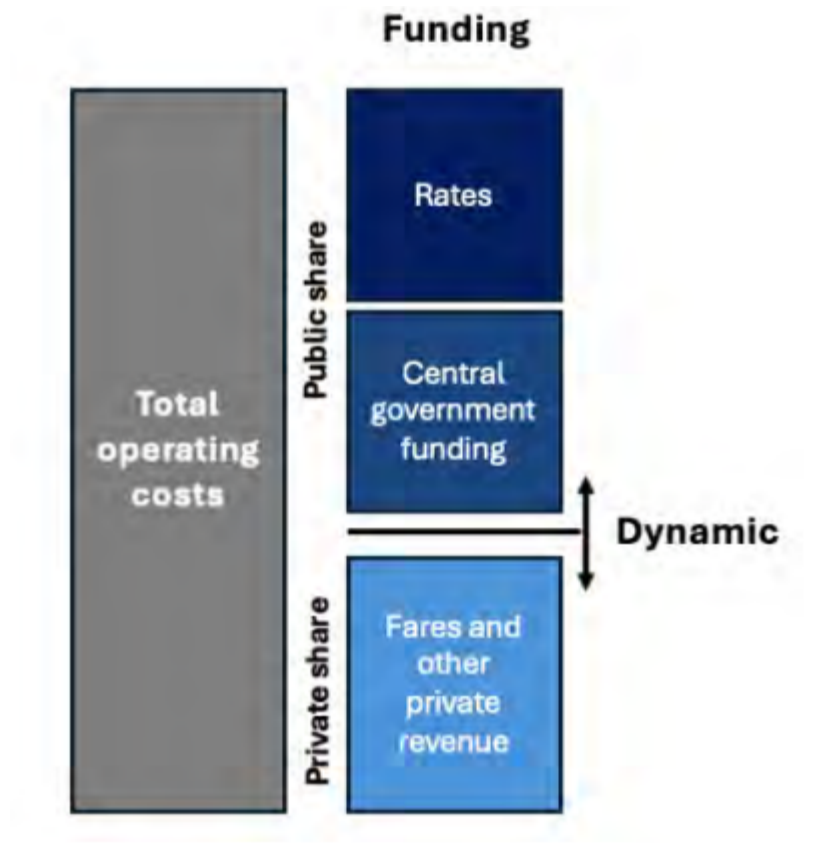
BACKGROUND - HE WHAKAMĀRAMA

1. Value for money is a strategic priority guiding all transport investments under the Government Policy Statement on Land Transport 2024 (GPS). This means there is a key focus on realising greater value from the financial investment in public transport activities funded through the National Land Transport Fund.
2. Through the GPS, the government has set an expectation for Public Transport Authorities (PTAs) to increase private share revenue to offset increasing operating expenditure. This in turn will reduce the burden on ratepayers and taxpayers.
3. Ministerial expectations for PTAs include:
 - Actively work towards increasing public transport private share by 30 June 2027, including setting targets each year.
 - Operating within approved funding of public transport continuous programmes, reviewing services that are delivering very low farebox recovery and considering appropriate fares.
 - Transition to the National Ticketing Solution (NTS) in partnership with NZTA. This includes aligning concessionary fare structures with national policy to make the NTS cost effective and value for money for customers.
4. To meet these expectations PTAs are required to:
 - Actively work towards increasing the private share of public transport expenditure on an annual basis (e.g. ensuring passenger fares and third-party revenue covers a greater portion of public transport expenditure).
 - Actively engage with NZTA to agree and set private share targets for the next three years.
 - Actively work towards delivering and operating NTS, including meeting NZTA fare and pricing requirements set out in the NZTA Regional Public Transport Plan (RPTP) guidelines.
 - Provide quarterly reporting to NZTA that includes:
 - i. private share of public transport operating expenditure.
 - ii. an explanation if there has been a decrease during the quarter; and
 - iii. Outlining initiatives taken during the quarter to increase private share.
5. Meeting ministerial expectations and demonstrating value for money will be critical to maintain funding for existing services and access future funding to support public transport improvements.

Private Share Measure:

6. Private share is a measure of cost recovery and represents the proportion of public transport operating expenditure funded from private revenue sources.
7. Cost recovery has previously been referred to as farebox recovery. NZTA have recently changed their cost recovery policy framework including redefining farebox recovery to private share of operating expenditure.

8. Private share is calculated as total private revenue divided by total operating expenditure.
 - Revenue sources include (but not limited to):
 - Passenger fares
 - Private fare substitutes – third party revenue from private fare substitutes such as corporate or tertiary fare schemes
 - Commercial revenue - third party revenue from commercial sources such as advertising.
 - Enforcement fees - revenue generated from enforcement associated with the public transport system such as fines for unpaid fares.
9. Operating expenditure includes all staff costs, and contract costs to deliver services.
10. Measuring cost recovery is important to assess the distribution of operating costs between users and funders. Figure below depicts the funding equation. Private share reflects the private benefits of users of public transport, while the public share reflects public transport's benefits to road users, the environment and wider community outcomes.



11. Broadly, private share can be increased by:
 - Increasing ridership to collect more fare revenue,
 - Reducing operating costs by optimising or cutting services,
 - Increasing the average fare paid by increasing the base fare, changing, concessions or changing the fare structure,
 - Growing third-party revenue streams such as advertising.

Private share targets:

12. NZTA circulated to all PTAs a discussion document 'Increasing the private share of public transport operating expenditure' on 18 November 2024, along with proposed regional private share targets. The discussion document outlines the context and information to support PTAs to actively engage, agree and set private share targets.
13. NZTA's proposed targets for Gisborne are shown below along with the national target ranges set by the NZTA Board. Staff consider the NZTA proposed targets to be unrealistic, based on the mechanisms available in Gisborne, and have the potential to have perverse public transport, environmental and social outcomes.

Table 1 Regional targets to be agreed with NZTA

PTA region	Private share 2018/19 Actual	Private share 2023/24 Actual	Proposed private share 2024/25 Interim Target	Proposed private share 2025/26 Interim Target	Proposed private share 2026/27 Indicative Target
Gisborne	19.9%	8.7%	13%	16%	21%
National	33.0%	20.5%	24-26%	28-33%	35-40%

Timing

14. The 18 November 2024 discussion document from NZTA stated that regional private share targets for 2024/25 and 2025/2026, and indicative targets for 2026/27 were required by 19 December 2024. Longer term targets, including reviewing and confirming 2026/27 targets is required by 19 December 2025.
15. Council, alongside other PTA's expressed concern to NZTA about the timing and urgency to respond to this request. The key factors being that local government processes needed to be followed, including undertaking further work to fully understand the impact of potential initiatives, and the time of the year that prevented engagement with Council until March. This feedback resulted in an adjusted timeline, for Council to formally respond by 9 April 2025.
16. It is a requirement of Funding with NZTA that Council actively works with NZTA to achieve ministerial expectations as outlined in the GPS. If Council fails to actively work with NZTA on these targets it could have a detrimental impact on funding levels.

DISCUSSION and OPTIONS - WHAKAWHITINGA KŌRERO me ngā KŌWHIRINGA

17. Levers available to increase private share in Gisborne are limited. From a revenue perspective, increasing passenger fare revenue is the only immediate lever available.
18. Fare revenue can be increased by increasing patronage, increasing the existing flat fare level or adjusting concessions. These options will be discussed further.
19. Commercial revenue opportunities in Gisborne include bus advertising. Advertising on buses implemented separate to the new bus services contract. Corporates may also consider paying to fund free travel days in return for promotion and exposure. These initiatives need further investigation, but if some large corporates could be attracted, this could increase private share.

20. Advertising on bus shelters in Gisborne could be a viable option available. A full analysis of bus shelter location to understand the relevant rules in Gisborne District Plans would be required to understand the magnitude of potential.
21. Larger PTAs already partner with media companies to manage their static and digital advertising spaces so there are examples in the country that could provide an indication of the potential value in advertising and sponsorship opportunities in Gisborne.
22. The NZTA discussion document also notes investigating alternative funding sources. This includes private public partnerships, development and financial contribution, parking revenue and congestion charges. These may not directly relate to private share but could potentially reduce ratepayer and taxpayer funding requirements. This is an area that needs further exploration and ideally conversations at a national level by Ministry of Transport or NZTA as many will require buy in from territorial authorities to implement.
23. Consideration would also need to be given to the staff resources needed to administer or grow any commercial or other revenue opportunities. The cost benefit analysis of that has not been undertaken however it will increase operational expenditure if it requires additional resources.
24. Increasing private share can also be done by achieving greater cost efficiencies and savings to operational expenditure. The mechanisms we have available on the cost side include optimising existing services and networks, improving procurement practices and reducing service levels.

Operational Expenditure

25. The other lever available to Council is to reduce public transport operating expenditure. The cost side initiatives available include improving procurement practices, optimising services and networks or cutting services.
26. Opportunities to deliver more services for the same cost are continually being sought by transport staff. This includes making more efficient use of drivers, vehicles, and infrastructure by reducing excessively indirect routes and out-of-service running through timetable and route design, availability of depots and driver break facilities that are close to routes.
27. Reducing services will compromise Council's strategic direction for Gisborne to have an integrated transport system that contributes to the accessibility, the connectivity and wellbeing of our community. It would also significantly constrain transport choice for many.

Private share targets

28. In 2023/24 Gisborne achieved a private share of 8.7%. To enable preliminary discussions and signal active intent to support an increase in private share, staff responded to NZTA on 31 January 2025 recommending private share targets of:
 - 6.6% for 2024/25
 - 13.3% for 2025/26
 - 15.1% for 2026/27
29. This recommendation was prefaced with the need for these targets to be endorsed by Council. It also outlined that further fare analysis being undertaken was required to fully understand the impacts to the system and ability to meet private share targets.

30. The suggested targets are lower than those in the NZTA discussion document. They are however figures that demonstrate an intent to actively work towards increasing private share that staff consider are reasonable, ambitious and will not require significant reductions in services.
31. The table below shows the projected private share of operating costs for future years based on LTP approved activities, before any changes as outlined in this paper. These figures were provided to NZTA on 31 January 2025.

	2023/24	2024/25	2025/26	2026/27
	Actual	Budget	Budget	Budget
Fees and Charges	\$99,957.90	\$100,000.00	\$165,000.00	\$175,000.00
Third-party revenue	\$0.00	\$0.00	\$15,000.00	\$35,000.00
Total gross operating expenditure	\$1,145,808.90	\$1,507,016.00	\$1,348,587.00	\$1,389,144.00
Passenger boardings	123934	127990	130257	132523
Council Private Share Targets	8.70%	6.60%	13.30%	15.10%
NZTA Private Share Targets	8.70%	13%	16%	21%

32. Targets suggested by NZTA are not considered reasonable due to the limited mechanisms available for increasing private share revenue in Gisborne. The following initiatives are not available:
- Commercial access fees/Commercial retail income/commercial rental income and electricity grid sales.
 - Enforcement fee revenue – we do not have significant fare evasion. The cost to employ enforcement staff would be greater than the return from fare evasion.
33. Relying on fares alone to achieve the suggested NZTA targets is not feasible, and in the long-term will compromise real revenue due to:
- Fare increases induce a patronage reduction effect. The magnitude of that response is proportionate to the level of the fare increase relative to other costs; but particularly the relative cost of operating a private car.
 - It takes time or significant uplift in service level to regain the patronage lost from any fare increase. Therefore, the short-term revenue gain from increasing fares will be lost through patronage loss in future years.
 - Fare increases impact those in our community that are already transport disadvantaged disproportionately.

Other Councils

34. All PTA's are required to set targets for private share and are working to a variety of timelines that consider Council meeting schedules, Annual Plan and other factors. The sector, via the Transport Special Interest Group (TSIG) have commissioned and are working at pace on a piece of work to research private share case studies internationally. The purpose of this work is to support conversations at a sector level with ministers.
35. Time is a key tool to develop ideas and put forward positive ways to respond to NZTA. In the interim regions' approaches with NZTA are:
- Long Term Plans and Annual Plans forecasts and consultations have already been completed so little opportunity to implement any changes quickly.
 - Broad understanding of the impacts of increased fares on their communities
 - Small inflation adjustments or adjustments to concession discounts being considered.
 - Consideration of long-term view rather than letting short-term thinking impact overall outcome.

OPTIONS

36. The first option is for Council to note and adopt the Council officer proposed private share targets. This is the preferred option which would allow Council to realistically meet the ministerial expectations for private share. Once adopted then these targets will be sent through to NZTA as finalised.
37. The second option is for Council to note and adopt the NZTA proposed private share targets set on 18 November 2024. These targets are unrealistic to maintain and would have major implications on how Gisborne District Council (Council) operates our public transport network in Gisborne.
38. The final option is for Council to not adopt any targets until further case analysis is undertaken. This would require additional funding and resources in very condensed timeframes.

ASSESSMENT of SIGNIFICANCE - AROTAKENGA o NGĀ HIRANGA

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

Overall Process: **Medium** Significance

This Report: **Medium** Significance

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

Overall Process: **Medium** Significance

This Report: **Medium** 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: **Low** Significance

This Report: **Low** Significance

39. The decisions or matters in this report are considered to be of **medium** significance in accordance with Council's Significance and Engagement Policy.
40. In accordance with Council's Significance and Engagement Policy, a change in fares would be deemed to be significant due to its "impact on community include costs [directly or] indirectly to the community or part of the community, whether through rates, fees or otherwise."

TREATY COMPASS ANALYSIS

Kāwanatanga

41. No engagement has been undertaken with iwi.
42. The decisions or matters in this report are considered to be in line with article 1 of the Treaty of Waitangi in accordance with Council's Te Tiriti Compass Writing Guide 2024.

Rangatiratanga

43. As the content of this report is largely determined by the Government Policy Statement for Land Transport, Council is constrained on its ability to tailor the provisions. Council staff are proposing targets that have the least impact to the community.
44. The decisions or matters in this report are considered to be in line with article 2 of the Treaty of Waitangi in accordance with Council's Te Tiriti Compass Writing Guide 2024.

Oritetanga

45. The proposed targets would apply to the Public Transport Bus Service.
46. The decisions or matters in this report are considered to be in line with article 3 of the Treaty of Waitangi in accordance with Council's Te Tiriti Compass Writing Guide 2024.

Whakapono

47. The intention is to have as minimal impact on tangata whenua whilst ensuring Council meets its obligations to set private share targets.
48. The decisions or matters in this report are considered to be in line with the verbal provision of the Treaty of Waitangi in accordance with Council's Te Tiriti Compass Writing Guide 2024.

TANGATA WHENUA/MĀORI ENGAGEMENT - TŪTAKITANGA TANGATA WHENUA

49. This matter has no specific engagement with tangata whenua to be undertaken.

COMMUNITY ENGAGEMENT - TŪTAKITANGA HAPORI

50. This matter has no specific engagement with the community to be undertaken.

CLIMATE CHANGE – Impacts / Implications - NGĀ REREKĒTANGA ĀHUARANGI – ngā whakaaweawe / ngā ritenga

51. Public transport is a key element in reducing Gisborne's transport emissions. The relationship between bus fares and the cost of driving (petrol costs, parking costs) is also particularly important as discussed above. Maintaining and increasing PT mode share is important to achieving our emission reduction goals.
52. Choosing to use public transport is strongly correlated to the community's real and perceived perception of value for money for public transport. Increasing fares too quickly risks losing ridership which in turn compromises environmental outcomes.

CONSIDERATIONS - HEI WHAKAARO

Financial/Budget

53. The cost to operate Public Transport Services is funded from rates, passenger boarding fees and other revenue sources. The rates component is funded through the "passenger transport rate" which is a uniform targeted rate (DRA1 Residential) for providing a subsidised passenger transport service. It is payable on residential properties per separately used or inhabited part of a property in Gisborne City as a fixed amount. For 2024/25 it was \$43.57 excluding GST or \$50.10 including GST.
54. Council won't consider increasing rating, reprioritising roading budgets or any other budgets as the solution to increasing private share. There is an expectation those who use public transport would pay more, however this along with a complex interaction of factors will require careful management. Some of these are shown below in more detail:

	2024/25	2025/26	2026/27
	Budget	Budget	Budget
Fees and Charges	\$100,000.00	\$165,000.00	\$175,000.00
FARE INCREASES			
Total Boardings	127,990	130,257	132,523
Adult Boardings	44797	45590	46383
Youth Boardings	83194	84667	86140
Adult Fare Revenue	\$89,593	\$136,770	\$162,341
Youth Fare Revenue	\$83,194	\$101,600	\$129,210
TOTAL	\$172,787	\$238,370	\$291,551
THIRD PARTY REVENUE			
1) Bus Shelter Advertising	\$ -	\$15,000.00	\$20,000.00
2) On Bus Advertising	\$ -	\$ -	\$15,000.00
3) OTHER: Sponsorship	\$ -	\$ -	\$ -
TOTAL	\$ -	\$15,000.00	\$35,000.00

Total gross operating expenditure	\$1,507,016.00	\$1,348,587.00	\$1,389,144.00
Council Private Share Targets	6.60%	13.30%	15.10%
NZTA Private Share Targets	13%	16%	21%

- Passenger Boarding Estimates provided by NZTA directly
- Adult at 35% and Youth at 65% of Total Boardings (CITY and WAKA KURA)
- Gradual Increase for ADULT (CARD): \$2 (24/25), \$3 (25/26), \$3.50 (26/27)
- Gradual Increase for YOUTH (CARD): \$1 (24/25), \$1.2 (25/26), \$1.50 (26/27)
- Identified 4 bus shelters for advertising opportunities about \$5000 per annum per shelter
- Estimate: GO BUS with Media Agency for ON BUS advertising - \$15,000-20,000 per annum
- OTHER: Sponsorship would require more analysis on what this entails
- Figures in GREEN already set within PS analysis s/sheet - These formulated the targets we are proposing for adoption

Fare Changes

55. One of the changes that will need to be considered is the increase of both the ADULT and YOUTH (5-18 years) fares. 65% of our overall patronage is YOUTH, and ADULT accounting for 14% across both our services.
 - ADULT FARE (CARD): \$2 (2024/25), \$3 (2025/26), \$3.50 (2026/27)
 - YOUTH FARE (CARD): \$1 (2024/25), \$1.20 (2025/26), \$1.50 (2026/27)
56. Our Waka Kura service contributes to 70% of our overall patronage therefore we need to ensure that the increases for the YOUTH fare are gradual, realistic and feasible. A lot of the students that catch these buses come from low socio-economic areas therefore any fare increase will always have a flow on effect to patronage, so this must be carefully managed over the next two financial years.
57. As part of our fare review, we are looking at implementing daily and weekly fare caps. This would be about 2.5 times the actual fare for the daily cap and 7 times the fare for the weekly cap. This is to reward travellers on a frequent basis and is something that is very common across numerous regions.

Third Party Revenue

58. Council must look at other revenue streams (notably third-party revenue) to increase private share to offset the increased fare changes from being unrealistic and unfeasible.

BUS SHELTER ADVERTISING

59. There are 12 bus shelters within our city network and of these 4 would be considered ideal for advertising opportunities. Prime location combined with shelters that don't get vandalised or damaged. We have estimated about a \$5000 per annum per shelter which would need to be coordinated with a suitable media agency.

ON BUS ADVERTISING

60. A clause within the new bus contract set to commence on 1 July 2025 (pending council approval) to look at the opportunity of on bus advertising. This was an agreement that the operator had set up with the Media Agency directly priced at between \$15,000-\$20,000 per annum. This clause will allow GDC to negotiate with the operator and a suitable agency of this potential new revenue stream.

SPONSORSHIP

61. This is an option that looks at a company or business possibly sponsoring a specific bus or route to allow a specific concession group free or subsidised travel. This option would require more investigation regarding options and revenue estimates per annum.

Legal

62. The RTP is the core statutory instrument for public transport planning under the Land Transport Management Act 2003. Having recently approved the public transport service components of the mid-term review of the Regional Land Transport Plan, Council was required to review its RTP. This includes an extensive update in the value for money section to align with the GPS, and NZTA Waka Kotahi development guidelines for regional public transport plans.
63. While NZTA have recently stated that there will be no consequences to not meeting private share targets, the private share discussion document and ministerial expectations signalled through the GPS, would suggest that demonstrating value for money will be critical to maintain funding for existing services and access future funding to support public transport improvements.

POLICY and PLANNING IMPLICATIONS - KAUPAPA HERE me ngā RITENGA WHAKAMAHERE

64. There are no policy or planning implications associated with this decision.

RISKS - NGĀ TŪRARU

65. There are several risks particularly related to timing. NZTA deadlines to agree private share targets at staff level are 31 January and Councillor agreement extended out to 9 April 2025.

NEXT STEPS - NGĀ MAHI E WHAI AKE

Date	Action/Milestone	Comments
27 March 2025	Adopt Council officer private share targets for Gisborne	
31 March 2025	Inform NZTA of council adoption of Council officer private share targets	
Quarterly	Reporting progress on a quarterly basis to NZTA and council of Private Share progress	
1 July 2025	Begin preliminary discussions and work exploring Private Share options for Gisborne.	

ATTACHMENTS - NGĀ TĀPIRITANGA

1. Attachment 1 - Increasing private share discussion document [25-53.1 - 50 pages]
2. Attachment 2 - Gisborne District Council - Proposed Private Share Targets F Y 24-27 [25-53.2 - 1 page]

Increasing the private share of public transport operating expenditure

Discussion document

18 November 2024



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1 Introduction

Public transport services are funded from both private and public revenue sources. The ratio between these sources is dynamic and changes over time depending on several factors including policy, passenger demand, network service levels and revenue sources.

Private share is a measure of cost recovery and represents the proportion of public transport operating expenditure funded from private revenue sources. Government aims to increase private share to support increased levels of public transport expenditure and reduce pressure on ratepayers and taxpayers. The policy framework for private share is broader than the previous farebox policy, with a more tailored regional approach and some important differences in how cost recovery is measured.

Private share is calculated as revenue divided by operating expenditure. Private share revenue includes passenger fares, private fare substitutes and commercial revenue. Operating expenditure includes the management and operation of passenger services and the maintenance and operation of public transport facilities and infrastructure. Operating expenditure does not include capital renewals or infrastructure improvement projects.

1.1 Purpose

The primary purpose of this discussion document is to provide context and information to support public transport authorities (PTAs) in setting and agreeing regional private share targets with NZTA.

1.2 Audience

The primary audience for this document is public transport authorities. We are seeking the following from public transport authorities:

- **Discussion and feedback** - review this document, engage with us and provide feedback on changes we are proposing and to support future private share policy and guidance
- **Setting of private share targets** - actively engage with us in setting agreed regional private share targets by 19 December 2024
- **Initiatives to increase private share** - actively work with us to increase the private share of public transport operating expenditure.

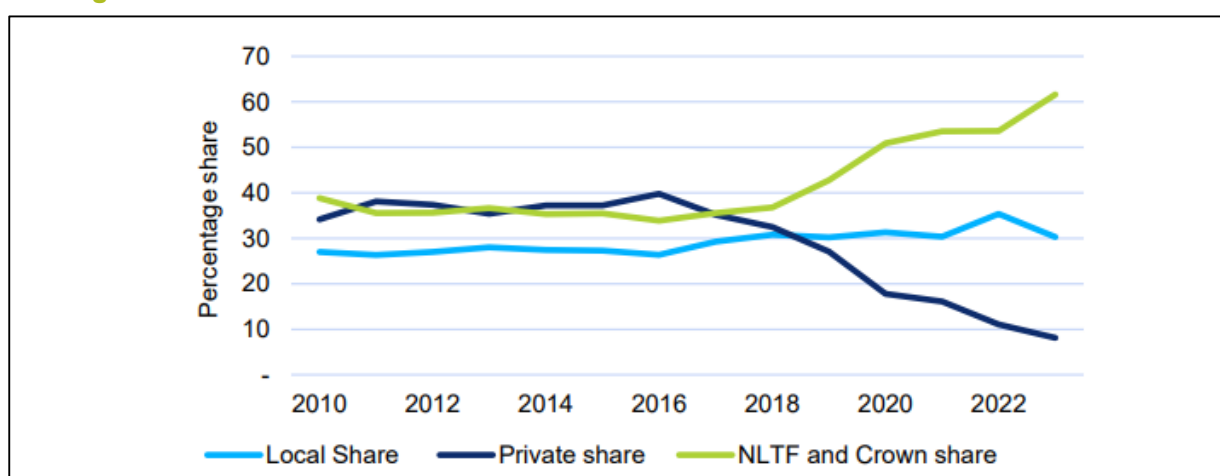
2 Background and context

2.1 Government policy statement

The [Government policy statement on land transport 2024](#) (GPS 2024) sets an expectation for increased private share revenue to support increased levels of public transport expenditure and reduce pressure on ratepayers and taxpayers.

The GPS 2024 strategic priorities include the delivery of an effective public transport system that provides commuters with more choice and helps to reduce travel times, congestion, and emissions. There has been a significant increase in Crown and NLTF funding over recent years, as shown in Figure 1. As a result, the GPS 2024 expects local government to increase passenger fare revenue and third-party revenue to help support the increased costs in the public transport sector.

Figure 1 GPS 2024 figure showing local, private, NLTF and Crown share of public transport funding from 2009/10 to 2022/23



2.2 Ministerial expectations and specific requirements

The GPS 2024 includes a statement of [ministerial expectations](#) that apply to NZTA and approved organisations. NZTA is expected to ensure public transport authorities take appropriate steps to meet these ministerial expectations and comply with self-assessment and reporting requirements.

The [ministerial expectations for public transport](#) include the following expectations for public transport authorities:

- Actively work towards increasing public transport private share by 30 June 2027, including setting targets each year. This includes operating within approved funding of public transport continuous programmes, reviewing services that are delivering very low farebox recovery and considering appropriate fares.
- Support and actively work towards the transition to, delivery and operation of the National Ticketing Solution, in partnership with NZTA. This includes aligning concessionary fare structures with national policy to make the National Ticketing Solution cost effective and value for money for customers.

To meet these expectations public transport authorities are required to meet the following [specific requirements](#):

- Actively work towards increasing the private share of public transport expenditure on an annual basis (e.g. ensuring passenger fares and third-party revenue covers a greater portion of public transport expenditure).

- Actively engage with NZTA to agree and set interim private share targets for 2024/25 and 2025/26 and indicative targets for 2026/27 by 19 December 2024 and longer-term targets, including reviewing and confirming 2026/27 targets, by 19 December 2025.
- Demonstrate support for the National Ticketing Solution and actively work towards delivering and operating the National Ticketing Solution in partnership with NZTA, including by meeting NZTA fares and pricing requirements set out in the development guidelines for regional public transport plans.

Public transport authorities are also expected to provide quarterly reporting, starting with the quarter ending December 2024. This reporting includes:

- Reporting private share of public transport expenditure for the quarter. Provide an explanation if there has been a decrease during the quarter.
- Identify initiatives taken during the quarter to increase private share.

These requirements relate to public transport continuous programmes and public transport improvement funding.

2.3 Current fares and pricing policy

Our [development guidelines for regional public transport plans](#) sets out current NZTA policy for fares and pricing. The following are key elements of the fares and pricing policy relevant to increasing private share:

- Public transport authorities must prepare a fares and pricing policy and include this in their regional public transport plan
- Public transport authorities must undertake annual pricing reviews and six-yearly fare structure reviews
- Public transport authorities must consider effectiveness of alternative interventions for achieving the fare and pricing policy objectives when undertaking reviews
- Public transport authorities must specify any measures or targets advised by NZTA, including cost recovery measures such as private share

We note that while there is an expectation that public transport authorities' current regional public transport plans incorporate private share measures and targets, this does not need to occur immediately provided the public transport authority is otherwise meeting the requirements.

2.4 Previous farebox recovery policy

The NZTA previously had a farebox recovery policy that set a national farebox recovery target of no less than 50%, to be achieved over two three-year funding cycles from 2010. The policy was introduced with the objective of providing an equitable cost sharing between public transport customers, local government funding and the NLTF. The intent was to:

- Improve cost recovery for public transport services, given concerns at the time that farebox recovery rates had been falling
- Drive a more transparent and equitable approach to the development of farebox recovery policies across regions
- Ensure national consistency in the calculation of costs and revenue associated with public transport services.

The national farebox recovery target was achieved nationally in 2015/16. A change in government and priorities saw the policy rescinded in 2018/19. There are some important differences between our approach to private share and the previous farebox recovery policy, as set out in Appendix

B.3.1. The main difference is that the policy framework for increasing private share is broader than the previous farebox recovery policy and can be better tailored to the different circumstances and context for each region.

2.5 National Ticketing Solution

We are currently working with public transport authorities to implement the [National Ticketing Solution](#) (NTS).

The implementation of national ticketing coincides with the need to increase private share. It is important that public transport authorities progress initiatives to increase private share while also meeting delivery timeframes for national ticketing. This will require some consideration, particularly given many private share initiatives will likely require new fare products or changes in fare structure.

Given the potential overlapping demands of making fare structure and pricing changes to increase private share and the efficient implementation of national ticketing, we intend to work closely with public transport authorities to support them through this change process.

2.6 Public transport authority feedback

In September 2024, we requested information from public transport authorities regarding current expenditure and revenue along with issues and opportunities associated with increasing private share. Key insights are summarised below:

- Current reporting practices do not provide a complete and accurate picture of public transport revenue and expenditure, with reporting primarily focused on net costs and providing little information on third-party revenue. This limits the effectiveness of national and regional oversight of the public transport system.
- Most public transport authorities are or intend to implement initiatives to increase private share funding. When public transport authorities do collect third-party revenue, it is used to offset public transport service costs.
- Currently the primary source of third-party revenue for public transport authorities is advertising on public transport vehicles. A small number of public transport authorities also generate revenue from advertising on public transport facilities, such as bus shelters and interchanges.
- Several regions have well developed initiatives that attract third party funding to discount passenger fares for certain user groups, as detailed in section 3.3.1 on private fare substitutes.
- There were limited examples of third-party funding initiatives beyond advertising and private fare substitutes. Several challenges were identified that hinder the ability of public transport authorities to boost private share through third-party revenue sources. These include lack of staff capacity, insufficient funding to develop and progress initiatives, the specific context for regions and difficulties in articulating a value-add for prospective third-party funders.
- Some public transport authorities highlighted barriers related to roles, responsibilities, and revenue retention. Many public transport authorities noted that territorial local authorities generate third-party revenue from public transport-related facilities, such as advertising on bus shelters and interchanges, leases at interchanges, and public transport-related infringement fines.
- The current funding model was identified as something that could be changed to better incentivise public transport authorities to increase private share through both cost-side initiatives and revenue-side initiatives.

This feedback has informed this discussion document and will guide further work.

3 Understanding private share

This section defines how we measure private share and provides information on the various elements of private share revenue. This section also covers other funding sources that are not private share but could help reduce the funding required from ratepayers or taxpayers.

3.1 Private share measure

Private share is a measure of cost recovery. It is calculated as revenue divided by operating expenditure as set out in Table 1. Revenue includes passenger fares, private fare substitutes and commercial revenue. Operating expenditure includes the management and operation of passenger services and the maintenance and operation of public transport facilities and infrastructure. Operating expenditure does not include capital renewals or infrastructure improvement projects. Further detail is provided in Appendix B.

Table 1 Private share of public transport operating expenditure

Revenue		Calculation	Notes
A	Passenger fares		Passenger fare revenue, including fare revenue from net contracts or exempt services receiving financial assistance.
B	Private fare substitutes		Third-party revenue from private fare substitutes such as corporate, tertiary and Health NZ (previously DHB) fare schemes.
C	Commercial revenue		Third-party revenue from commercial sources including advertising, sponsorship, rental or investment income generated from the delivery of the public transport system.
D	Enforcement fees		Revenue generated from enforcement associated with the public transport system, eg fines of unpaid tickets
E	Total private revenue	E = A+B+C+D	
Expenditure			
H	Passenger services		Total gross expenditure on public transport services, prior to applying any subsidies. Operating expenditure needs to include recognition of any revenue that is retained by transport operators or other contracted parties, such as for net contracts or exempt services that receive financial assistance. Include activities funded under work categories 511, 512, 515.
I	Operations and maintenance		Total gross expenditure on the maintenance, operations and management of public transport services and infrastructure, prior to applying any subsidies. Include activities funded under work categories 514, 524, 525 (excluding any technology renewals under work category 525).
J	Total operating expenditure	J = H + I	
Measures			
K	Private share of operating expenditure	K = E / J	

3.2 Passenger fares

Passenger fares are paid in exchange for use of public transport services. Passenger fares are included as fees and charges under the Local Government Act 2002 (LGA), these are applied to an individual user in exchange for the use of a service or activity for which the user receives a direct benefit and where public transport authorities are required to take on expenditure.

3.3 Fare substitutes

Fare substitutes refer to revenue provided in lieu of passenger fares. For example, an organisation might provide funding in exchange for discounted travel on public transport for its employees. Fare substitutes are different to fare concessions as set out in Appendix B.2.1.1.

Fare substitutes can be either be included as private share (private fare substitutes) or public share (public fare substitutes) depending on the nature of the organisation providing the funding. Fare substitutes are also different to fare concessions as discussed below.

3.3.1 Private fare substitutes

Private fare substitutes are a form of third-party revenue provided by organisations in exchange for free or discounted travel for a group of people. Examples include, but are not limited to, funding from entities to reduce passenger fares for nominated user groups (e.g., a university providing funding to enable free travel for their students).

Private fare substitutes may come from organisations that are publicly funded, such as education and health providers. These are still categorised as private share as funding of the fare substitute is ancillary to their primary purpose (e.g. providing education) and the entity is funding the fare substitute in exchange for a benefit that accrues to that entity. This is as opposed to Crown funding specifically for the purpose of providing a fare substitute such as SuperGold.

Table 2 Examples of private fare substitutes

Private fare substitutes	Description
Corporate fare schemes	Corporate fare schemes are where a private organisation funds fare discounts for their nominated user groups (e.g., staff, clients, patients, or students). Many public transport authorities currently have corporate fare schemes in place with private organisations. We note that the term “benefit programme” is used by NTS for corporate fare schemes.
Tertiary fare schemes	Tertiary fare schemes are equivalent to corporate fare schemes except the organisation providing the funding is a tertiary institution, generally in exchange for free or discounted student and/or staff fares.
Health NZ fare schemes	Health NZ (previously DHB) fare schemes are equivalent to corporate fare schemes except the organisation providing the funding is a DHB, generally in exchange for free or discounted staff and/or patient travel. In the case of DHB fare schemes discounted travel is often limited to travel to and from healthcare facilities. Noting that this can also be a feature of any other fare substitute.

3.3.2 Public fare substitutes

Public fare substitutes are not private share but rather a form of subsidy. The SuperGold scheme is an example of a public fare substitute, in this case the Crown provides funding in exchange for public transport authorities providing free off-peak travel to SuperGold card holders. This is not third-party revenue as the scheme is directly funded by taxpayers through a Vote Transport appropriation.

Table 3 Examples of public fare substitutes

Public fare substitutes	Description
SuperGold fare concession	The SuperGold fare concession scheme is a public fare substitute that allows card holders to travel free on most off-peak public transport services. The SuperGold card is a discount and concession card issued free to everyone 65 years and over, and anyone under 65 who receives New Zealand Superannuation or a veteran's pension.
Community Connect fare concession	The Community Connect fare concession scheme is a public fare substitute that provides Community Service Card (CSC) holders a 50% discount when travelling on most public transport services.

3.4 Commercial revenue

Commercial revenue is a form of third-party revenue, provided by an organisation in exchange for a benefit derived from the public transport system. For example, a corporate sponsor might want to associate their brand with good environmental outcomes, or an organisation might want to advertise a product on the back of buses. Table 4 provides further examples.

Table 4 Examples of commercial revenue

Commercial revenue sources	Description
Advertising revenue	<p>Advertising revenue is revenue earned from promoting products or services through various media channels. This generally involves creating and placing ads that directly market a product or service to customers.</p> <p>Vehicles - advertising revenue on public transport vehicles is the most widely utilised source of third-party revenue. Historically, this source was mostly utilised by public transport operators but is now becoming a more common revenue source accessed by public transport authorities to offset public transport operating costs.</p> <p>Facilities – advertising revenue from public transport facilities (e.g. bus stops, shelters, interchanges, stations) can be used to offset the cost of operating and maintaining those facilities.</p> <p>We note there are existing examples of advertising revenue generated from public transport facilities, for example bus shelter advertising, but this is generally unrecorded as facilities are often owned by territorial authorities and revenue is not reported to public transport authorities.</p>

Sponsorship revenue	Sponsorship revenue is generated when an organisation pays to associate its brand with an event, service, or product. For example, a sponsor may contribute funding towards public transport for an event in return for brand recognition. Sponsorship may be financial or in kind, for example, a power company may offer free or discounted power. Both forms of sponsorship positively influence private share.
Commercial access fees	Commercial access fees are charges to commercial transport operators or other companies for the use of public transport infrastructure or facilities. For example, berthing fees for operators to use public ferry terminals.
Commercial retail income	Commercial retail income is revenue generated from the sale of goods and services within a public transport facility or vehicle. For example, a café within a transport facility or a café on train services such as Capital Connection or Te Huia where the revenue from sales comes back to the public transport authority.
Commercial rental income	Commercial rental income is revenue generated from leasing or renting out public transport facilities for commercial use. This would be most applicable to larger public transport facilities (e.g. hubs and interchanges).
Electricity grid sales	There is a potential emerging opportunity to generate revenue through leveraging public transport energy infrastructure by making bus charging infrastructure available to other users for a fee and utilising retired bus batteries as an energy store to support the grid during times of high demand or low supply.

3.5 Enforcement revenue

The purpose of enforcement fees is to promote compliance and mitigate behaviours that impose cost or inconvenience on other members of the community, rather than to raise revenue. Often fines and penalties are solely used to offset the cost of enforcement.

Some enforcement revenue may be considered private share while other enforcement revenue may not, as indicated in Table 5.

Table 5 Enforcement revenue sources

Enforcement revenue sources	Description
Enforcement fees (passengers)	Enforcement fees charged to passengers, e.g. for not paying a fare, can be considered private share as directly related to the delivery of public transport services. These are separated from passenger fare revenue but are paid by passengers and therefore included as passenger revenue.
Enforcement fees (other)	Other enforcement fees are generally not private share, such as fines for using bus lanes. For example, bus lane and parking enforcement undertaken by territorial local authorities is not private share. This is an area we want to explore further and welcome feedback.

3.6 Other funding sources

Private share refers to the revenue or income generated from public transport activities but does not include other funding sources where the income is not directly generated by the public transport system. The following are funding sources not considered private share but could be considered to reduce the funding required from ratepayers and taxpayers:

- development and financial contributions
- interest and/or dividends from investments (e.g. shares in port companies)
- property development and uplift
- value capture initiatives
- parking revenue
- congestion charges

We welcome discussion on whether any of these funding sources should be considered private share. For example, could some development and financial contributions be considered private share or would they be better to be considered part of local share.

Other than any feedback on the above these other funding sources are not considered further in this document as they are not directly related to the private share of public transport operating expenditure, but they are important to consider as part of the overall funding of the public transport system.

4 Private share performance and trends

This section provides information on private share trends and benchmarking. We note that while private share is an important financial measure it also needs to be considered in the context of other financial and non-financial performance measures. Appendix B provides further information on measure definitions.

4.1 International context

Cost recovery is an issue everywhere, not just New Zealand. The following are some insights from earlier analysis looking at predominately Australian sources:

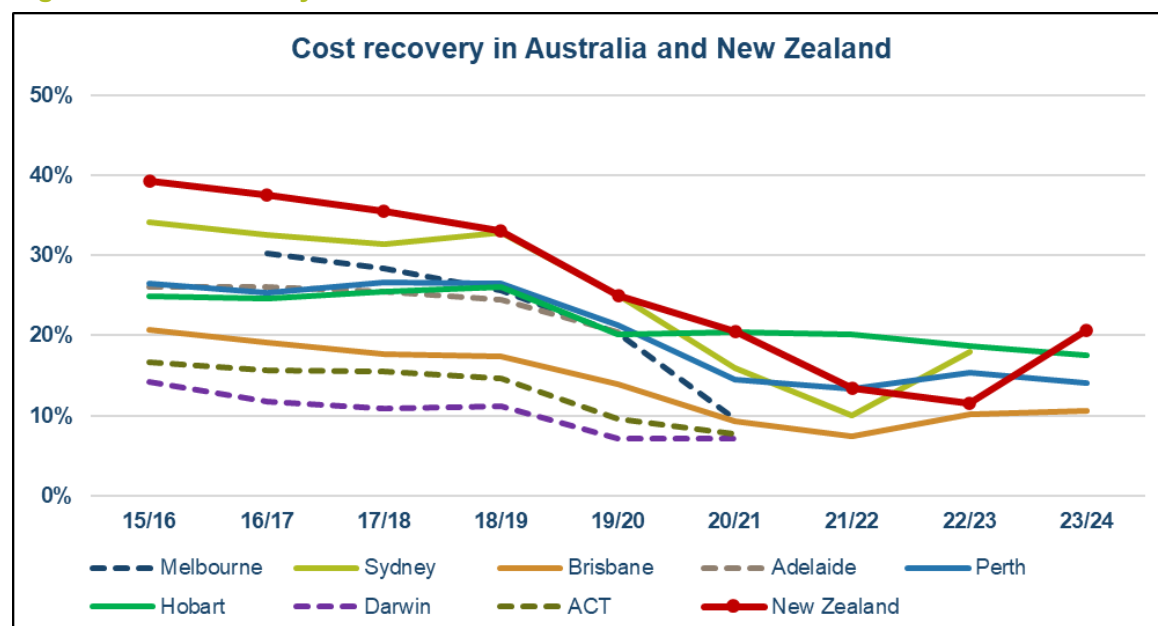
- In recent years, fare levels have not kept up with cost increases. Compounded by COVID-19 disruptions, cost recovery from fare income has decreased
- Public transport funding needs are increasing significantly due to growing supply, rising costs and inflationary pressure. The innovation required to maintain and improve levels of service and environmental performance contributes to these costs
- Good fare regulation to ensure costs are equitably shared between public and private sources can generate the necessary margins to maintain and improve service levels and meet safety, reliability and quality standards
- In Australia since the end of the 1990s cost pressures have grown a lot and cost recovery has generally declined in all cities to 20-30%

Comparing cost recovery between jurisdictions on a like-for-like basis is difficult due to different definitions and treatment of factors such as capital charges.

4.1.1 Comparison with Australia

New Zealand overall cost recovery has historically been high compared to Australia, as shown in Figure 2, although this has not been the case in recent years. New Zealand and Sydney track a similar trend, with the only divergence being the faster recovery out of covid-19. This is likely due primarily to the extended lockdown period in Auckland.

Figure 2 Cost recovery in Australia and New Zealand



Source: Australian Productivity Commission public transport pricing research paper (2021), annual reports of transport authorities and NZTA estimates.

4.2 National and regional performance

Trends associated with New Zealand's national and regional levels of private share of operating expenditure chart a change in fare and pricing priorities and policies, and extended disruptions including COVID-19 contributing to low ridership. In recent years, the trend is starting to shift upwards on a national level.

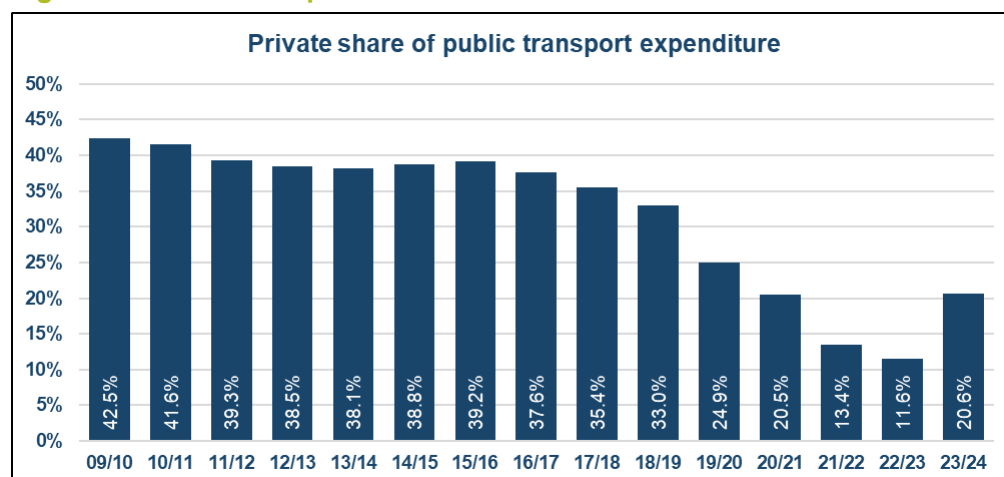
4.2.1 Private share national trend

At a national level, the private share of operating expenditure in New Zealand has fallen significantly in recent years, since around 2015/16 as shown in Figure 3. There are several reasons for recent private share trends, including the following:

- NZTA set a national farebox recovery target in 2011/12, with a target date of 2016/17. The target was met, with private share remaining relatively stable over this period.
- There was subsequently a lesser focus on farebox recovery targets and with a change in policy settings in 2017/18, the previous farebox recovery policy lapsed.
- This was followed by Covid-19, which impacted the last three months of 2019/20 and resulted in a significant decline in private share due to reduced demand and additional Crown and other support payments.
- Private share reduced to 11.6% in 2022/23. Patronage was beginning to recover from COVID-19 during this period with the low private share largely due to the Crown half-price fares policy during that year. We estimate private share would have been near 25% without any Crown fare concessions (excluding any demand impacts of higher fares).
- During this 2022/23 driver shortages also required additional Crown and local share expenditure to raise bus driver wages, affecting the private share ratio.
- The increase in private share to 20.6% in 2023/24 was due to demand returning to pre-covid levels and a more targeted approach to Crown fare concessions through Community Connect (half price fares for those under 25 or with a Community Services Card and free fares for those aged under 13). We estimate private share would have been near 27% without any Crown fare concessions (excluding any demand impacts of higher fares).

This shows the impact of Crown fare concession on private share. From the start of 2024/25 Crown fare concessions only apply to SuperGold Card and Community Services Card holders, this is expected to further reduce the Crown fare substitute share from 6.3% to 3% of public transport operating expenditure.

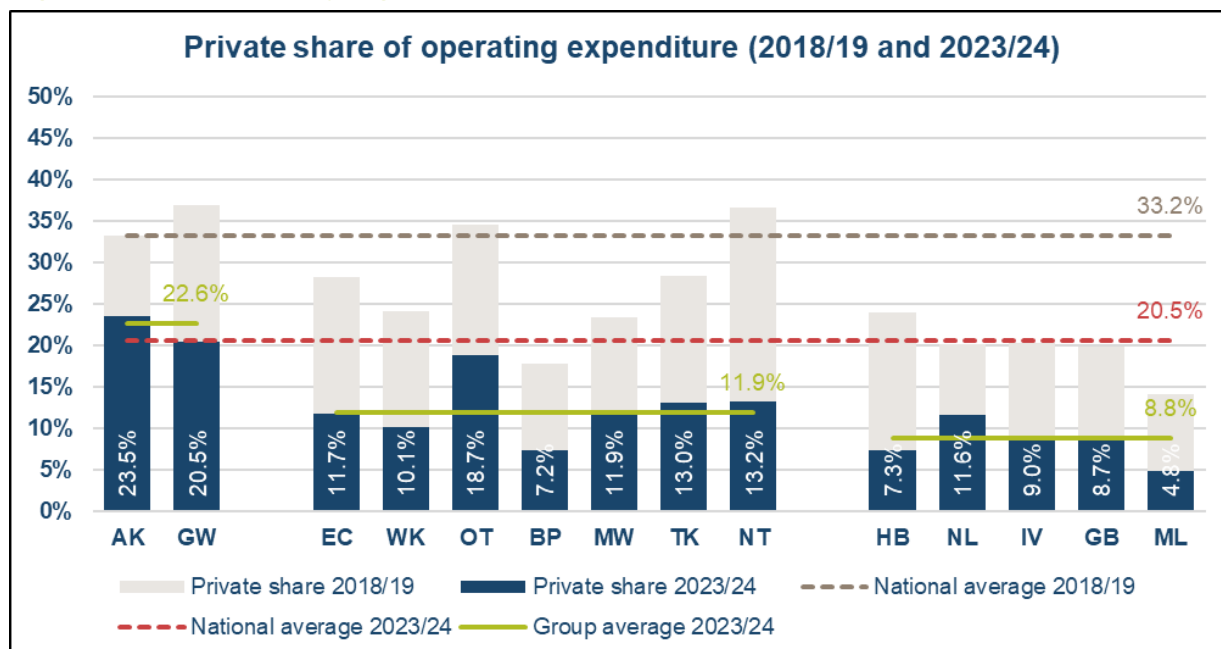
Figure 3 New Zealand private share and Crown fare substitutes



4.2.2 Private share regional performance

Private share has reduced across all regions between 2018/19 and 2023/24 as shown in the two figures below. The biggest reduction has been amongst the medium and smaller regions with a 50-60% reduction overall while Auckland and Wellington private share has reduced by around 33%.

Figure 4 Private share by region (2018/19 and 2023/24)



AK=Auckland, GW=Wellington, EC=Canterbury, WK=Waikato, OT=Otago, BP=Bay of Plenty, MW=Horizons, TK=Taranaki, NT=Nelson-Tasman, HB=Hawkes Bay, NL=Northland, IV=Invercargill, GB=Gisborne, ML=Marlborough

Table 6 Private share by region (2018/19 and 2023/24)

Public transport authority	Code	Private share 2018/19	Private share 2023/24
Auckland	AK	33.2%	23.5%
Wellington	GW	36.9%	20.5%
Subtotal		34.3%	22.6%
Canterbury	EC	28.2%	11.7%
Waikato	WK	24.1%	10.1%
Otago	OT	34.5%	18.7%
Bay of Plenty	BP	17.7%	7.2%
Horizons	MW	23.4%	11.9%
Taranaki	TK	28.4%	13.0%
Nelson-Tasman	NT	36.6%	13.2%
Subtotal		27.1%	11.9%
Hawkes Bay	HB	24.0%	7.3%
Northland	NL	20.1%	11.6%
Invercargill	IV	20.3%	9.0%
Gisborne	GB	19.9%	8.7%
Marlborough	ML	14.1%	4.8%
Subtotal		21.8%	8.8%
Total		33.2%	20.5%

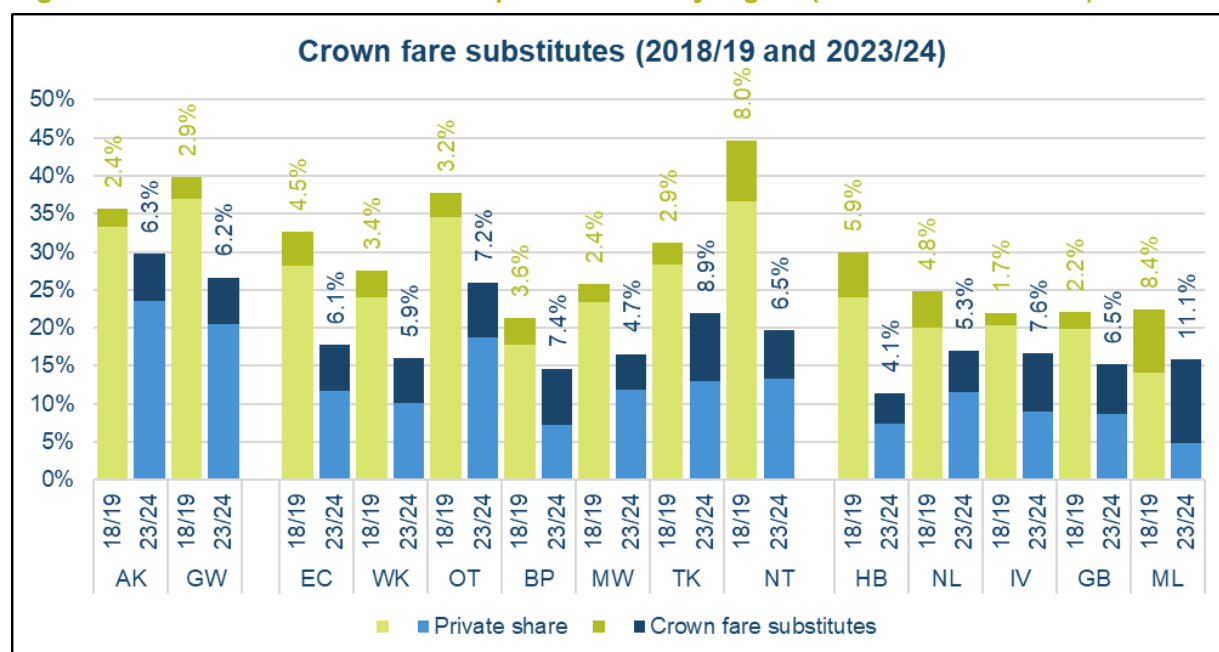
4.2.3 Impact of Crown fare substitutes

Crown fare substitutes can have a significant impact on private share. Crown fare substitutes comprise funding from the Crown provided in lieu of passenger fares.

The Crown has provided fare substitute funding for the SuperGold card scheme for the last 15 years, with SuperGold card funding equating to 2.7% of public transport operating expenditure in 2018/19. Crown funding has increased in recent years with SuperGold Card and Community Connect funding equating to 6.3% of public transport operating expenditure in 2023/24.

The impact for Crown fare substitutes on private share varies significantly between regions, depending on the number of people who qualify for those schemes.

Figure 5 Crown fare substitutes and private share by region (2018/19 and 2023/24)



AK=Auckland, GW=Wellington, EC=Canterbury, WK=Waikato, OT=Otago, BP=Bay of Plenty, MW=Horizons, TK=Taranaki, NT=Nelson-Tasman, HB=Hawkes Bay, NL=Northland, IV=Invercargill, GB=Gisborne, ML=Marlborough

Table 7 Crown fare substitutes and private share by region (2018/19 and 2023/24)

Public transport authority	Code	Private share 2018/19	Crown fare substitutes 2018/19	Private share + Crown fare substitutes 2018/19	Private share 2023/24	Crown fare substitutes 2023/24	Private share + Crown fare substitutes 2023/24
Auckland	AK	33.2%	2.4%	35.6%	23.5%	6.3%	29.8%
Wellington	GW	36.9%	2.9%	39.8%	20.5%	6.2%	26.6%
Subtotal		34.3%	2.5%	36.9%	22.6%	6.3%	28.9%
Canterbury	EC	28.2%	4.5%	32.6%	11.7%	6.1%	17.8%
Waikato	WK	24.1%	3.4%	27.5%	10.1%	5.9%	16.0%
Otago	OT	34.5%	3.2%	37.7%	18.7%	7.2%	25.9%
Bay of Plenty	BP	17.7%	3.6%	21.3%	7.2%	7.4%	14.7%
Horizons	MW	23.4%	2.4%	25.8%	11.9%	4.7%	16.6%
Taranaki	TK	28.4%	2.9%	31.2%	13.0%	8.9%	21.9%
Nelson-Tasman	NT	36.6%	8.0%	44.6%	13.2%	6.5%	19.8%
Subtotal		27.1%	3.9%	30.9%	11.9%	6.5%	18.4%
Hawkes Bay	HB	24.0%	5.9%	29.9%	7.3%	4.1%	11.4%
Northland	NL	20.1%	4.8%	24.8%	11.6%	5.3%	17.0%
Invercargill	IV	20.3%	1.7%	22.0%	9.0%	7.6%	16.6%
Gisborne	GB	19.9%	2.2%	22.0%	8.7%	6.5%	15.2%
Marlborough	ML	14.1%	8.4%	22.5%	4.8%	11.1%	15.9%
Subtotal		21.8%	4.7%	26.4%	8.8%	5.3%	14.0%
Total		33.2%	2.7%	35.9%	20.5%	6.3%	26.8%

5 Setting of private share targets

Public transport authorities are required to set with NZTA agreed private share targets. We are proposing a regional approach to setting targets to ensure targets reflect the specific context and circumstances of each region. We require interim regional targets be set and agreed with us for each of the next two years and an indicative target for 2026/27.

5.1 Key expectations

We expect private share targets to deliver a meaningful increase in private share, but targets should also be achievable. The following are our key expectations for public transport authorities in setting private share targets:

- Private share targets for each region are expected to meet or exceed 2018/19 levels, subject to any material changes in regional context
- Private share targets are set on a regional basis, accounting for differences in public transport system size, need and resources
- Private share targets are set on an interim basis for 2024/25 and 2025/26 and on an indicative basis for year 2026/27
- Public transport authorities are responsible for identifying and implementing initiatives to increase private share

5.2 Key considerations

The following are relevant matters to consider when setting private share targets and will be key considerations for NZTA in agreeing regional targets with each public transport authority:

- National economic context
- Boardings and expenditure
- Private share levels
- Passenger fare levels
- Third-party revenue levels
- Crown fare concessions

The rest of this section provides a regional comparison and analysis of each of these key considerations, with a focus on the 2018/19 and 2023/24 financial years. We have used this analysis to develop proposed targets for discussion and agreement with public transport authorities. The proposed targets will be shared separately to this discussion document.

5.2.1 National economic context

The national and regional economic situation is an important consideration when setting private share targets. For example, economic conditions influence the ability for passengers to pay for travel and the number of trips they might take. It also influences pressure on ratepayers and taxpayers and the ability to develop and grow third-party revenue streams.

The national economic situation is complex, for example, at the time of writing the [ANZ economic outlook](#) indicates further cuts to the official cash rate and stabilisation of inflation but also ongoing pressures from the labour market, consumer confidence and economic growth. [Statistics NZ](#) is also showing the cost of living for the average household continues to increase.

We recognise impacts will vary by regions and are looking to discuss with public transport authorities the potential impact on private share targets. As a starting point and on a national basis, we have assumed the potential for a 0.5 percentage point increase per annum in private share associated economic conditions generally.

For context, a 0.5 percentage point increase in private share would require approximately a 2% increase in private revenue or a 2% reduction of operating expenditure, or some combination thereof.

5.2.2 Boardings and expenditure

Patronage oriented networks (comprising rapid and frequent serves) typically have higher boardings and operating expenditure per capita and higher private share, whereas coverage-oriented networks typically have lower boardings and operating expenditure per capita and lower private share. These factors are highly correlated and can be used to inform appropriate private share targets across different regions.

By way of summary, Auckland and Wellington have relatively high levels of patronage-oriented services. They also have the highest per capita levels of passenger boardings (refer Figure 6) and operating expenditure (refer Figure 7).

We expect Auckland and Wellington to have the highest levels of private share nationally, followed by Canterbury and Otago and then other medium sized regions with the smaller regions having the lowest relative levels of private share.

Refer to the [strategic context](#) section of our [public transport framework](#) for further information on patronage and coverage oriented services. Further information on population catchments and per capita measures is also provided in Appendix B.3.4.

Figure 6 Passenger boardings per capita

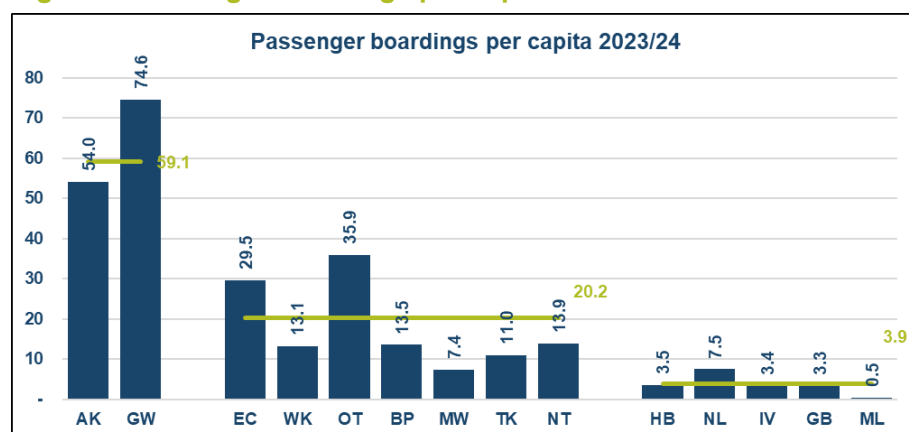
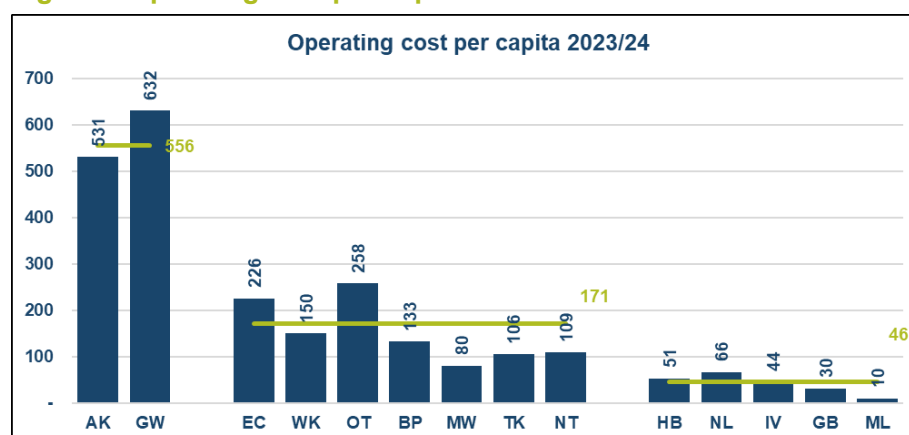


Figure 7 Operating cost per capita



AK=Auckland, GW=Wellington, EC=Canterbury, WK=Waikato, OT=Otago, BP=Bay of Plenty, MW=Horizons, TK=Taranaki, NT=Nelson-Tasman, HB=Hawkes Bay, NL=Northland, IV=Invercargill, GB=Gisborne, ML=Marlborough

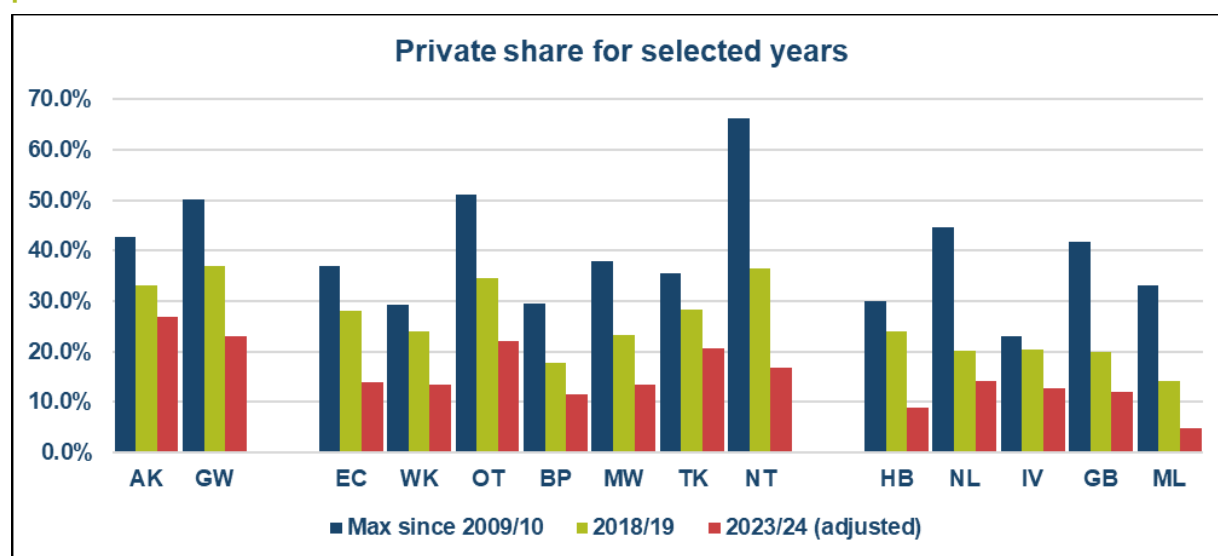
5.2.3 Private share levels

The consideration of historic private share levels for each region is a good indicator as to the extent to which each region might be able to increase private share in line with previous performance. It is noted that some networks will have changed which will need to be considered, for example Nelson-Tasman (NT) has had significant network changes that may mean a historic comparison is less meaningful.

Figure 8 shows current private share compared to 2018/19 private share and the maximum private share level in that region since 2009/10. The term adjusted private share is used to reflect adjustments made to exclude the impact of recent Crown fare substitutes on the comparison. The lower percentages theoretically mean more room for increases in private share. The main comparison for interim targets should be the percent of 2018/19 while the percent of maximum private share may be more indicative of longer-term changes in private share targets.

As previously indicated, regions are expected to move to 2018/19 private share levels, which for most regions is a significant increase.

Figure 8 Private share 2023/24 (adjusted for Crown concessions) compared to previous private share levels



AK=Auckland, GW=Wellington, EC=Canterbury, WK=Waikato, OT=Otago, BP=Bay of Plenty, MW=Horizons, TK=Taranaki, NT=Nelson-Tasman, HB=Hawkes Bay, NL=Northland, IV=Invercargill, GB=Gisborne, ML=Marlborough

Table 8 Private share 2023/24 (adjusted for Crown concessions) compared to previous private share levels

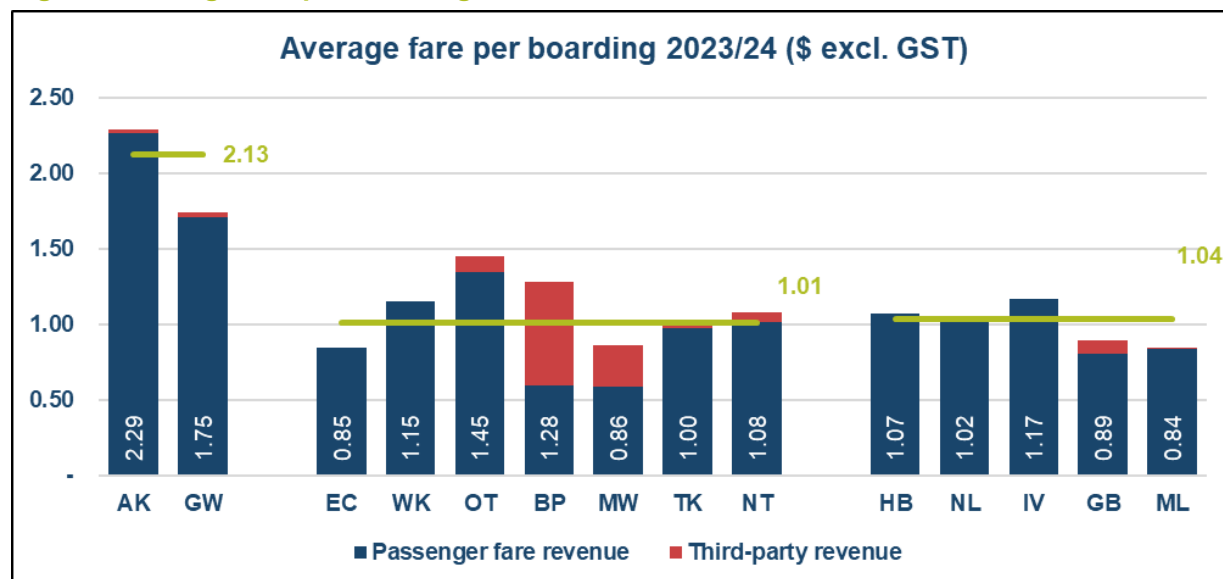
Public transport authority	Code	Private share 2023/24 (adjusted)	Private share 2018/19	Max private share since 2009/10
Auckland	AK	26.9%	33.2%	42.7%
Wellington	GW	23.1%	36.9%	50.3%
Canterbury	EC	13.9%	28.2%	36.9%
Waikato	WK	13.4%	24.1%	29.4%
Otago	OT	22.1%	34.5%	51.2%
Bay of Plenty	BP	11.5%	17.7%	29.4%
Horizons	MW	13.4%	23.4%	37.9%
Taranaki	TK	20.6%	28.4%	35.5%
Nelson-Tasman	NT	16.8%	36.6%	66.3%
Hawkes Bay	HB	8.8%	24.0%	30.0%
Northland	NL	14.1%	20.1%	44.8%
Invercargill	IV	12.7%	20.3%	23.2%
Gisborne	GB	12.1%	19.9%	41.8%
Marlborough	ML	4.8%	14.1%	33.1%

5.2.4 Passenger fare levels

The current average fare per boarding for each region is shown in Figure 9. This figure also includes average third-party revenue for boarding to reflect where private fare substitutes may be leading to lower average fares.

Please note that for simplicity we have included total third-party revenue and have not attempted to separate out private fare substitutes from commercial revenue. Ideally, these would be separated.

Figure 9 Average fare per boarding



AK=Auckland, GW=Wellington, EC=Canterbury, WK=Waikato, OT=Otago, BP=Bay of Plenty, MW=Horizons, TK=Taranaki, NT=Nelson-Tasman, HB=Hawkes Bay, NL=Northland, IV=Invercargill, GB=Gisborne, ML=Marlborough

Fares and general inflation

Passenger revenue is the primary source of private revenue. This essentially means passenger fare levels need to increase in line with operating costs just to maintain current levels of private share. Regular fare increases in line with the consumer price index (CPI) will maintain real fares relative to the cost of other goods and services over time. Increasing fares by less than the rate of inflation is the same as a reduction in real fare levels.

We recommend annual fare increases that at a minimum are in line with general inflation. Figure 10 shows the change in average passenger fares levels and CPI over time, indicating that during the period 2009/10 to 2016/17 fare levels generally increased in line with CPI, but passenger fares levels have not kept up since 2017/18. Figure 11 shows that nationally passenger fares have decreased in real terms from 2015/16 to 2023/24

Figure 10 Average fare per passenger boarding and CPI since 2009/10

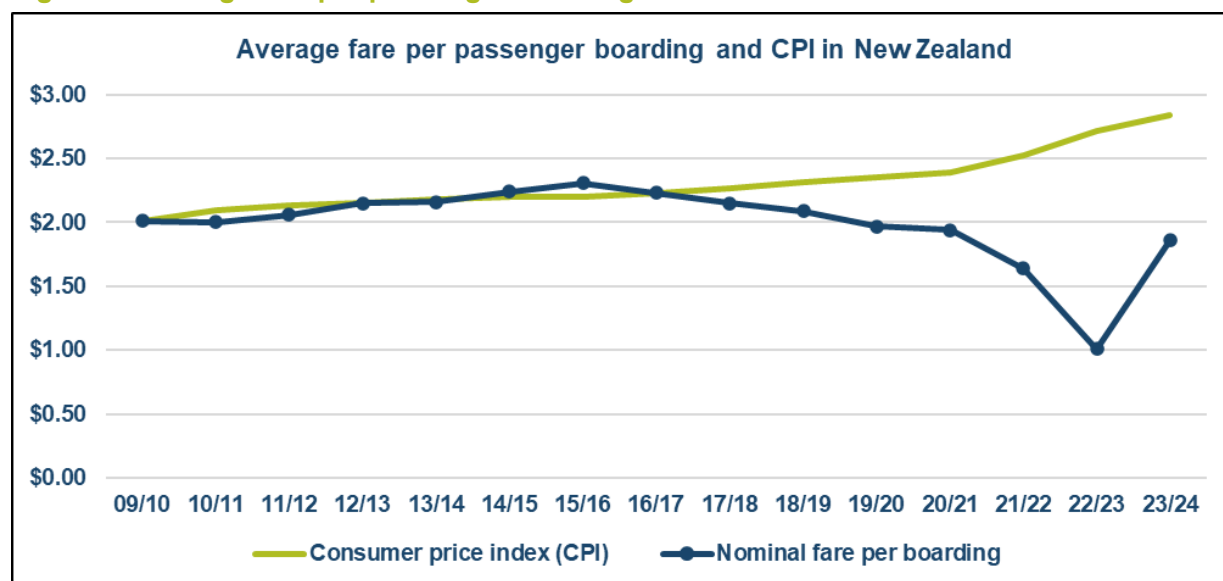
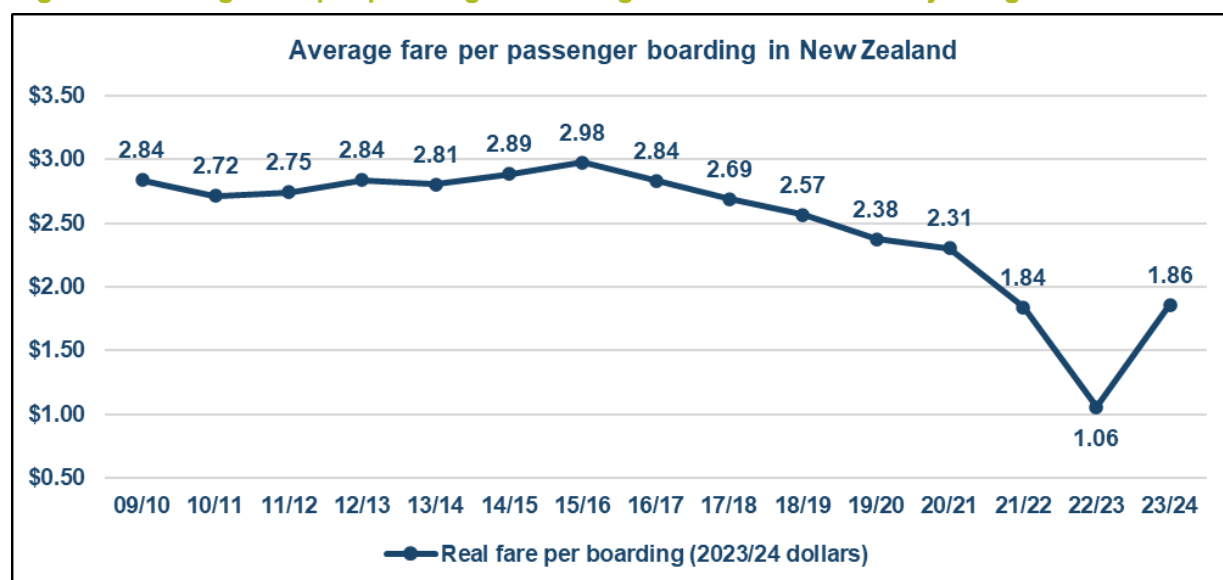


Figure 11 Average fare per passenger boarding since 2009/10 after adjusting for inflation

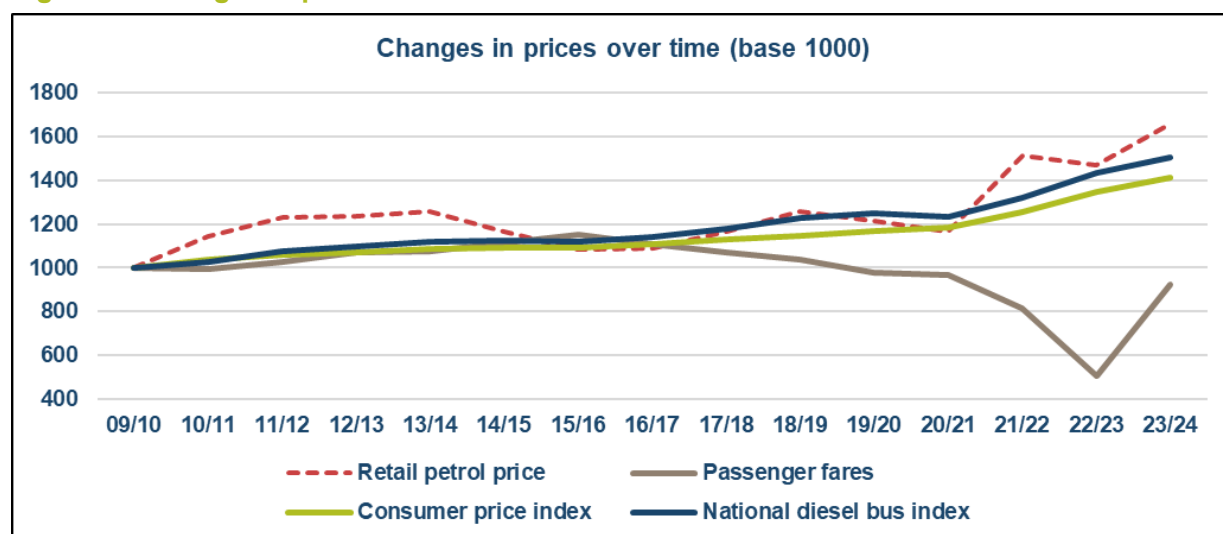


Fares and operating costs

The cost of operating services is also an important consideration when setting fares and seeking to maintain or increase private share. Operating costs have historically increased at a faster rate than general inflation (e.g. in line with the NZTA public transport cost index). This means increasing fares in line with the CPI will not maintain current levels of private share with increases needing to instead be in line with increases in operating costs.

Increasing fares above the general rate of inflation can impact demand due to price elasticities. We recommended passenger fares be increased at a rate that at least maintains current levels of private share and that manages demand impacts through regular smaller increases rather than less regular higher increases in passenger fare levels.

Figure 12 Changes in prices over time



Fares and cost of alternatives

Public transport is an alternative to private car and therefore the cost of driving is a useful comparator for passenger fares on public transport. The bigger the gap means potentially more room to increase fares, assuming private cars is the main alternative. Figure 13 shows passenger fares compared to private car costs for average public transport trip distance¹.

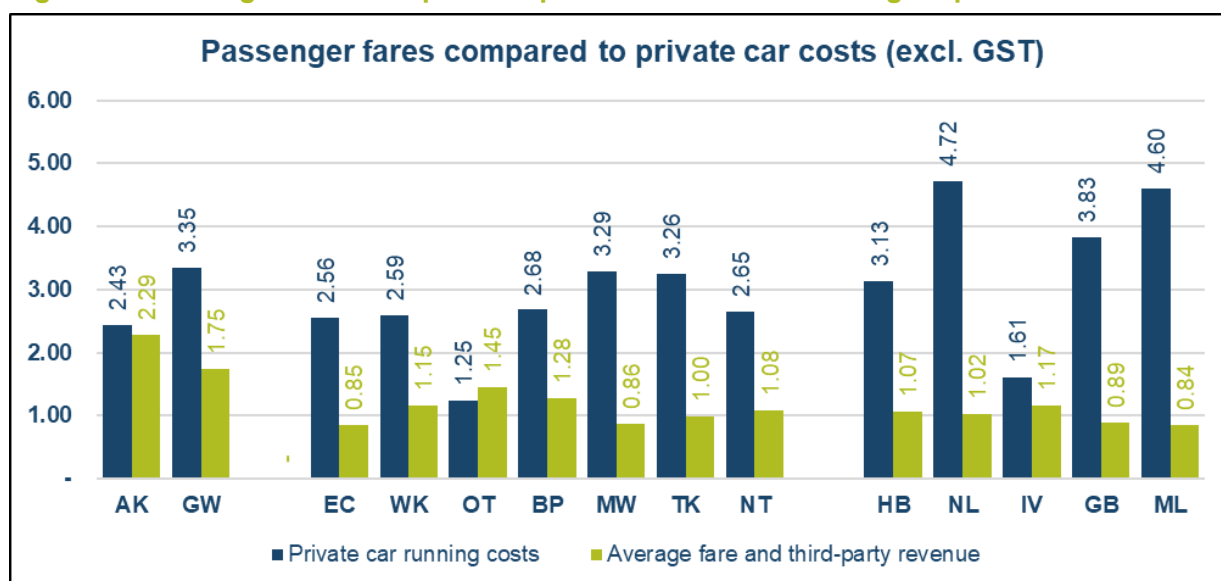
Auckland and Otago appear to have the highest average fare compared to private car operating costs, noting this doesn't take account of parking or other costs. Most other regions public transport fares are significantly lower than the average cost of travelling in a single occupancy vehicle. This would indicate room to increase fares and remain competitive to the cost of driving for most regions. However, care must be taken as public transport and driving are not always comparable. For example:

- For households, car trips often cost less per person when more people share the ride, while public transport typically costs more with each additional person.
- People are generally more willing to pay higher fares where public transport is convenient, quick, and safe compared with other options such as driving.

¹ Note: Private car costs have been calculated using a simplified methodology which is simply the [IRD 2023/24](#) per kilometre rate for running costs only (\$0.30 excl. GST) multiplied by the average public transport trip length in each region. This comparison excludes costs such as parking and congestion

Comparison to private car operating costs depends on context and is a policy decision for each public transport authority.

Figure 13 Passenger fares compared to private car costs for average trip distance



AK=Auckland, GW=Wellington, EC=Canterbury, WK=Waikato, OT=Otago, BP=Bay of Plenty, MW=Horizons, TK=Taranaki, NT=Nelson-Tasman, HB=Hawkes Bay, NL=Northland, IV=Invercargill, GB=Gisborne, ML=Marlborough

5.2.5 Third-party revenue levels

Current third-party revenue levels are shown in Table 9 for those regions that have indicated third-party revenue, given as a percent of gross operating cost. This would seem to indicate around 1% of operating expenditure as the appropriate starting point for expected private share of third-party revenue. Those regions with higher third-party revenue generally have tertiary institute funded fare concessions.

There is an expectation that third-party revenue levels increase each year, for example those currently with no or limited third-party revenue might target at least 0.5% in the first year, 1% in second year and 1.5% in the third.

Table 9 Third-party revenue as a proportion of total operating expenditure

Public transport authority	Third-party revenue (approximate)
Auckland	3.0%
Wellington	0.3%
Canterbury	0.7%
Waikato	1.0%
Otago	1.0%
Bay of Plenty	0.4%
Horizons	6.9%
Taranaki	2.8%
Nelson-Tasman	0.3%
Hawkes Bay	-
Northland	-
Invercargill	-
Gisborne	-
Marlborough	0.5%

5.2.6 Crown fare concessions

Crown fare concessions, like SuperGold and Community Connect, reduce private share by substituting passenger fares with Crown funding. Recent policy changes, such as reducing the scope of Community Connect, influence the starting point for identifying private share targets. Table 10 shows the estimated impact on private share resulting from policy decisions already made.

Overall, changes to Crown fare concessions are expected to increase private share by 3.2 percentage points nationally, with regional variations. For example, Marlborough is not affected as it is not part of Community Connect, while Taranaki will see the highest increase due to relatively high Community Connect usage.

The adjusted private share for 2023/24 in Table 10 serves as a baseline for setting 2024/25 targets. Actual targets need to be higher to account for initiatives to increase private share, such as fare increases, third-party revenue initiatives, and cost-saving measures.

Table 10 Crown fare substitutes impact on private share (2023/24)

Public transport authority	Code	Actual private share 2023/24	Impact of removing Crown fare substitutes ^(a)	Adjusted private share 2023/24
Auckland	AK	23.5%	3.4%	26.9%
Wellington	GW	20.5%	2.7%	23.1%
Subtotal		22.6%	3.2%	25.8%
Canterbury	EC	11.7%	2.2%	13.9%
Waikato	WK	10.1%	3.3%	13.4%
Otago	OT	18.7%	3.4%	22.1%
Bay of Plenty	BP	7.2%	4.3%	11.5%
Horizons	MW	11.9%	1.5%	13.4%
Taranaki	TK	13.0%	7.6%	20.6%
Nelson-Tasman	NT	13.2%	3.5%	16.8%
Subtotal		11.9%	3.0%	14.9%
Hawkes Bay	HB	7.3%	1.5%	8.8%
Northland	NL	11.6%	2.5%	14.1%
Invercargill	IV	9.0%	3.7%	12.7%
Gisborne	GB	8.7%	3.4%	12.1%
Marlborough	ML	4.8%	0.0%	4.8%
Subtotal		8.8%	2.2%	10.9%
Total		20.5%	3.2%	23.7%

(a) Demand impact of change in fares has not been factored in as many regions may retain equivalent discount as a regional concession

5.3 Other considerations

The following is a list of other matters not covered above that could potentially be considered in setting regional targets.

- Average fare revenue per passenger kilometre
- Current levels of funding share and FAR rates
- Efficiency of network passenger kilometres per service kilometre
- Gross operating cost per passenger kilometre
- Gross operating cost per service kilometre
- Travel patterns and mode share e.g. household travel survey, census journey to work and journey to education
- Economic and demographic factors e.g. economic activity, population growth, socio-economic deprivation

5.4 Regional private share targets

The previous sections outline expectations and considerations for setting private share targets. These, along with any other relevant information, will need to be considered by public transport authorities and NZTA when agreeing regional targets.

As a starting point, we have proposed private share targets for each region, which we will share separately with each public transport authority.

Based on our analysis and consistent with historic trends, Auckland and Wellington are expected to have higher private shares, while other regions may have lower targets depending on their characteristics.

While targets will vary by region based on relevant context, we expect the national private share to be within the target ranges set by the NZTA Board, as outlined in Table 11.

When agreeing targets, it will also be necessary to document the high-level inputs and initiatives required to achieve them. This may include any combination of patronage and fare revenue growth, fare increases, third-party initiatives, and cost-saving measures.

Table 11 Regional private share targets to be agreed with NZTA

Public transport authority	2018/19 Actual	2023/24 Actual	2024/25 Interim Target	2025/26 Interim Target	2026/27 Indicative Target
Auckland	33.2%	23.5%	To be set and agreed with each public transport authority		
Wellington	36.9%	20.5%			
Canterbury	28.2%	11.7%			
Waikato	24.1%	10.1%			
Otago	34.5%	18.7%			
Bay of Plenty	17.7%	7.2%			
Horizons	23.4%	11.9%			
Taranaki	28.4%	13.0%			
Nelson-Tasman	36.6%	13.2%			
Hawkes Bay	24.0%	7.3%			
Northland	20.1%	11.6%			
Invercargill	20.3%	9.0%			
Gisborne	19.9%	8.7%			
Marlborough	14.1%	4.8%			
Total	33.0%	20.5%	24-26%	28-33%	35-40%

6 Embedding a more commercial approach

Private share is part of a broader focus on embedding a more commercially oriented approach and improving national and regional oversight of public transport.

6.1 Public transport oversight

One of NZTA's statutory functions under the LTMA is to oversee the planning, operation, implementation, and delivery of public transport (oversight function). This is addition to our regulatory and funding roles.

While we provide national oversight, public transport authorities are responsible for regional oversight and delivery, primarily through:

- regional public transport plans and regional land transport programmes prepared under the LTMA, and
- annual and long-term plans and revenue and financing policies prepared under the LGA

However, these documents often lack alignment and relevant information on public transport activities. They do not fully account for contributions from other organisations, such as local councils or national projects like the NTS. Additionally, NZTA reporting requirements for public transport authorities needs to be streamlined and improved. We observe that much of the current reporting is focused on funding claims from NZTA, rather than offering a comprehensive view of public transport that is useful to authorities and drives improvements to the system.

To improve oversight, we aim to enhance the alignment, monitoring, reporting, and setting of both financial and non-financial measures nationally. By improving these elements, we aim to create a more cohesive and useful oversight framework that better reflects all parts of the public transport system and performance at both regional and national levels.

In many instances we anticipate that this involves NZTA aligning better with regional best practice and processes that public transport authorities must adhere already to under the LGA.

6.2 Commercial approach

By focusing on customer satisfaction, revenue generation, cost efficiency, and innovative technologies, public transport can become more sustainable and attractive to users. This approach enhances operational performance, drives growth, and ensures public transport is a vital and competitive part of our transport system.

Practices currently vary across the sector, and we aim to align with regional best practice and foster this nationally. This is not just about focusing on revenue; it's about improving the overall system. The follow are key aspects of what we consider to be a more commercially oriented approach:

- **Customer and purpose** - ensuring clarity of purpose, understanding customer needs and desired outcomes is important. Clearly defining these elements for each network is essential for cost-efficient network design and meeting customer needs in a way that attracts and retains patronage. Leveraging data and insights to understand customer needs and the effectiveness of achieving desired outcomes is key to optimising the deployment of limited resources, funding, and maximising value for money spent.
- **Efficiency and effectiveness** - this is about meeting customer need and achieving desired outcomes in the most cost-effective manner possible. This includes fostering innovation, improving procurement practices, fostering supplier market competition, and optimising networks to maximise value from each dollar spent on public transport.

- **Financial oversight and reporting** – oversight and regular monitoring and reporting of financial and non-financial performance, including setting and tracking of relevant targets and regular reporting against budgeted and forecast revenue and expenditure is critical to effective delivery and being able to respond to changing circumstances.
- **Growing revenue sources** – initiatives to grow revenue sources, particularly increasing private share through third-party and other revenue sources are a key focus. This may include a stronger focus on revenue management and need for better understanding of the structure of demand and segmentation options for passenger fares and opportunities for greater use of private share substitutes.

This discussion document focuses on the last two points, financial oversight and reporting and developing revenue sources, primarily third-party revenue sources.

6.3 Financial oversight and reporting

We understand that so far, NZTA and the sector have mainly focused on funding and claiming requirements under the LTMA. However, to meet GPS 2024 expectations for increasing private share, a more thorough approach to financial oversight is needed.

We are intending to undertake further work to this end. For example, we are considering whether developing a model chart of accounts to serve as a basis for NZTA reporting could be beneficial. We note that such an approach:

- would better align with financial reporting requirement under the LGA
- should enable expenditure and revenue to be coded in a way that meets NZTA claiming and reporting requirements without the significant manual adjustments that currently are required across many public transport authorities.
- should enable NZTA to retire or streamline other reporting requirements

We note that most public transport authorities in Australia prepare and publish financial statements, whether as a reporting group in a state department report or separate business unit, for example refer [Metro Tasmania](#) annual reports.

6.3.1 Statement of revenue and expenditure

We propose introducing regular quarterly reporting of operating revenue and expenditure both at a summary level as illustrated in the example statement of revenue and expenditure in Table 12 and more detailed level through supported notes as illustrated in Appendix B.1.

Our aim is to streamline and improve existing financial reporting requirements to enable better oversight of the public transport system while reducing the administrative effort for public transport authorities.

Table 12 Example statement of revenue and expenditure for fictitious region

Example Public Transport Authority			
STATEMENT OF REVENUE AND EXPENDITURE			
	Notes	Actual 2023/24	Budget 2024/25
Revenue (sources of operating funding)			
Fees and charges	1(a)	4,928,828	5,175,269
Third-party revenue	1(b)	678,219	702,130
Grants and subsidies			
Crown funding	1(c)	4,916,004	5,161,804
NZTA funding	1(d)	27,352,459	28,720,082
Other funding	1(e)	0	10,000
General and targeted rates	1(f)	35,423,840	37,195,032
Other income		0	0
Total operating revenue		73,299,350	76,964,317
Expenditure (applications of operating funding)			
Passenger services			
Contract management	2(a)	5,319,267	5,585,230
Operator payments	2(b)	55,144,810	57,902,051
Revenue recognition	2(c)	1,550,858	1,628,401
Operations and maintenance			
Operations and management	2(d)	8,416,807	8,837,647
Facilities and infrastructure	2(e)	962,086	1,010,190
Technology system operations	2(f)	1,905,522	2,000,798
Total operating expenditure		73,299,350	76,964,317
Surplus (deficit)		0	0
Refer Appendix B.1 for supporting notes			

6.3.2 Removing or streamlining other reporting requirements

While not within the scope of this document, we see value in consolidating and streamlining NZTA financial and non-financial reporting requirements for public transport authorities. Doing so would aim to make reporting easier, enable better information and embed a more commercially oriented approach. To achieve this, we see significant potential to better align with existing statutory requirements across the LTMA and LGA as opposed to creating additional policy requirements.

For example, Table 13 provides a summary of public transport authority funding sources for public transport operating expenditure identified in their 2024 revenue and financing policies, which is relevant to the consideration of the private share of public transport operating expenditure.

We note there is not a category for third-party revenue although this would likely fall within the fees and charges category.

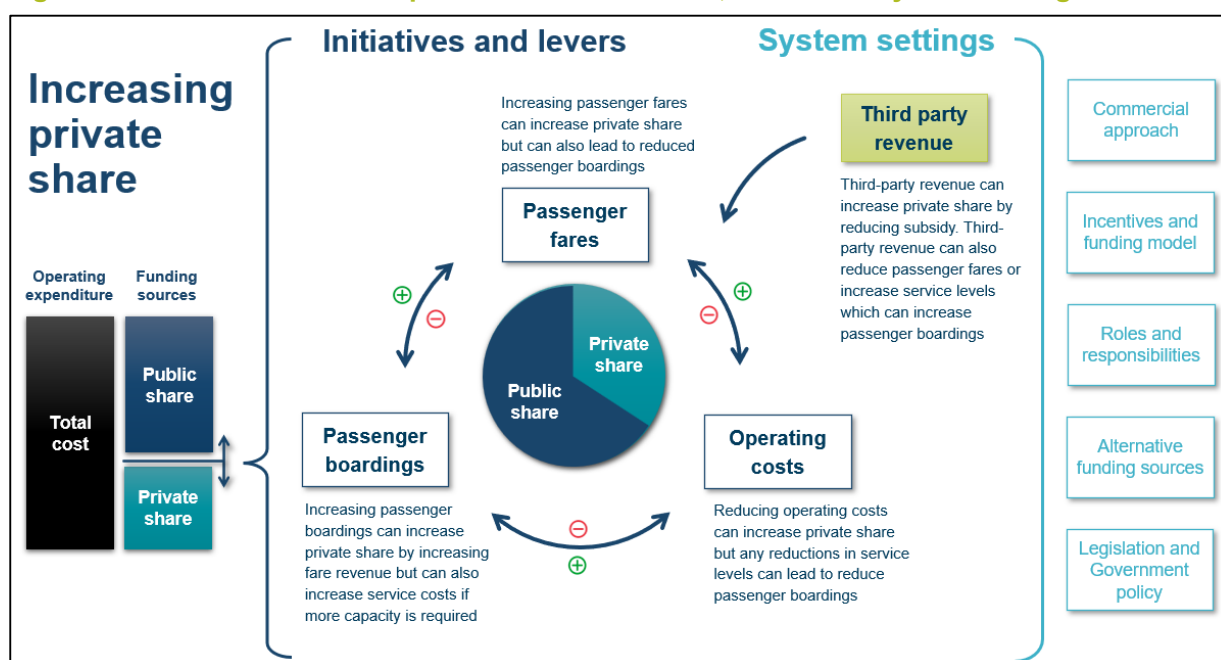
Table 13 Sources of funding for public transport operating expenditure based on funding sources defined under the Local Government Act 2022

Funding source	Auckland	Wellington	Canterbury	Waikato	Otago	Bay of Plenty	Horizons	Taranaki	Nelson-Tasman	Hawkes Bay	Northland	Invercargill	Gisborne	Marlborough
General rates	✓	-	-	✓	✓	-	-	-	✓	-	-	✓	-	-
Targeted rates	✓	✓	✓	✓	✓	✓	✓	✓	-	✓	✓	✓	✓	✓
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	✓	✓	✓	✓	✓	✓	-	✓	✓	✓	✓	✓	✓	✓
Investment income (interest and dividends)	-	-	-	-	-	-	-	-	-	-	-	-	-	✓
Borrowing	-	-	-	-	-	-	-	-	✓	-	-	-	-	-
Proceeds from asset sales	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Development contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Financial contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grants and subsidies	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Other sources	-	-	✓	✓	✓	✓	✓	-	-	-	-	-	-	✓
Regional fuel tax (repealed)	✓	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserves	-	-	-	-	-	✓	-	-	-	-	-	-	-	-

7 Initiatives to increase private share

There is a complex interaction between private share initiatives, levers and system settings, as illustrated in Figure 14. The section explores potentially initiatives to increase private share taking account of the dynamic interaction between passenger fares, passenger boardings, operating costs and third-party revenue. The potential to increase private share is also impacted by current and future system settings.

Figure 14 Interaction between private share initiatives, levels and system settings



7.1 Initiatives and levers

Private share is expected to increase annually which will require public transport authorities to identify and implement initiatives to increase private share as soon as possible.

7.1.1 Passenger fares

Increasing passenger fares can increase private share but can also lead to reduced passenger boardings. The NZTA fares and pricing policy in the development guidelines for regional public transport plans requires public transport authorities to undertake annual pricing reviews and regular fare structure reviews. These reviews provide an opportunity to increase passenger fares on an annual basis.

Passenger fares comprise a significant proportion of private share funding for public transport and are based on private share benefit of public transport, as set out in the public transport authorities' revenue and financing policies, prepared under the Local Government Act 2002. The extent to which this cost is recovered is subject to circumstance. Fares should be adjusted at least annually and balance transparency with flexibility. For context:

- Maintaining fare levels relative to the price of other goods and services requires regular increases in line with inflation. Any increases above the rate of inflation may have an impact on demand but will be required to maintain private share if operating costs are increasing faster than the general rate of inflation.
- Experience shows that fares should be adjusted incrementally and regularly, at least annually. In the event of abrupt and steep fare increases, the elasticity of demand is likely

to be much higher and the drop in ridership could be significant. From a public acceptance point of view, small regular variations generate fewer reactions than large increments. (UITP 2012).

- Many cities (such as Singapore, Cape Town, Hong Kong, Sydney) take a relatively prescriptive, formulaic approach to fare reviews, including directly linked to inflation, service cost increases etc (Cape Town 2014, Lipscombe 2016, TTF 2016).
- The advantage of using a fare adjustment formula is that it increases transparency and reduces uncertainty. On the other hand, circumstances not foreseen in the formula may arise, meaning there is a need to balance between transparency and flexibility. (UITP 2012, TTF 2016).
- Passenger boardings are more likely to be increased by changes to the services themselves, rather than by decreased fare levels. Reducing fares can increase boardings. But customers generally value high levels of service more than reduced fares.

7.1.2 Passenger boardings

Increasing passenger boardings can increase private share by increasing fare revenue but can also increase service costs if more capacity is required. Demand can be increased through a variety of initiatives.:

- Improving service performance
- Improving customer experience
- Network improvement within existing funding allocations
- Marketing and promotion to make best use of existing capacity

Each initiative has its own trade-offs that affect overall private share. Context differs by region and identifying initiatives to increase demand in a way that positively impacts private share is an important consideration for public transport authorities.

7.1.3 Operating costs

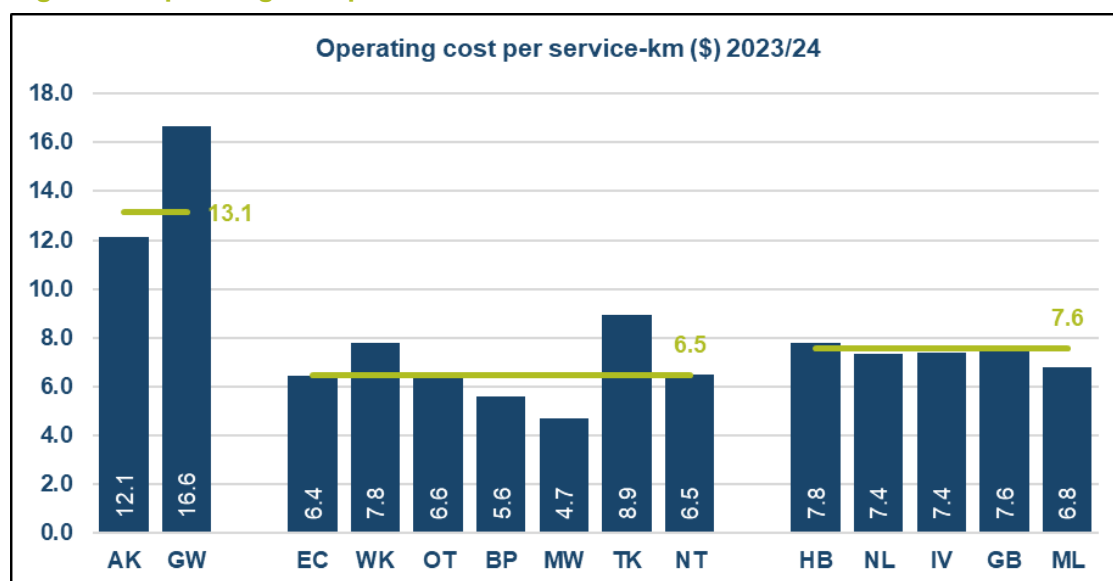
Achieving greater cost efficiency is an important part of increasing private share. Cost side initiatives include, but are not limited to:

- **Improving procurement practices**

Fostering a competitive and efficient supplier market can significantly influence the cost of providing public transport services by increasing competition. This is a key focus area for NZTA.

The following figure show current public transport operating cost per service-km. This is higher in Auckland and Wellington mainly due to higher train costs, but bus costs are also higher than in other regions, with Auckland bus costs being \$7.89 and Greater Wellington \$10.49 per service-km.

Figure 15 Operating cost per service-km



AK=Auckland, GW=Wellington, EC=Canterbury, WK=Waikato, OT=Otago, BP=Bay of Plenty, MW=Horizons, TK=Taranaki, NT=Nelson-Tasman, HB=Hawkes Bay, NL=Northland, IV=Invercargill, GB=Gisborne, ML=Marlborough

- **Optimising services and networks**

This involves amending network to maximise cost efficiencies within existing funding. This can reduce costs for the same patronage and revenue or increase patronage and fare revenue for the same cost. Larger public transport authorities continuously focus on optimisation due to their changing environment.

- **Reducing service levels**

This will reduce operating costs and all else being equal, increase the private share funding ratio. However, there is a risk it can also trigger patronage and fare revenue decline and be counterproductive overtime.

Note that reduced service levels can lead to reduced demand which in turn reduces passenger fare revenue and therefore can reduce private share.

Optimising networks and/or reducing service levels can be implemented within the shorter term, whereas the benefits of increased competition and better procurement practices will be realised overtime as the sector progresses through procurement cycles.

The most significant improvement to private share can be achieved through increases in passenger demand, as savings through network optimisation and reducing service levels are generally reinvested by the public transport authority into better performing services. In turn, that increases demand and indirectly contributes to an increase in private share.

7.1.4 Third-party revenue

Third-party revenue can increase private share by reducing subsidy. Third-party revenue can also reduce passenger fares or increase service levels which can increase passenger boardings.

Example initiatives include:

- Increase advertising
- Increase sponsorship
- Corporate fare schemes
- Develop rental income
- Operator access fees

- Business/commercial opportunities.

By increasing third-party revenue, public transport authorities can access more funding for public transport operating costs without the same potential trade-offs associated with increasing passenger boardings and fares and reducing operating costs. But increasing third-party revenue may or may not increase the private share as a proportion of total costs, for example using third-party review to increase service levels or reduce passenger fares will not increase private share.

Potential initiatives to increase third-party revenue are outlined in Table 14. Currently only advertising is widely used as a source of third-party revenue although there are various cost-share arrangements in place with transport operators.

Table 14 Initiatives to increase third-party revenue

Initiative	Description
Increase commercial advertising	<p>Many public transport authorities have arrangements in place with private media companies to provide advertising on public transport vehicles.</p> <p>Currently, most public transport authorities do not have access to advertising revenue generated from bus shelters or public transport interchanges and stations. This is due to the ownership of these assets typically falling on territorial authorities (i.e. city and district councils).</p> <p>NZTA recommends that public transport authorities investigate opportunities to partner with territorial authorities to expand their opportunity to increase advertising revenue from public transport infrastructure, such as bus shelters.</p>
Increase commercial sponsorship	Promote opportunities for commercial sponsorship of public transport services or facilities (e.g. naming rights).
Develop and promote corporate fare schemes	<p>Corporate fare schemes help increase public transport patronage and private share, reducing the need for public subsidies. They offer many benefits for both companies and the public transport system. However, the advantages for private companies aren't always obvious, so highlighting these benefits can attract more participation.</p> <p>Corporate fare schemes can help reduce the need for car parking at workplaces, meet sustainability goals, and provide a benefit that can help attract and retain employees, students or clients.</p> <p>Since April 2023, employer contributions to employees' public transport costs for commuting can be exempt from fringe benefit tax.</p>
Develop rental income opportunities	There are avenues to generate income from renting out public transport facilities under public transport authority or territorial local authority control.
Charge commercial operators access fees	Public transport authorities can recover operator access fees from operators of commercial and exempt services, where a public transport authority or territorial local authority is providing access / use of their facilities. Examples include charging for use of bus facilities or wharf access charges.

7.2 System settings

In addition to the above which have direct impact on private share there are core system setting challenges that have a wider impact and if addressed could potentially unlock significant increases in private share that are not currently possible.

7.2.1 Commercial approach

As set out above, embedding a more commercially oriented approach to the planning, procurement and delivery of public transport services and infrastructure is key to growing private share funding. The capacity and capability to do so varies between public transport authorities. We intend to further consider initiatives to address this, such as sharing resources across public transport authorities, and improving national guidance and requirements.

7.2.2 Incentives and funding model

Providing incentives for public transport authorities to grow third party revenue streams is an important consideration. Presently NZTA deduct third-party revenue from NLTF funding which dilutes the benefits for growing third party revenue from the perspective of public transport authorities. Evolving the funding model for public transport could yield better results for both NZTA and public transport authorities.

7.2.3 Roles and responsibilities

In many regions responsibilities with respect to the provision of public transport services and infrastructure are spread across multiple different entities, each with different drivers' objectives and priorities. This complicates the efficient and effective planning, procurement, and delivery of public transport. While there is some guidance in the LTMA, for example public transport authorities are required to collaborate with territorial authorities when preparing region public transport plans there is no obligation on territorial authorities to do the same in respect to their infrastructure.

7.2.4 Alternative funding sources

Investigate opportunities for alternative funding sources. These might not relate directly to private share but could potentially reduce ratepayer and taxpayer funding requirements.

These are particularly relevant to public transport infrastructure and high-capacity public transport corridors. These can include:

- Public private partnerships (PPP)
- Financial contributions
- Development contributions
- Property development and uplift
- Value capture - transit-oriented development
- Parking revenue hypothecation
- Congestion charges hypothecation
- Off-setting emission reduction obligations

These opportunities are being explored through other NZTA projects.

7.2.5 Legislation and Government policy

We are seeking discussion on any barriers or issues associated with legislation or government policy that could be addressed to incentivise increased private share and use of alternative funding sources.

Appendix A Glossary

Term	Definition
Commercial revenue	Commercial revenue is a private share funding source derived from money provided by private entities in exchange for a benefit directly associated with public transport services or infrastructure. These 'benefits' are generally ancillary to the delivery of the public transport system.
Community Connect fare concession	The Community Connect fare concession scheme is a public fare substitute that provides Community Service Card (CSC) holders a 50% discount when travelling on most public transport services.
Community transport services	These are generally operated through community trusts and rely on volunteers, catering for the transport needs of a particular group of customers, or to provide transport services locations where regular scheduled public transport service may not be considered viable.
Enforcement fees	Enforcement fees are a form of passenger revenue (not fare revenue) charged to public transport passengers discourage undesirable behaviours.
Farebox recovery ratio	We no longer use this term, to avoid confusion with previously methodology for calculating farebox recovery. We now use the term private share, which is a financial measure of cost recovery
GPS	Government Policy Statement on Land Transport Funding
LGA	Local Government Act 2002
LTMA	Land Transport Management Act 2003
Operating expenditure	Operating expenditure includes public transport services and the maintenance and operation of infrastructure but does not include capital renewals or infrastructure improvement projects.
Passenger fares	Passenger fares are collected from passengers in exchange for use of a public transport service.
Passenger revenue	Passenger revenue refers to revenue generated from public transport passengers. This includes passenger fares and enforcement fares.
Private fare substitutes	Private fare substitutes are fare substitutes that are derived from private entities i.e., a company or organisation that is not Crown-affiliated. Private fare substitutes are still 'private,' even when paid by ostensibly private organisations that receive some (but not exclusively) funding from the Crown.
Private share	Private share is a measure of cost recovery. It is calculated as revenue divided by operating expenditure. Revenue includes passenger fares, private fare substitutes and commercial revenue. Operating expenditure includes the management and operation of passenger services and the maintenance and operation of public transport facilities. Operating expenditure does not include capital renewals or infrastructure improvement projects.
Public fare substitutes	Public fare substitutes are fare substitutes derived from public funding i.e., Community Connect. These are typically eligible for certain groups to make public transport use easier and cheaper.

Public share	Public share refers to revenue sources derived from ratepayers and taxpayers. This is generally in the form of local share funding derived from a region's ratepayers, funding derived from the National Land Transport Fund, and Crown subsidies derived from taxation.
Subsidy	Under Part 5 of the LTMA, subsidy means any funding from the National Land Transport Fund or local authority (LTMA s5). Local authorities include regional councils, city councils and district councils. Refer public transport framework definition of "subsidy" on the regulation of public transport page.
SuperGold fare concession	The SuperGold fare concession scheme is a public fare substitute that allows card holders to travel free on most off-peak public transport services. The SuperGold card is a discount and concession card issued free to everyone 65 years and over, and anyone under 65 who receives New Zealand Superannuation or a veteran's pension.
Third-party revenue	Third-party revenue is derived from private – or third-party – entities, including private share substitutes and commercial revenue.
Total Mobility scheme	The Total Mobility scheme will have a separate private share calculation as the scheme has a fixed private share and the interventions to manage this are very different to bus, train and ferry services.

Appendix B Private share considerations

B.1 Operating revenue and expenditure

An example statement of revenue and expenditure based on existing long-term plans is provided in Table 15, along with an example of using financial notes as is common practice in Australia to provide a detailed breakdown for multiple financial reporting purposes. This reporting can be generated from a template such as that shared with public transport authorities in September 2024. We believe there is merit in aligning, where possible, public transport authority long-term plan financial requirements and NZTA funding and claiming requirements. This will require changes to current reporting processes include consideration of NZTA [public transport work categories](#).

Table 15 Example statement of revenue and expenditure

Example Public Transport Authority			
STATEMENT OF REVENUE AND EXPENDITURE			
	Notes	Actual 2023/24	Budget 2024/25
Revenue (sources of operating funding)			
Fees and charges	1(a)	4,928,828	5,175,269
Third-party revenue	1(b)	678,219	702,130
Grants and subsidies			
Crown funding	1(c)	4,916,004	5,161,804
NZTA funding	1(d)	27,352,459	28,720,082
Other funding	1(e)	0	10,000
General and targeted rates	1(f)	35,423,840	37,195,032
Other income		0	0
Total operating revenue		73,299,350	76,964,317
Expenditure (applications of operating funding)			
Passenger services			
Contract management	2(a)	5,319,267	5,585,230
Operator payments	2(b)	55,144,810	57,902,051
Revenue recognition	2(c)	1,550,858	1,628,401
Operations and maintenance			
Operations and management	2(d)	8,416,807	8,837,647
Facilities and infrastructure	2(e)	962,086	1,010,190
Technology system operations	2(f)	1,905,522	2,000,798
Total operating expenditure		73,299,350	76,964,317
Surplus (deficit)		0	0

Detailed notes supporting statement of revenue and expenditure**0. General notes**

Community = Total Mobility and community transport services

WC = NZTA work category

1. Sources of operating funding**1(a) Fees and charges**

	Actual 2023/24	Budget 2024/25
Passenger fares		
Bus	3,690,046	3,874,548
Train	0	0
Ferry	60,925	63,971
Community	1,175,857	1,234,650
	4,926,828	5,173,169
Enforcement fees		
Passenger services		
Bus	0	0
Train	0	0
Ferry	0	0
Community	0	0
Operations and management	0	0
Facilities and infrastructure	0	0
Technology system operations	0	0
	0	0

1(b) Third-party revenue

	Actual 2023/24	Budget 2024/25
Private fare substitutes		
Bus	199,171	209,130
Train	0	0
Ferry	0	0
Community	0	0
	199,171	209,130
Commercial revenue by type		
Advertising	469,048	492,500
Sponsorship	0	0
Other	0	0
	469,048	492,500
by application		
Passenger services		
Bus	444,048	466,250
Train	0	0
Ferry	25,000	26,250
Community	0	0
Operations and management	0	0
Facilities and infrastructure	0	0
Technology system operations	0	0
	469,048	492,500

1(c) Crown funding

	WC	Actual 2023/24	Budget 2024/25
SuperGold			
Bus	511	1,703,381	1,788,550
Train	515	0	0
Ferry	512	10,000	10,500
		1,713,381	1,799,050
Community Connect			
Bus	511	2,616,409	2,747,229
Train	515	0	0
Ferry	512	2,000	2,100
Community	517	586,214	615,525
		3,204,623	3,364,854
Bus driver terms and conditions			
Bus	511	32,000	33,600
		32,000	33,600

1(d) NZTA funding

	WC	Actual 2023/24	Budget 2024/25
Passenger services			
Bus	511	23,315,293	24,481,058
Train	515	0	0
Ferry	512	37,081	38,935
Community	517	1,203,051	1,263,204
Community hoist use	521	242,179	254,288
		24,797,604	26,037,485
Passenger services (LCLR)			
Bus	532	368,809	387,249
Train	532	0	0
Ferry	532	0	0
Community	532	0	0
		368,809	387,249
Operations and maintenance			
Operations and management	524	98,398	103,318
Facilities and infrastructure	514	490,665	515,198
Technology system operations	525	1,596,983	1,676,832
		2,186,046	2,295,348

1(e) Other subsidies

	WC	Actual 2023/24	Budget 2024/25
Passenger services			
Bus	511	10,000	10,500
Train	515	0	0
Ferry	512	0	0
Community	517	0	0
Community hoist use	521	0	0
		10,000	10,500
Operations and maintenance			
Operations and management	524	0	0
Facilities and infrastructure	514	0	0
Technology system operations	525	0	0
		0	0

Notes

Passenger service funding provided by neighbouring public transport authority as contribution towards inter-regional bus service

1(f) General and targeted rates**With NZTA/Crown co-funding**

	WC	Actual 2023/24	Budget 2024/25
Passenger services			
Bus	511	22,400,967	23,521,015
Train	515	0	0
Ferry	512	35,626	37,407
Community	517	1,155,872	1,213,666
Community hoist use	521	0	0
		23,592,465	24,772,088
Passenger services (LCLR)			
Bus	532	354,346	372,063
Train	532	0	0
Ferry	532	0	0
Community	532	0	0
		354,346	372,063
Operations and maintenance			
Operations and management	524	232,682	244,316
Facilities and infrastructure	514	94,539	99,266
Technology system operations	525	308,539	323,966
		635,760	667,548

Without NZTA/Crown co-funding

	WC	Actual 2023/24	Budget 2024/25
Passenger services			
Bus	511	2,268,336	2,381,753
Train	515	0	0
Ferry	512	0	0
Community	517	78,324	82,240
Community hoist use	521	0	0
		2,346,660	2,463,993
Passenger services (LCLR)			
Bus	532	0	0
Train	532	0	0
Ferry	532	0	0
Community	532	0	0
		0	0
Operations and maintenance			
Operations and management	524	8,085,727	8,490,013
Facilities and infrastructure	514	376,882	395,726
Technology system operations	525	0	0
		8,462,609	8,885,739

2. Applications of operating funding

2(a) Contract management

	WC	Actual 2023/24	Budget 2024/25
Contract management and overheads			
Bus	511	5,164,137	5,422,344
Train	515	0	0
Ferry	512	0	0
Community	517	155,130	162,887
		5,319,267	5,585,231

Notes

Contract management and overheads associated with NZTA passenger service work categories (511, 512, 515, 517). Include all relevant costs associated with integral public transport services, not just those cofounded by NZTA.

2(b) Operator payments

	WC	Actual 2023/24	Budget 2024/25
Contracted and exempt services			
Bus	511	51,145,514	53,702,790
Train	515	0	0
Ferry	512	145,632	152,914
Community	517	0	0
LCLR	532	743,155	780,313
		52,034,301	54,636,017
Community transport services			
Total Mobility fare subsidies	517	2,868,330	3,011,747
Total Mobility hoist subsidies	521	242,179	254,288
Community transport services	517	0	0
		3,110,509	3,266,035

Notes

Operator payments as per NZTA passenger service work categories (511, 512, 515, 517). Include operator payments for all integral public transport services, not just those cofounded by NZTA.

Breakdown by unit should also be provided

2(c) Revenue recognition

	WC	Actual 2023/24	Budget 2024/25
Fare revenue retained			
Bus	511	350,000	367,500
Train	515	0	0
Ferry	512	0	0
Community	517	1,175,858	1,234,651
		1,525,858	1,602,151
Advertising revenue retained			
Bus	511	0	0
Train	515	0	0
Ferry	512	20,000	21,000
Community	517	0	0
		20,000	21,000
Other revenue retained			
Bus	511	0	0
Train	515	0	0
Ferry	512	5,000	5,250
Community	517	0	0
		5,000	5,250

Notes

Recognition of revenue associated with NZTA passenger service work categories (511, 512, 515, 517) that is retained by transport operators.

Any fare revenue retained by operators should be recognised where there is a net contract or exempt services receiving financial assistance.

Advertising and other revenue may also be retained by transport operators with a profit share with a public transport authority in which case the retained revenue should be included here.

2(d) Operations and management

	WC	Actual 2023/24	Budget 2024/25
Planning, reporting, surveys	524	177,352	186,220
Marketing, promotions	524	198,569	208,497
Call centre operations	524	0	0
Other excluded from WC524	524	8,040,886	8,442,930
		8,416,807	8,837,647

Notes

Expenditure associated with NZTA work category 524. Include all expenditure not just expenditure cofounded by NZTA.

2(e) Facilities and infrastructure

	WC	Actual 2023/24	Budget 2024/25
Management costs and overheads	514	0	0
Maintenance and security	514	962,086	1,010,190
Operation of facilities	514	0	0
Loan/lease payments	514	0	0
Other excluded from WC514	514	0	0
		962,086	1,010,190

Notes

Expenditure associated with NZTA work category 514. Include all expenditure not just expenditure cofounded by NZTA.

Expenditure should be further broken down by mode where available.

2(f) Technology system operations

	WC	Actual 2023/24	Budget 2024/25
Ticketing systems	525	1,071,082	1,124,636
Realtime information systems	525	0	0
Total Mobility administration system	517	0	0
Other technology systems	525	834,440	876,162
		1,905,522	2,000,798

Notes

Expenditure associated with NZTA work category 525 but exclude any renewals expenditure. Include all expenditure on public transport technology systems not just expenditure cofounded by NZTA. Total Mobility administration system expenditure is recorded under work category 517.

Expenditure should be further broken down by mode where available.

B.2 Treatment of specific matters

The following treatment of specific matters relevant to private share measure:

B.2.1.1 Fare substitutes vs concessions

Fare substitutes are different to fare concessions set by public transport authorities. The key differences are as follows:

- **Fare concessions** - fare concessions and products such as fare capping are pricing discounts that public transport authorities offer for public interest reasons and for which they are financially accountable.

Fare concessions usually result in reduced fare revenue which must be covered through increased public funding or adjusting other fare prices. Public transport authorities may also adjust fare structures to optimise revenue yield.

- **Fare substitutes** – fare substitutes enable discounts for nominated passengers, but the discount is funded by a third party (e.g. a party additional to the public transport authority and NZTA) in exchange for a benefit.

For example, an organisation might provide funding in exchange for discounted travel on public transport for its employees.

Fare concessions are therefore not a fare substitute and not included as part of the private share.

B.2.1.2 Funding vs revenue

Accountants treat these terms differently. Funding refers to money that is raised to fund the activities of an organisation whereas revenue is income earned from the normal operations of the organisation. For example, funding from ratepayers and revenue from passenger fares.

B.2.1.3 Consideration of integral services

The private share calculation should include all services as integral to a public transport network, except any integrated services that are currently exempt and not receiving any financial assistance. Part 5 of the Land Transport Management Act identifies three statutory service types, relevant to all modes of public transport. These are integral, exempt and excluded services. Integral services are identified by public transport authorities in their regional public transport plans as integral to the function of a regional public transport network. These services must be delivered by, or under contract with, a public transport authority, unless exempt. For further information about the treatment of integral services, refer [development guidelines for regional public transport plans](#).

B.2.1.4 Treatment of net contracts

While now uncommon, there still exist between some public transport authorities and transport operators net public transport contracts, or exempt services that receive financial assistance. To calculate private share, total expenditure for each net contract or exempt service receiving financial assistance needs to sum the cost of the contract payments and the passenger fare revenue retained by the operator. This provides an estimate of the total cost of the service and the private share of that cost. Excluding retained revenue would skew the calculation of private share.

B.2.1.5 Special event services

Commonly, public transport authorities will provide additional public transport services to cater for the large number of public patronising a large event (e.g. concert, rugby test, etc). While the public transport authority may do this and retain the fare revenue generated, it is also not uncommon for the event organiser to sponsor the provision of additional public transport services to cater for their event. The costs and revenue from such initiatives should be reflected in public transport authority private share calculations.

B.3 Other measure considerations

B.3.1 Private share and farebox recovery

Private share and the previous farebox recovery policy (refer section 2.4) are both measures of cost recovery, but with important differences as summarised in Table 16. In essence, the policy framework for increasing private share is broader than the previous farebox recovery policy and can be better tailored to the different circumstances and context for each region.

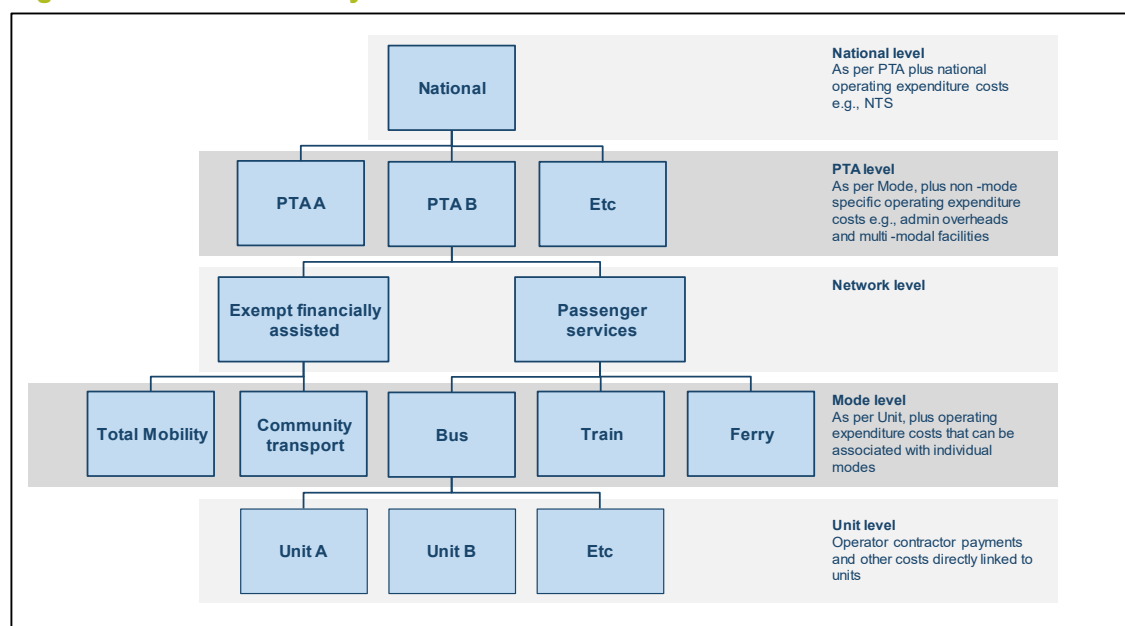
Table 16 Difference between private share and previous farebox recovery policy

Private share	Farebox recovery policy
<ul style="list-style-type: none"> Private share targets will be set and agreed on a region-by-region basis taking account of the context and factors appropriate to each region. 	<ul style="list-style-type: none"> The previous farebox policy focused on a national target
<ul style="list-style-type: none"> Private share accounts for passenger fare revenue and other private revenue sources that can help fund public transport expenditure and reduce pressure on ratepayers and taxpayers. 	<ul style="list-style-type: none"> The previous farebox recovery policy only considered passenger fares and not third-party revenue
<ul style="list-style-type: none"> Under the private share approach Crown fare substitutes are treated as public subsidy to reflect their public funding source. 	<ul style="list-style-type: none"> The previous farebox recovery policy treated Crown fare substitutes such as SuperGold as passenger fare revenue.

B.3.2 Private share measure layers

The public transport private share measure and targets are applied at a national and regional level. At this level the measure includes all relevant revenue and expenditure, including that associated with multiple regions (e.g. national ticketing solution) or multiple modes (e.g. customer information). Private share can also be measured at a network, modal, unit or service level but with different information available to each level as shown in Figure 16.

Figure 16 Private share layers



The application of private share as a lower order measure will include some revenue and expenditure that cannot be apportioned between categories at that level, in which case there are two options:

1. Pro-rata between categories based on a factor such as passenger boardings or passenger-kms.
2. Exclude those uncategorised costs at the lower level and comparing on a like-for-like basis.

The second option is recommended. This means different information is available at each level, as indicated in the right-hand column of Figure 16, but is suitably provided equal treatment. For example, at unit level, passenger fare revenue and directly operating costs associated with that unit are included. The private share measure in this instance is very similar to the commerciality ratio currently required under the [NZTA procurement manual](#).

B.3.3 Total Mobility private share

Total Mobility private share is not included in the public transport private share targets but is included here to identify how private share for Total Mobility can be measured. This is operating expenditure so excludes hoist renewals (WC 519) which needs to be picked up by another measure.

Table 17 Private share of operating expenditure (Total Mobility) measure definition

Revenue		Calculation	Notes
A	Passenger fares		Include the portion of the fare paid by the passenger (excl. GST)
B1	Private share substitutes		
B2	Commercial revenue		
<u>C</u>	<u>Total private revenue</u>	<u>$C = A + B1 + B2$</u>	
Operating expenditure			
H	Passenger services		Include the total fare shown on the taxi metre (excl. GST). Also included include direct fare subsidy included under work category 517 and 521.
I	Operations and maintenance		Include gross expenditure under work category 517. Exclude direct fare subsidies to avoid double counting
<u>J</u>	<u>Total operating expenditure</u>	<u>$J = H + I$</u>	
Measures inputs			
K	Private share of operating expenditure (Total Mobility)	$K = C / J$	

B.3.4 Population catchment

To enable the above per capita comparisons on a consistent basis we identified the catchment population of each region as set out in Figure 17 and Table 18. The catchment population is estimated using Statistics NZ population projections at the SA2 level where there is one or more public transport stops within that SA2 area but excluding stops in rural areas with limited services.

Figure 17 Public transport catchment population

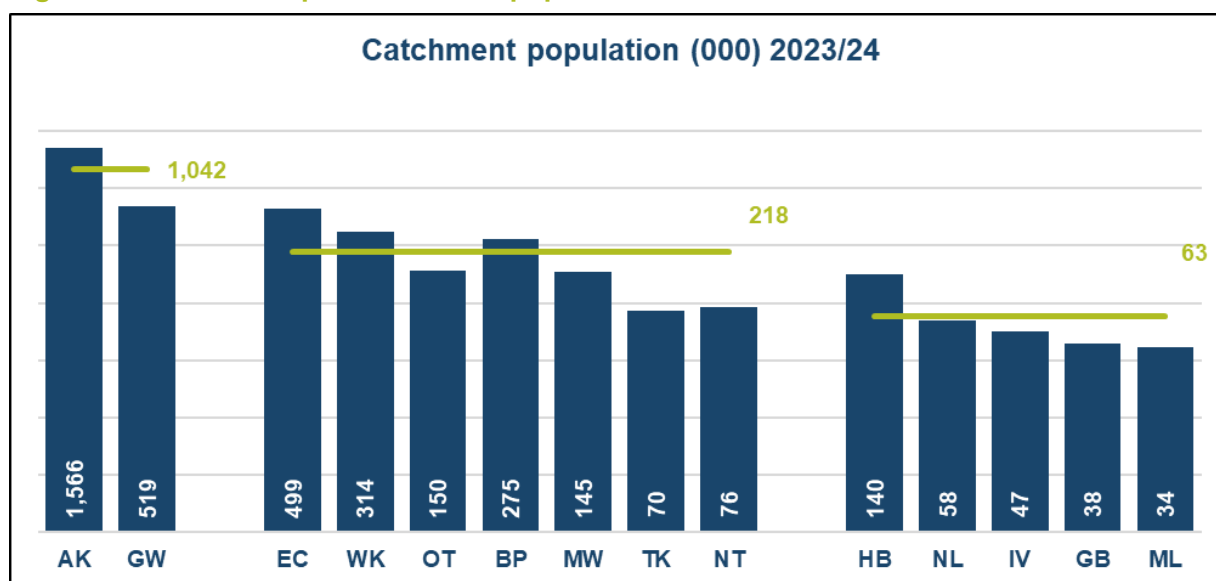


Table 18 Public transport catchment population and forecast growth rates

Public transport authority	Code	Land area (ha)	Population 2018	Population 2023	Population 2028	Growth rate pa 2023 to 2028
Auckland	AK	74,978	1,539,890	1,565,610	1,622,650	0.7%
Wellington	GW	40,917	500,960	518,510	531,390	0.5%
Canterbury	EC	45,907	472,370	498,840	517,140	0.7%
Waikato	WK	29,241	287,460	313,670	332,480	1.2%
Otago	OT	30,200	145,690	149,550	154,190	0.6%
Bay of Plenty	BP	28,261	250,580	275,120	289,290	1.0%
Horizons	MW	14,334	140,120	145,420	148,820	0.5%
Taranaki	TK	12,603	66,480	70,060	72,160	0.6%
Nelson-Tasman	NT	9,395	71,140	75,720	78,180	0.6%
Hawkes Bay	HB	27,650	131,970	139,530	144,050	0.6%
Northland	NL	7,624	54,790	58,140	60,310	0.7%
Invercargill	IV	4,073	45,870	46,510	47,170	0.3%
Gisborne	GB	3,616	36,050	37,660	38,410	0.4%
Marlborough	ML	3,265	32,780	34,470	35,280	0.5%
Total		332,064	3,776,150	3,928,810	4,071,520	0.7%

B.3.5 Revenue ratios

The development guidelines for regional public transport plans includes information on other revenue ratios (refer [Appendix D](#)).

B.3.6 Future measures

Work is currently underway to identify future measures, including the [vertically integrated public transport measurement research project](#).

Appendix C Selected references

C.1 General

Australian Government Productivity Commission (Dec 2021) **Public transport pricing research paper**. Refer <https://www.pc.gov.au/research/completed/public-transport/public-transport.pdf>

Infrastructure Australia (Jun 2019) **Urban Transport Crowding and Congestion**. The Australian Infrastructure Audit 2019. Supplementary report. Refer <https://www.infrastructureaustralia.gov.au/sites/default/files/2019-08/Urban%20Transport%20Crowding%20and%20Congestion.pdf>

IPART (Aug 2024) Information Paper - **Financial and operational performance - August 2024**. Refer <https://www.ipart.nsw.gov.au/documents/information-paper/information-paper-financial-and-operational-performance-august-2024>

The CIE (Feb 202) **Measuring cost recovery of NSW public transport services**. Prepared for IPART. Refer <https://www.ipart.nsw.gov.au/sites/default/files/documents/consultant-report-cie-measuring-cost-recovery-of-nsw-public-transport-services-february-2020.pdf>

C.2 Financial reporting

Metro Tasmania (2024) **Annual Report 2023/24**. Refer <https://www.metrotas.com.au/wp-content/uploads/2024/10/Metro-AR-2023-24.pdf> (pp31-68)

NSW Government (2023) **Transport for NSW Annual Report 2022-23 (Volume 2)**. Refer https://www.transport.nsw.gov.au/system/files/media/documents/2023/Transport-for-NSW_Annual-Report_2022-23_volume-2.pdf

Queensland Government (2024) **Annual Report 2023-2024 Department of Transport and Main Roads**. Refer <https://www.publications.qld.gov.au/ckan-publications-attachments-prod/resources/5b4bba2c-57c8-475b-b260-5467d5e616d2/tmr-annual-report-2023-24.pdf?ETag=2952d38cd205b75adc6764d070bee0ba> (pp159-223)

Western Australian Government (2024) **Public Transport Authority Annual Report 2023-24**. Refer <https://www.pta.wa.gov.au/Portals/15/annualreports/2024/Public%20Transport%20Authority%20Annual%20Report%202023-24.pdf> (pp102-164)

C.3 Economic context

ANZ Research (Aug 2024) **Quarterly Economic Outlook – Tipping Point?** Refer <https://www.anz.co.nz/about-us/economic-markets-research/economic-outlook/>

NZ Institute of Economic Research (16 Sep 2024) **NZIER Consensus Forecasts suggest a sluggish economy for the coming year. Media Release**. Refer <https://www.nzier.org.nz/publications/nzier-consensus-forecasts-suggest-a-sluggish-economy-for-the-coming-year>

Statistics NZ (5 Nov 2024) **Household living costs increase 3.8 percent**. Refer <https://www.stats.govt.nz/news/household-living-costs-increase-3-8-percent/>

Memo

Private Bag 106602, Auckland City, Auckland 1143

To Gisborne District Council

From Lisa Grindlay, Senior Advisor - Public Transport

Date 18/11/2024

Subject Increasing the private share of public transport operating expenditure – proposed regional targets for Gisborne

The GPS 2024 includes a statement of [ministerial expectations](#) that apply to NZTA and approved organisation. NZTA is expected to ensure public transport authorities take appropriate steps to meet these ministerial expectations and comply with self-assessment and reporting requirements.

To meet these expectations public transport authorities are required to meet the following [specific requirements](#):

- Actively engage with NZTA to agree and set interim private share targets for 2024/25 and 2025/26 and indicative targets for 2026/27 **by 19 December 2024** and longer-term targets, including reviewing and confirming 2026/27 targets, by 19 December 2025.

The purpose of this memo is to propose for discussion interim private share targets for the 2024/25 and 2025/26 financial years and an indicative target for the 2026/27 financial year for the Gisborne region.

The basis for the proposed targets is set out in the 'Increasing the private share of public transport operating expenditure Discussion document' that was released on 18 November 2024.

The proposed targets are set out in Table 1 below. While targets will vary by region based on relevant context, we expect the national private share to be within the target ranges set by the NZTA Board, as outlined in Table 1.

Table 1 Regional targets to be agreed with NZTA

PTA region	Private share 2018/19 Actual	Private share 2023/24 Actual	Proposed private share 2024/25 Interim Target	Proposed private share 2025/26 Interim Target	Proposed private share 2026/27 Indicative Target
Gisborne	19.9%	8.7%	13%	16%	21%
National	33.0%	20.5%	24-26%	28-33%	35-40%

Our first meeting to engage on the document and the proposed targets is scheduled for Tuesday 26 November 2024.

If you have any questions ahead of that meeting or would like to discuss any aspect of the approach further, please reach out to me via email at lisa.grindlay@nzta.govt.nz.

12. Public Excluded Business

RESOLUTION TO EXCLUDE THE PUBLIC

Section 48, LOCAL GOVERNMENT OFFICIAL INFORMATION and MEETINGS ACT 1987

That:

1. The public be excluded from the following part of the proceedings of this meeting, namely:

Public Excluded Business

Item 12.1 Supplementary Report - Municipal Building and Property Updates

2. This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information & Meetings Act 1987 and the particular interest or interests protected by section 6 or section 7 of that Act which would be prejudiced by the holding of the whole of the relevant part of the proceedings of the meeting in public are as follows:

Item 12.1	7(2)(i)	Enable any Council holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).
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