

AGENDA/KAUPAPA



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MEMBERSHIP: Her Worship the Mayor Rehette Stoltz (Chair), Josh Wharehinga (Deputy Chair), Colin Alder, Andy Cranston, Larry Foster, Debbie Gregory, Ani Pahuru-Huriwai, Rawinia Parata, Aubrey Ria, Tony Robinson, Rob Telfer, Teddy Thompson, Rhonda Tibble and Nick Tupara.

FINANCE & PERFORMANCE/WHAKAHAERE PŪTEA ME ŌNA HUA Committee

DATE: Wednesday 11 September 2024

TIME: 9:00AM

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

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Finance & Performance

Reports to:	Council
Chairperson:	Mayor Rehette Stoltz
Deputy Chairperson:	Deputy Mayor Josh Wharehinga
Membership:	Mayor and all Councillors
Quorum:	Half of the members when the number is even and a majority when the membership is uneven.
Meeting frequency:	Six weekly (or as required)

Purpose

To assist Council to oversee financial and non-financial performance, including the delivery of the Council's Capital Programme and oversight of the Council Controlled Trading Organisation (CCTO).

To monitor Council activities and services performance against budget, Annual Plans, the Long Term Plan, Annual Reports and corporate and financial policies.

The Finance and Performance Committee also receives enforcement and compliance performance activity reporting to ensure financial and non-financial performance oversight of its regulatory functions.

Terms of Reference

- Set, monitor and review plans, financial measures, practices and policies; the sources of funds, banking arrangements, insurance, investment and debt criteria, future financial arrangements.
- Monitor the performance of Council's treasury function – including strategic, investment and enterprise assets.
- Set fees and charges for Council services (including parking), where such fees are not set by laws (including bylaws).
- Approve preferred suppliers for capital projects and contracts where the value of the contract exceeds staff delegations.
- Approve expenditure (including substituted capital expenditure) items that are provided for in the Long Term Plan or Annual Plan where the value of that expenditure exceeds that authority delegated to officers.
- Approve debt write-offs where those debt write-offs are not delegated to staff.
- Consider all matters regarding the Local Government Funding Agency (LGFA).

- Monitor and review Council's strategic investment and enterprise assets – including consideration of the operational and financial effectiveness of Council Organisations, Council Controlled Organisations and Council's CCTO.
- In relation to the CCTO:
 - develop and approve the draft Statement of Intent for the CCTO
 - undertake any reviews of CCTO and make recommendations on any proposed changes to CCTO governance arrangements
 - consider and approve changes to service delivery arrangements arising from the service delivery reviews required under Local Government Act 2002 (LGA) that are referred to the Committee by the Chief Executive.
- Monitor the operational performance of Council's activities and services against approved levels of service.
- Monitor the operational performance of Council's regulatory activities and in particular enforcement and compliance, financial and non-financial performance reporting.
- Review and approve business plans including any related fees, charges and expenditure (including capital expenditure).
- Review the delivery of services under section 17A of the LGA.
- Monitor the delivery of the Council's Capital Programme, including inquiring into any material discrepancies from planned expenditure.

Power to Act

To make all decisions necessary to fulfil the role and scope of the Committee subject to the limitations imposed.

To establish subcommittees, working parties and forums as required.

To appoint non-voting advisory members (such as tangata whenua representatives) to assist the Committee.

Power to Recommend

To Council and/or any Council committee as it deems appropriate.

3.1. Confirmation of non-confidential Minutes 31 July 2024

MINUTES

Draft & Unconfirmed



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MINUTES of the FINANCE & PERFORMANCE/WHAKAHAERE PŪTEA ME ŌNA HUA Committee

Held in Te Ruma Kaunihera (Council Meeting Room), Awarua, Fitzherbert Street, Gisborne on Wednesday 31 July 2024 at 9:00AM.

PRESENT:

Her Worship the Mayor Rehette Stoltz, Colin Alder, Andy Cranston, Larry Foster, Debbie Gregory, Ani Pahuru-Huriwai, Rawinia Parata, Rob Telfer, Daniel Thompson, Rhonda Tibble, Nick Tupara, Josh Wharehinga.

IN ATTENDANCE:

Chief Executive Nedine Thatcher Swann, Director Lifelines Tim Barry, Director Internal Partnerships & Protection James Baty, Acting Director Liveable Communities Kerry Hudson, Director Engagement & Maori Partnerships Anita Reedy-Holthausen, Chief Financial Officer Pauline Foreman, Director Sustainable Futures Jo Noble, Revenue Team Leader Fiona Scragg Democracy & Support Services Manager Heather Kohn and Official Information and Privacy Advisor Ariana Albert.

The meeting commenced with a karakia.

1. Apologies

MOVED by Cr Wharehinga, seconded by Cr Foster

That the apologies from:

1. Cr Ria and Cr Robinson be sustained; and
2. Cr Parata and Cr Thompson for lateness be sustained.

CARRIED

2. Declarations of Interest

There were no interests declared.

3. Confirmation of non-confidential Minutes

3.1 Confirmation of non-confidential Minutes 5 June 2024

MOVED by Cr Wharehinga, seconded by Cr Telfer

That the Minutes of 5 June 2024 be accepted.

CARRIED

3.2 Action Register

Action register noted.

3.3 Governance Work Plan

Governance Work Plan noted.

4. Leave of Absence

There were no leaves of absence.

5. Acknowledgements and Tributes

There were no acknowledgments or tributes.

6. Public Input and Petitions

There were no public inputs or petition.

7. Extraordinary Business

There was no extraordinary business.

8. Notices of Motion

There were no notices of motion.

9. Adjourned Business

There was no adjourned business.

10. Reports of the Chief Executive and Staff

10.1 DECISION Reports Finance

10.1.1 24-222 Treasury Report - 30 June 2024

Chief Financial Officer Pauline Foreman spoke to the report, answering questions of clarification including:

- In May, Council received over \$18 million funding to aid in the cleanup of Woody Debris. These funds were placed into an interest-bearing deposit account. This deposit, along with our exposure to SWAP arrangements, led Council to be over its \$25m exposure to any one counterparty.
- Following advice from Pricewaterhouse Coopers (PwC) and as a precautionary measure to reduce financial liability risks, Council has two deposit accounts: one with ANZ and another with Westpac. This diversification ensures that funds are not concentrated in a single account, providing protection in case any issues arise with one of the institutions.

- PwC's recommendation, based on Councils internal policies and guidelines, is that the maximum deposit limit amount they're comfortable with for each banking institution is \$25m.
- Following PwC guidance, Council are looking into introducing a third deposit account with Bank of New Zealand (BNZ).

MOVED by Cr Wharehinga, seconded by Cr Thompson

That the Finance & Performance/Whakahaere Pūtea me Ōna Hua Committee:

1. Agrees that the Counterparty Credit Risk position as at 30 June 2024 is inconsistent with the Treasury Policy. Notes that the Counterparty Credit Risk for ANZ is \$27.6m against Treasury Policy \$25m and:
 - a. The reason for the inconsistency is that the 'ring-fenced' cash in advance received for Woody Debris with ANZ meant that the Treasury Policy was temporary out of Policy.
 - b. Given the one-off nature cash deposit, there is no intention to amend the Treasury Policy.

CARRIED

10.2. INFORMATION Reports Finance

10.2.1 24-209 Rates and Sundry Invoice Debt Management to 30 June 2024

Chief Financial Officer Pauline Foreman and Revenue Team Leader Fiona Scragg took the report as read and answered questions of clarification including:

- Council's largest sundry debt, totalling \$521k, is within Environmental Services and Protection, particularly in the resource consents area. This area often faces timing issues because invoices are issued upfront, but the work isn't completed immediately. As a result, funds remain in Council accounts until the work is finished.
- Council debt collection mechanisms are set out in the Debt "Debtors" Management Policy. Often, invoices remain unrecovered because the postal address is unoccupied or vacant land and council do not have other contact details to reach landowners. In these instances, Council will look into the electoral roll to get contact details for the owners of those land blocks however are not always successful in their efforts.
- General land debt has increased, primarily in the residential, commercial, and industrial sectors. This rise aligns with the impacts from COVID and the spike in rates debt due to Cyclone Gabrielle.

MOVED by Cr Thompson, seconded by Cr Foster

That the Finance & Performance/Whakahaere Pūtea me Ōna Hua Committee:

1. Notes the contents of this report.

CARRIED

Secretarial Note: Cr Parata joined the meeting at 9:20am.

10.2.2 24-225 Financial Report to 31 May 2024

Chief Financial Officer Pauline Foreman spoke to the report and answered questions of clarification including:

- During negotiations with FOSAL Category 3 Property owners, Council recognized that the buyout process would result in an accounting loss. This loss stems from the discrepancy between the purchase price of the properties and their depreciated value after the damage from Cyclone Gabrielle.
- Council clarified that the forecasted share of FOSAL Category 3 property losses represents their 50% share of the joint buyout with the Crown.
- Council have acknowledged that the demolition phase of the buyout process will be cost incurring, as many properties are damaged beyond repair and easier to demolish than restore.
- To mitigate some of these demolition costs, Council has developed a tender document to go out which looks at different options in terms of demolition and what houses are relocatable and what materials can be recycled and repurposed.
- Insurance payouts and proceeds have ensured that Council is not bearing the full cost of the settlement price for the FOSAL Category 3 properties.

MOVED by Cr Foster, seconded by Cr Cranston

That the Finance & Performance/Whakahaere Pūtea me Ōna Hua Committee:

1. Notes the contents of this report.

CARRIED

Secretarial Note: The meeting adjourned at 9:45am for morning tea and reconvened at 10am.

11. Public Excluded Business

Secretarial Note: These Minutes include a public excluded section. They have been separated for receipt in Section 11 Public Excluded Business of Finance & Performance.

12. READMITTANCE OF THE PUBLIC

MOVED by Cr Stoltz, seconded by Cr Gregory

That the Finance & Performance Committee re-admits the public.

CARRIED

13. Close of Meeting

There being no further business, the meeting concluded at 10:42am.

Rehette Stoltz

MAYOR

3.2. Action Register

Meeting Date	Item No.	Item	Status	Action Required	Assignee/s	Action Taken	Due Date
17/04/24	10 1.1	24-77 Treasury Management Policy and Procedure Manual	In progress	Request for a more comprehensive analysis to be presented to the committee emphasizing the financial impact of extending the loan from 30 years to 50 years and how it will unfold over time. A further analysis to be brought back to the committee around Council debt figures and a breakdown on how it is impacting the rate payers now and whether it is viable to increase the loan term.	Ally Campbell, Lucy Gibson, Pauline Foreman	05/06/2024 Pauline Foreman The cost of servicing debt (interest and line fees) is 100% funded by rates. There are two financial prudence benchmarks that we measure interest costs against. The first is interest to total revenue, where we are forecasting during the 2024-2027 Three Year Plan to be 5.8% under against the 10% threshold. The second benchmark is interest against total rates revenue, where it is forecast to be 8.4% against the benchmark limit of under 15%.	31/07/24
31/07/24	10 2.1	24-209 Rates and Sundry Invoice Debt Management to 30 June 2024	In progress	Cr Tibble requested further information of the total ratable land area of Maori freehold land compared to general land shown in the graph shown in attachment 1.	Angelee Brown, Fiona Scragg	30/08/2024 Fiona Scragg The land area of debt for Māori Freehold Land and General Land will be provided at the next 6 monthly update of Rates and Sundry Invoice Debt Management report due in February 2025 as requested.	06/11/24
31/07/24	10 2.1	24-209 Rates and Sundry Invoice Debt Management to 30 June 2024	In progress	Further analysis on the 1967 Maori Affairs Amendment Act project to return to the table in the next rates and sundry debt report.	Angelee Brown, Fiona Scragg	30/08/2024 Fiona Scragg The analysis of the 1967 Maori Affairs Amendment Act project will be report in the next 6 Monthly Rate and Sundry Invoice Debt Management report which is scheduled for February 2025	06/11/24

3.3. Governance Work Plan

2024 Finance & Performance						Meeting Dates		
HUB	Activity	Name of agenda item	Purpose	Report type	Owner	31-Jul	11-Sep	6-Nov
Finance & Affordability	Financial Services	Rates and Sundry Debt Report	Provide an update on Rates and Sundry Debt	Information (I)	Angelee Brown			
Sustainable Futures	Strategic Planning	24-207 Workshop Report - Aesthetic requirements of Council with regard to "Offensive" Funerary Monuments	Councillor workshop to define the aesthetic requirements of Council relating to monuments	Workshop	Summer Agnew			
Finance & Affordability	Financial Services	Council Group Update	Provide an update on Council Group activities	Decision (D)	Nick Webb			
Finance & Affordability	Financial Services	Fees and Charges report	Present the final Fees and Charges for 2024/25 for adoption	Decision (D)	Anna Needham			
Finance & Affordability	Financial Services	Treasury Report	Report on the Council's interest rate exposure, debt, and cash position	Decision (D)	Mel Hartung			
Finance & Affordability	Financial Services	Financial report to end of period	Provide a high-level overview of the Council's financial results for the period.	Information (I)	Mel Hartung			

2024 Finance & Performance

Meeting Dates

HUB	Activity	Name of agenda item	Purpose	Report type	Owner	31-Jul	11-Sep	6-Nov
Finance & Affordability	Financial Services	Capital Programme for 3YP TBC	Provide final capital programme for 3YP for adoption	Decision (D)	Michaela Kocar			
Finance & Affordability	Financial Services	GHL Statement of Intent	Provide GHL's statement of intent for approval	Decision (D)	Ally Campbell			
Finance & Affordability	Financial Services	GHL Group Update	Provide an update on GHL Group activities	Information (I)	Pauline Foreman			
Finance & Affordability	Financial Services	Quarterly Financial and Performance Reporting	Provide a quarterly update on financial and performance activity	Information (I)	Melanie Hartung			
Liveable Communities	Cultural Activities	Tairāwhiti Museum Annual Report	Provide the Annual report for Tairāwhiti Museum	Information (I)	Pene Walsh			
Liveable Communities	Community Projects	Public Excluded Te Arai Future Harvest Plan	Decision to approve financial delegation to the Chief Executive for negotiation to remove harvest areas	Decision (D)	Amy England			
Liveable Communities	Community Assets & Resources	Kiwa Pools Fees and Charges	Seek a decision on the fees and charges for the Kiwa Pools Complex	Decision (D)	Chris Visser			

10.1. DECISION Reports Finance



Te Kaunihera o Te Tairāwhiti
GISBORNE
DISTRICT COUNCIL

24-256

Title: 24-256 Kiwa Pools Fees and Charges
Section: Liveable Communities
Prepared by: Kerry Hudson - Acting Director - Liveable Communities
Meeting Date: Wednesday 11 September 2024

Legal: No

Financial: Yes

Significance: **Medium**

Report to FINANCE & PERFORMANCE/WHAKAHAERE PŪTEA ME ŌNA HUA Committee for decision

PURPOSE - TE TAKE

The purpose of this report is to seek approval for the Kiwa Pools complex proposed draft fees and charges from November 2024 to 30 June 2026.

SUMMARY - HE WHAKARĀPOPOTOTANGA

The Fees and Charges for Kiwa Pools were first adopted in December 2022, based upon a fees structure first formalised in July 2022.

The proposed Fees and Charges for the Kiwa Pool complex is for a 19-month period. This is extended from the normal setting of fees for a twelve-month period, to align the annual process for the rest of Council's Fees and Charges. Without this extended period to 2026, Council would need to be considering the Pools Fees and Charges again in February 2025.

The 2024-2027 Three Year Plan assumed that there would be 200,000 admissions at an average rate of \$5 per entry. Over the past year there has been just over 200,000 admissions with average entry fee of \$3. Casual adult entry is \$5.80, so this shows high numbers of child, infant and family passes.

The first option (**preferred**) is to inflation adjust the admission fees and charges, which maintains the current balance of approximately 33% of the Pool operating costs being covered by user revenue and the remaining by general rates.

The second option is to implement fees and charges that results in adjusting the balance between user charges and general rates heading towards a 40% user fees and 60% general rates split.

In both options, rate contributions provided within the 2024-2027 Three Year Plan remains unchanged. This contribution is \$1.6m increasing to \$2.6m by 2026/27.

However, due to higher costs of power, and the average admission fee being lower than what was forecast, there is likely to be a shortfall while the Pool Complex is growing over the first few years. As the Pool builds up its business and fees increase in line with benchmarks, the shortfall will be repaid. This reduces the need to raise additional rates over this period.

A schedule of Kiwa Pools Draft Fees and Charges is included in **Attachment 1**, for review and approval for consultation.

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

RECOMMENDATIONS - NGĀ TŪTOHUNGA

That the Finance & Performance/Whakahaere Pūtea me Ōna Hua Committee:

- 1. Approves the Kiwa Pool's Option 1 Draft Fees and Charges (covering the period November 2024 to 30 June 2026) for consultation.**

Authorised by:

Pauline Foreman – Chief Financial Officer – Finance and Affordability

Kerry Hudson – Acting Director Liveable Communities

Keywords: Kiwa Pools, fees and charges, option 1 draft fees and charges, 2024-2027 Three ear Plan

BACKGROUND - HE WHAKAMĀRAMA

1. In accordance with the Local Government Act 2002 (LGA), Council may prescribe fees or charges to recover the reasonable costs incurred by Council for the matter for which the fee is charged – such as processing, monitoring and enforcement undertaken by Council.
2. While rates are generally applied more broadly, fees and charges are specific to services that mainly benefit the individual using them. Examples of services funded through fees and charges include resource consents, licences and registrations. Charging for fees and charges separately from rates ensures that the cost of providing specific services is covered by those who directly benefit from them.
3. Pricing strategies are crucial for the financial sustainability of public amenities such as community pools. While keeping prices low can increase accessibility and encourage community engagement, there is a balance between setting prices too low which means ratepayers' contributions will need to be higher.
4. The pricing for the startup fees for the Kiwa Pools acknowledged the overarching objective and strategy which was "to provide aquatic facilities that are fit for purpose, affordable and accessible". The key objectives included providing for:
 - a. Year-round facilities for social space and water play, learning to swim and education programmes, recreation swimming and competitive aquatic activities.
 - b. Aquatic facilities in the most cost-effective way, considering the whole of life costs so it is financially sustainable for the community.
 - c. The needs of the whole region, regardless of socio-economic status, providing healthy recreation space suitable for all physical and intellectual abilities.
 - d. High levels of use and enjoyment.
 - e. Minimising operational and maintenance cost.
5. The developing of the current Fees and Charges was based on benchmarking (two separate studies), workshoping and consulting with the community. It included:
 - a. Olympic Pool Business Case 18 May 2017 **[17-152]**.
 - b. Benchmarking report Sports and Spaces 2020 and updated in 2022 with direct comparisons to other pool complexes in New Zealand.
 - c. Kiwa Pools Fees and Charges Workshop 28 July 2022 **[22-171]**.
 - d. Draft Kiwa Pools Fees and Charges 11 August 2022 **[22-97]**.
 - e. Hearings and submissions 7 December 2022 **[22-174]**.
 - f. Final Fees and Charges 15 December 2022 **[22-244]**.
6. While the Kiwa Pools opened in late August 2023, the Fees and Charges were not updated and remained based on 2022 prices. It was decided that the review should be delayed until there was full year's operation.

Benchmarking and Business Case Findings

7. The original benchmarking report projected admissions based on our head of population would be between 200,000 to 230,000. Estimated revenue per admission was benchmarked at \$6.80 to \$10.
8. The 2021-2031 Long Term Plan and 2024-2027 Three Year Plan assumed there would be 200,000 admissions at an average admission fee of \$5. Council's proposed Fees and Charges were reduced from the benchmark (ie \$6.80 to \$10 range) to take into account affordability.
9. At the time of benchmark review, our population was 48,000 and the admissions at the existing Pool operations was around 100,000. Within the 2021-2031 Long Term Plan, it was acknowledged that new complexes of this nature would take three to five years to build admissions numbers and the business.
10. There was also a target to reach over time of up to 40% of revenue from user fees.
11. For the first 11 months of operation, the Pool has achieved over 200,000 admissions. Actual admissions revenue per entrant is \$3.17 for the first six months. Casual adult entry is \$5.80, so this shows high numbers of child, infant and family passes.
12. At \$15 per family, Kiwi Pools has one of the lowest family rates in New Zealand. Both draft Options presented within the **2024/25** Draft Fees and Charges at \$17 (option 1) or \$18 (option 2), keeps family admission among the lowest charges.
13. Average entry is further bought down by significant numbers of sport entry fees set at \$1.50.
14. The table below shows a comparison of Kiwa Pools to that other peer pool facilities in surrounding regions (based on **2022/23** fees and charges):

	Kiwa	Whakatane	Rotorua	Greerton	Otumoetai	Porirua	Average
Adult	\$ 5.8	\$ 7.0	\$ 6.5	\$ 6.9	\$ 6.9	\$ 6.6	\$ 6.8
5+	\$ 4.0	\$ 3.5	\$ 3.5	\$ 4.2	\$ 4.2	\$ 4.2	\$ 3.9
2-5	\$ 4.0	\$ 2.0	\$ 3.5	\$ 3.5	\$ 3.5	\$ 4.2	\$ 3.3
Under 2	\$ -	\$ 1.0	\$ 1.0	\$ -	\$ -	\$ 4.2	\$ 1.2
Senior	\$ 4.0	\$ 3.5	\$ 5.0	\$ 4.8	\$ 4.8	\$ 3.4	\$ 4.3
Family	\$ 15.0	\$ 20.0	\$ 20.0	\$ 18.0	\$ 18.0	\$ 21.0	\$ 19.4

DISCUSSION and OPTIONS - WHAKAWHITINGA KŌRERO me ngā KŌWHIRINGA

15. The 2024-2027 Three Year Plan forecast "user fee" revenue to be increasing by the rate of inflation.
16. The current Fees and Charges (ie 2023/24) for Kiwa Pools are based upon 2022 inflation rates.
17. The draft Fees and Charges are attached in **Attachment 1**.

Options

18. Two options are presented within the Fees and Charges schedule. The first option considers increasing current fees by the rate of inflation and the second option increases it more than inflation, with the aim of reaching on average \$5.50.

OPTION 1 – Inflation adjusted (preferred)

19. This option is to inflation adjust the admission fees and charges. Where practicable, fees have been rounded up to reduce cash handling inefficiencies and this has moved the balance from 28% to 33%. Given fees were set in mid-2022, we have inflation adjusted using 2.5 years of uplift.

20. This is consistent with the 2024-2027 Three Year Plan inflationary rates. It acknowledges that during the first three to five years, patronage will be growing, and keeping fees in line with inflation, should encourage more users. However, it recognises that there is likely to be an income shortfall from admissions forecast revenue.

OPTION 2 – Fees Rising Higher than the Rate of Inflation

21. The second option is to implement Fees and Charges higher than the rate of inflation moving towards on average \$5.5 per admission. This results in adjusting the balance between user charges and general rates to track towards a 40% user fees and 60% general rates split.

22. The table below shows the impact of adjusting existing Fees and Charges for inflation for the next two years. The impact of a 10% admission number is also provided.

23. Option 1 is preferred as the pricing methodology falls in line with previous Council pricing strategies, and balances affordability with cost subsidisation.

	11 months current fee 000's	12 months 2024/25 fee 000's	% of Operating Expenses	12 months 2025/26 fee 000's	% of Operating Expenses
Option 1	764	860	30%	920	32%
Option 1 with 10% admission growth		945	33%	1,042	36%
Option 2	764	920	33%	1,040	36%
Option 2 with 10% admission growth		1,012	36%	1,171	40%

Table 1 – Projected Admissions Revenue

24. Current admissions fees structure at \$764k, while more than double the Olympic Pool old operation, is lower than what was provided within the Annual Plan 2023/24. In the Annual Plan, it was assumed that it would have had a full 12 months of operations, but the Kiwa Pools were opened at the end of August 2023. In addition, within the first month of operations there was free entry, as well as special entry fees of \$2 to promote the new Pool Complex.

25. Also, impacting on total admission revenue was the discounts or changes from the draft fees and charges. It was noted within the adopting deliberations report [22-244], that total revenue would be lower than expected and provided for within the 2021-2031 Long Term Plan. This was due to the changes to the fees structure (ie free of charge for under two years old, unlimited use (annual passes), community services card, lane hire, and family passes) were approved post the adoption of the Long-Term Plan.

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: Medium Significance

This Report: Medium Significance

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

TREATY COMPASS ANALYSIS

27. Te Tiriti Compass Framework was adopted by Council resolution on 29 September 2023. [Te Tiriti Compass - Endorsed Framework \(gdc.govt.nz\)](#). This framework enables consideration of decisions of Council give effect to the principles of the Treaty of Waitangi.

Kāwanatanga

28. The name Kiwa Pools was gifted to the Complex by our partners Ngāi Tāwhiri hapū. Calling it Kiwa Pools reflects the history and traditions of the people of Tūranganui-a-Kiwa and the story of the land where the Pool is located.

Rangatiratanga

29. Kiwa Pools sits on the shores of Te Moana Nui a Kiwa, the Pacific Ocean, and remind us of our ancestors that came to settle this land in their sea-faring vessels. It speaks to the strength and resilience they possessed.

Oritetanga

30. Improving the water safety skills of the Tairāwhiti community, particularly our youngest members, is a priority for Council. Keeping the cost of access low for programmes and activities that build the water safety skills and confidence of our tamariki and rangitahi, such as water-based sport and school learn to swim, are ways in which Council can positively contribute to reducing drowning rates and hospitalisations from water-based incidents in the region.
31. As such it is important that Fees and Charges are structured in a way to deliver on key community health and wellbeing priorities. This includes:
 - a. Enabling all tamariki in Gisborne to readily access programmes to improve their water safety skills.
 - b. Enhancing the active recreation and sporting opportunities for tamariki and rangitahi, particularly over winter.
 - c. Whanau recreational use of the facility.
 - d. Providing a facility that is available, accessible, and affordable for rural communities.

Whakapono

32. Tūranganui-a-Kiwa Gisborne is significant in our nation's navigation and settlement histories. Close to the place Kiwa Pools stands is a landing spot of the Horouta waka on which Kiwa was the navigator. The Captain of the Horouta was Paoa, and his sister Hinehākīrangī brought the kumara with her to our region and this began our agricultural heritage.
33. Underlying the ethos of the Kiwa Pool Complex is that it is not just about a place where people come to swim, but a place where people come to learn.
34. Swim Tangaroa encourages the use of Te Reo Māori within lessons. Swim Tangaroa committed to giving the skill of learning to swim, as it is believed to be a skill of life.

TANGATA WHENUA/MĀORI ENGAGEMENT - TŪTAKITANGA TANGATA WHENUA

35. Kiwa Pools has an Advisory Group that includes representatives of Nga Tawhiri. This forum is an effective mechanism for Council to discuss how the Pools best reflect and provide for the interests of tangata whenua on an ongoing basis.
36. No further engagement with tangata whenua has been undertaken at this stage. None of the proposed changes are specific to whenua Māori or likely to impact Māori in general more than the wider community.

COMMUNITY ENGAGEMENT - TŪTAKITANGA HAPORI

37. Proposed Fees and Charges will be consulted on as part of the usual consultation process. Public consultation has occurred on the Three-Year Plan (which signals a ‘user pays’ contribution for Kiwa Pools of between 20%–40% of operating costs). Council approved this Plan in June 2024.

CONSIDERATIONS - HEI WHAKAARO

Financial/Budget

- 38. Maintaining the status quo adjusted for inflation and rounding (Option 1 with growth in admissions) results in a user contribution of \$945k vs a budget of \$1.07m.
- 39. Applying an increased user charge (Option 2, with growth) results in a user contribution of \$1m vs a budget of \$1.07m.

Ratepayers Budgeted Contribution

40. The 2021-2031 Long Term Plan estimated that the ratepayer contribution for its first full year of operation would be \$1.6m, increasing to \$2.3m over the first few years of operations. The 2024-2027 Three Year Plan is consistent with forecasts.

	First year	2024/2025	2025/2026	2026/2027
	\$000's			
Rate Contribution	1,621	1,820	2,053	2,265
Admissions revenue	986	1,070	1,094	1,119

Table 2 – 2024-2027 Three Year Plan

- 41. While the pricing strategy for proposed Fees and Charges is moving towards alignment of the budgeted forecasts within the Three-Year Plan, there are some costs which are higher than what was expected. Power was forecast to be around \$300k per annum. This considered increased usage based on the new Complex water heating footprint and savings from the solar panels.
- 42. However, power unit costs have far exceeded rises – nearly as much as 40% more than expected. The shortfall ranges for a full year’s operation from around \$120k to \$180k. A review of usage including day-night heating, as well as maximising solar panels or other alternative supplementary heating is underway.
- 43. It was noted within the Long Term Plan and the Financial Strategy, the full costs of the Pool's operations (including all depreciation costs) would be fully funded over time. When the Pool is fully operational, depreciation costs are expected to be at least \$1.2m. For the first year, the funding of depreciation (ie collecting rates to cover the costs) will be 30%. Over 10 Years, the funding of depreciation will be incrementally increased to 100%.

Shortfall in Revenue, Deficit

44. The preferred option and higher power costs, means that there will be a shortfall in the Pools operating funding from what was forecast within the 2024-2027. Over the first three years of operation, the shortfalls can be covered by deficit funding – or via an internal loan. As the Pool builds up its business, and fees increase in line with benchmarks, the internal loan for the shortfall will be repaid. This reduces the need to raise additional rates for any shortfall in revenue.
45. In addition, to ease the deficit, the spreading of funding for depreciation could be spread over a longer period.

Legal

46. To maintain best practice, Council uses the Special Consultative Procedure under the Local Government Act 2002 to consult on and set its Fees and Charges. This will be implemented following Council's recommendation and the adoption of the draft Kiwa Pools Fees and Charges.
47. Under the Local Government Act 2002 (section 103), Council must adopt a Revenue and Financing Policy. The Policy must include how it will fund its activities in respect to that activity's operating and capital expenses.
48. The Revenue and Financing Policy for Aquatic and Recreation Facility for the 2024-2027 Three Year Plan, has a range of 60% to 80%) rates funding and fees 20%-40%. The Policy has ranges to allow for growth and development especially over the first three to five years of the new Kiwa Pools Complex.

POLICY and PLANNING IMPLICATIONS - KAUPAPA HERE me ngā RITENGA WHAKAMAHERE

49. The Tairāwhiti Aquatic Facilities Plan provides useful context in determining Fees and Charges for the Kiwa Pools. The overarching objective of the strategy is to provide aquatic facilities that are fit for purpose, affordable and accessible.

RISKS - NGĀ TŪRARU

50. The key risk with the Fees and Charges approach is that Council doesn't obtain the level of use of the facility as predicted and therefore revenue targets are not met. To date the Pools have met predicted visitor numbers. It is anticipated these will continue to increase through increasing promotion of the facility and programmes and activities to drive user numbers.

NEXT STEPS - NGĀ MAHI E WHAI AKE

51. The new fees and charges will be notified for public comment and submission following Council's approval.

Date	Action/Milestone	Comments
16 September – 15 October 2024	Kiwa Pool Draft Fees and Charges are consulted upon.	To be advertised on social media, local newspaper and on our website for one month. Follows the usual fees and charges process.
6 November 2024	Deliberations and adoption of Final Fees and Charges.	

ATTACHMENTS - NGĀ TĀPIRITANGA

1. Attachment 1 - Kiwa Pools Fees and Charges [24-256.1 - 1 page]

Kiwa Pools

All fees and charges are "pay before use"

	2023/24 Fees		2024/25 Fees				2025/26 Fees			
	Individual entry cost	Benchmark Average	Option 1 Preferred	variance	Option 2	Variance	Option 1	variance	Option 2	variance
General Admission										
Adult	5.80	6.80	6.3	8.62%	6.75	16.38%	6.75	7.14%	7.5	19.05%
Adult (10 pass or smart card)	55		57	3.64%	61	10.91%	59	3.51%	6.075	-89.34%
Annual Pass (adult) (\$50pm direct debit)	460		480	4.35%	500	8.70%	500	4.17%	520	8.33%
Children/Community Services Card Holders/Senior Citizens	4.00	4.10	4.5	12.50%	4.75	18.75%	5	11.11%	5.5	22.22%
Children/Community Services Card Holders/Senior Citizens (10 pass or smart card)	35		38	8.57%	42	20.00%	39	2.63%	45	18.42%
Children under 2 years of age	FREE	1.20	FREE		FREE		FREE		FREE	
Annual Pass (Children/Community Services Card Holders/Senior Citizens) (\$30 pm direct debit)	300		320	6.67%	340	13.33%	330	3.13%	350	9.38%
Spectator	1.50		2.00	33.33%	2.00	33.33%	2.5	25.00%	2.5	25.00%
Family Pass A - 1 adult and up to 2 children	10		12	20.00%	12.5	25.00%	12.5	4.17%	14.5	20.83%
Family Pass B - 2 adults and up to 4 children	20		22.5	12.50%	25	25.00%	24	6.67%	25	11.11%
Family Pass C - 2 adults and up to 2 children OR 1 adult and up to 4 children	15		17	13.33%	18	20.00%	18	5.88%	19	11.76%
Casual Aquafit	7.00	8.00	8	14.29%	10	42.86%	9	12.50%	10	25.00%
Aquafit (10 pass)	65		70	7.69%	90	38.46%	72	2.86%	90	28.57%
Aquafit 10 pass (Children/Community Services Card)	New		65		70		67		72	10.77%
Entry per session (for Lane and Pool hire) eg Camel, surf, water polo training with an associated lane booking (smart card \$1.50)	1.80		2	11.11%	2	11.11%	2.5	25.00%	2.5	25.00%
Lane and pool hire										
Lane hire 25m per hour (2) Discounted \$10/hour	20.00		21	5.00%	21	5.00%	22	4.76%	22	4.76%
Lane hire 33m per hour Discounted \$15/hour	30.00		31	3.33%	31	3.33%	32	3.23%	32	3.23%
Lane hire 50m per hour Discounted \$20/hour	40.00		42	5.00%	42	5.00%	44	4.76%	44	4.76%
Moveable floor area (1/4 of pool) per hour Discounted \$40/hour	80.00		83	3.75%	85	6.25%	86	3.61%	86	3.61%
Learn to Swim pool/Hydrotherapy pool (1/3 of pool) per hour Discounted \$10/hour	20.00		21	5.00%	21	5.00%	22	4.76%	22	4.76%
Hydrotherapy Suite 30 mins	30.00		31	3.33%	35	16.67%	32	3.23%	32	3.23%
Hydroslide (unlimited daily use)	5.00		5	0.00%	5.5	10.00%	6	20.00%	6.5	30.00%
Dive pool (exclusive use per hour)	55.00		60	9.09%	75	36.36%	62	3.33%	75	25.00%
Function room/foyer										
Function/family room Discounted \$15/hour	30.00		35	16.67%	34	13.33%	36	2.86%	38	8.57%
Kiwa foyer - business/corporate hour (out of hours only)	250.00		265	6.00%	280	12.00%	272	2.64%	285	7.55%

10.2. INFORMATION Reports Finance



24-260

Title: 24-260 Draft Financial Report 30 June 2024
Section: Finance & Affordability
Prepared by: Melanie Hartung - Finance Manager
Meeting Date: Wednesday 11 September 2024

Legal: No

Financial: Yes

Significance: **Low**

Report to FINANCE & PERFORMANCE/WHAKAHAERE PŪTEA ME ŌNA HUA Committee for information

PURPOSE - TE TAKE

The purpose of this report is to give a high-level overview of Council's draft financial results for the year ended 30 June 2024. The draft results are subject to final audit, asset valuations and accounting adjustments.

SUMMARY - HE WHAKARĀPOPOTOTANGA

The draft full year financial summary report covers Council's financial performance for the year ending 30 June 2024, providing commentary against the Annual Plan. While the final Annual Report for 2023/24 will be presented to Council on 17 October 2024, this preliminary draft is consistent with the format that has been given to Committee throughout the 2023/24 financial year.

Council has a draft net surplus of \$14.8m, which is favourably higher than what was expected in the Annual Plan of \$11.2m. This is mostly due to receiving \$21m more in capital grants than anticipated. Most of the additional capital grants relate to roading capital emergency works (\$9m), Central Government's 50% share towards Category 3 property buyouts (\$5.1m), and NEMA/insurance proceeds for Cyclone Gabrielle damaged Four Water infrastructure assets.

It should be noted that the accounting of capital grants contributes to the recording of a surplus. Capital grants and subsidies are recorded as income, even though they do not fund operational costs directly. This surplus goes towards our capital projects, reducing Council's need to borrow funds.

The additional capital grants noted above were partially offset by an unrealised dividend loss of \$1.8m from Gisborne Holdings Limited (GHL), and an accounting loss of \$6.6m related to FOSAL Category 3 voluntary residential property buyouts. The accounting loss for these property buyouts is the difference between the purchase price and the written down value of the properties post-cyclone. Although this represents an accounting loss, it does not impact on Council's debt or cash flow. Overall, Council is approximately \$204 million better off after securing a 50% joint FOSAL Category 3 buyout agreement with the Crown.

For full details of the Crown recovery package, refer to previous reports **[23-212]** Consultation Document on Government Support Package and **[23-227]** Cost Sharing Decision for the Future of Severely Affected Land.

The main financial indicators for June 2024 are:

- **FY total revenue:** \$255m, with \$103m from subsidies related to roading reinstatement works and commercial silt and woody debris removal.
- **FY total expenditure:** \$240m, including approximately \$93m for emergency reinstatement costs and commercial silt and woody debris removal costs, and \$6.6m for write downs of properties purchased under the category 3 FOSAL buyouts.
- **FY capital expenditure:** \$91m, representing 130% of the full year Annual Plan. This is ahead of plan, mostly due to FOSAL Category 3 voluntary property buyouts, and additional ahead-of-plan spending on roading and four waters infrastructure, including post-Cyclone Gabrielle roading reinstatement and bridge repair works, water supply Sang Dam pipelines, water main pipelines and enhanced Waipaoa Stopbank flood protection works. These works are funded externally and were granted after the adoption of the Annual Plan.

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 Finance & Performance/Whakahaere Pūtea me Ōna Hua Committee:

1. Notes the contents of this report.

Authorised by:

Pauline Foreman - Chief Financial Officer

Keywords: Draft Financial Report, Annual Plan 2023/24, Capital Expenditure, 30 June 2024 Financial Year

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

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

ATTACHMENTS - NGĀ TĀPIRITANGA

1. Attachment 1 - 12 June 2024 Cover \Summary Financials [**10.2.1.1** - 13 pages]



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Notes on Statement of Comprehensive Revenue & Expenses	2
Statement of Financial Position	3
Notes on Statement of Financial Position	4
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**Draft Statement of Comprehensive Revenue and Expenses
For the Period Ended 30 June 2024**

	Note	May-24 Actual \$000s	Year to date Budget \$000s	Variance \$000s	Full Year Budget \$000s
REVENUE FROM NON-EXCHANGE TRANSACTIONS					
Grants and Subsidies - Operational	1	103,689	112,745	(9,057)	112,745
Grants, Donations, Subsidies and Contributions - Capital	2	55,790	34,496	21,294	34,496
Other Non Exchange Revenue	3	1,160	2,196	(1,036)	2,196
General Rates And Uniform Annual General Charge		26,464	26,189	274	26,189
Targeted Rates		49,168	49,168	0	49,168
REVENUE FROM EXCHANGE TRANSACTIONS					
Development and Financial Contributions		626	1,658	(1,031)	1,658
Other Revenue	4	12,711	12,795	(83)	12,795
Targeted Water Rates		2,883	3,771	(889)	3,771
Dividends	5	7	1,800	(1,793)	1,800
Interest Received		2,934	0	2,934	0
Other Gains/(Losses)		(743)	(230)	(513)	(230)
Total Revenue		254,687	244,588	10,099	244,588
EXPENSES					
Employee Benefit Expenses	6	31,186	33,428	2,242	33,428
Expenditure on Operating Activities	7	164,327	164,692	365	164,692
Depreciation and Amortisation	8	29,011	29,473	462	29,473
Financing Costs	9	9,015	6,158	(2,857)	6,158
Loss FOSAL category 3 buyback	10	6,636	0	(6,636)	0
Total Expenses		240,175	233,751	(6,424)	233,751
Net Surplus/(Deficit) Before Taxation		14,513	10,837	3,675	10,837
Subvention payment		282	400	(118)	400
Net Surplus/(Deficit)		14,795	11,237	3,557	11,237
Gains/(Losses) on Property Revaluation	11	141,288	48,223	93,065	48,223
TOTAL COMPREHENSIVE REVENUE AND EXPENSES		156,083	59,460	96,623	59,460
CAPITAL EXPENDITURE	12	91,049	70,229	(20,820)	70,229
				130%	

Notes to the Statement of Comprehensive Revenue and Expense

01 Grants and Subsidies – Operational

Most of this revenue comes from roading subsidies through Waka Kotahi and other grants. \$63m relates to reinstatement of roading emergency works and \$40m from central government grants for silt and woody debris removal.

02 Grants, Donations, Subsidies and Contributions – Capital

The capital grants revenue is mostly from Waka Kotahi for roading renewals, CIP funded Flood Protection works and central government grants for reinstatement of critical infrastructure for the water supply projects – Lamella Filtration and Waingake Reinstatement.

03 Other Non-Exchange Revenue (Includes penalties, infringement fees, court enforcement fees, and other fees)

This includes court enforced fees, penalties received and infringements.

04 Other Revenue (Rent income, lease income, and all other fees and charges)

Other revenue includes fees and charges such as dog registration fees, rents, parking fees and trade waste charges.

05 Dividends

Annual Plan dividends are mostly arising from Gisborne Holdings Limited (GHL). GHL have signalled that no dividend will be able to be paid this year.

06 Employee Benefit Expenses

Employee Benefit expenses are under budget due in part to vacancies and offset by higher professional services costs.

07 Expenditure on Operating Activities

Overall Expenditure is \$240m, consistent with the full year Annual Plan. Included within the expenditure are the recovery costs (ie mostly commercial silt and operational costs for the FOSAL Category 3 Voluntary Residential Property Buyouts). The recovery costs for commercial silt and Category 3 buyouts were approved post the adoption of the Annual Plan. These costs are mostly covered by external grants.

Most of the operating activities relates to roading emergency reinstatement costs of \$48m and the cyclone recovery costs of \$45m for woody debris and silt removal (commercial).

08 Depreciation and Amortisation

The depreciation for the year is slightly under the full year budget.

09 Financing Costs

Financing costs are \$2.8m over the Annual Plan. Included within the financing YTD costs is \$700k related to accounting loss recognition for the fair value movement in our interest rate swaps. These values may or may not eventuate when the swaps are realised in the future.

10 Loss on FOSAL category 3 buyback

The process to buyback those properties where homes are no longer safe to live in has commenced. Council has recognised an impairment loss of \$6.6m. This relates to just under half the properties identified to be purchased at the value that they would have been prior to the cyclone. When these properties are purchased, they must be recognised as an asset under Council's ownership, therefore written down to value that they are worth today (ie net realisable value). The recognised impairment is an accounting loss, it does impact on Council debt nor cash flow.

11 Gains/(Losses) on Property Revaluation

Gains from property revaluations is \$141m, the majority of this is a write up in valuation of roading assets of \$123.8m this includes the reversal of an impairment recognition from 2022/23 of \$46m. The remainder relates to the four waters infrastructure increase in asset valuations.

12 Capital Expenditure

Capital expenditure for the period is \$91 million (130%) against the year-to-date Annual Plan. More information regarding capital projects can be found under "Notes to Capital Expenditure" below.

**Draft Statement of Financial Position
For the Period Ended 30 June 2024**

		Jun-24	Full Year
	Notes	Actual	Budget
		\$000s	\$000s
CURRENT ASSETS			
Cash & Bank	01	21,551	7,798
Term Deposit	01	20,000	0
Non Exchange Trade and Other Receivables	02	28,741	11,475
Exchange Trade and Other Receivables	03	22,475	20,471
Inventories	04	104	120
Current Investments	15	711	
Derivative Financial Instruments	11	694	37
Non Current Assets Held for Resale	05	80	80
Total Current Assets		94,357	39,981
CURRENT LIABILITIES			
Deposits Held	06	362	535
Trade and Other Payables	07	76,325	39,558
Employee Benefits and Suspense	08	4,082	3,180
Borrowings	09	20,000	5,000
Provisions for Other Liabilities	10	560	85
Total Current Liabilities		101,329	48,359
Total Net Working Capital		(6,972)	(8,378)
NON CURRENT ASSETS			
Derivative Financial Instruments	11	334	861
Property Plant and Equipment	12	2,838,740	3,030,144
Intangible Assets	13	6,440	7,447
Biological Assets	14	924	1,540
Investments	15	35,911	34,387
Total Non Current Assets		2,882,349	3,074,379
NON CURRENT LIABILITIES			
Borrowings	9	157,800	143,444
Employee Benefit Liabilities	8	89	122
Provisions for Other Liabilities	16	1,926	2,249
Emission Trading Scheme Liabilities	17	812	2,570
Total Non Current Liabilities		160,626	148,386
Total Net Funds Employed		2,714,751	2,917,615
EQUITY			
Accumulated Surplus		540,760	586,304
Special Funds	18	60,718	33,554
Revaluation Reserves	19	2,113,273	2,297,758
Total Equity		2,714,751	2,917,615

Notes to the Statement of Financial Position

- 01 Cash at Bank**
Westpac current account balance and overnight ANZ money market. There is also a \$20m term deposit which will be used to repay debt maturing in July and October.
- 02 Non-Exchange Trade and Other Receivables**
Includes rates receivable and other current receivables such as Waka Kotahi receivables.
- 03 Exchange Trade and Other Receivables**
Includes sundry debtors, prepayments, and GST where receivable.
- 04 Inventories**
Includes product and or stock on hand.
- 05 Non-Current Assets Held for Resale**
Includes any identifiable assets that have been held for disposals. Decisions relating to disposals must be approved by Council.
- 06 Deposits Held**
Includes footpath deposits, bond deposits and theatre ticket sale deposits.
- 07 Trade and Other Payables**
Includes accounts payable, sundry creditors, audit fee accruals, GST where payable and other IRD payables, Waerenga o Kuri Liability.
- 08 Employee Benefits Liabilities and Suspense**
Includes holiday pay and other current and non-current employee benefit liabilities.
- 09 Borrowings**
Includes long term and short-term borrowings from LGFA and Money market loan obtained from other banks.
- 10 Provisions for Other Liabilities - Current**
Includes provision for various legal matters and other liabilities.
- 11 Derivatives Financial Instruments**
Interest rate swaps.
- 12 Property Plant and Equipment**
Council's fixed assets.
- 13 Intangible Assets**
Includes computer software.
- 14 Biological Assets**
Includes the value of livestock and forestry.
- 15 Investments – Current/Non-Current**
Includes investments in GHL, LGFA and BOPLASS.
- 16 Provisions for Other Liabilities – Non-Current**
Includes non-current provisions such as Paokahu landfill and Waiapu landfill aftercare provisions.
- 17 Emissions Trading Scheme**
Provision for Emission Trading Scheme Liability.
- 18 Special Funds**
Includes various reserves such as depreciation reserve.
- 19 Revaluation Reserves**
Gain on asset revaluation.

Draft Statement of Capital Expenditure for the period ended 30 June 2024

Activity	Notes	June 2024 Actuals YTD \$000s	June 2024 Full Year Budget \$000s	% Spent YTD Actuals of YTD Budget %
Including Major Projects				
Community Lifelines		68,715	52,898	130%
Roading	1	42,466	28,076	151%
Wastewater	2	5,248	3,943	133%
Stormwater	3	1,328	3,103	43%
Water Supply	4	9,609	9,556	101%
Solid Waste	5	2	3,948	0%
Land, Rivers, Coastal	6	10,062	4,272	236%
Liveable Communities	7	8,216	12,567	65%
Land Soil and Resources		2,259	2,890	78%
Theatres		30	11	286%
Conveniences		348	667	52%
Reserves & Community Property		2,693	6,225	43%
Cemeteries		83	139	60%
Art & Public Places		1,856	2,359	79%
Pool Operations		68	21	324%
District Library Ops		182	257	71%
Regional Leadership & Support	8	13,962	4,480	312%
Information Services		1,258	2,131	59%
Townships		406	675	60%
Recovery Centre		57	-	0%
Fosal		10,290	-	0%
Water and Coastal Resources		1,031	1,134	91%
Civil Defence		380	-	0%
Environmental Monitoring		133	111	120%
Facilities & Plant Management		406	428	95%
Environmental Services & Protection	9	20	-	0%
Monitoring and Enforcement		7	-	0%
Environmental Health		14	-	0%
Commercial Operations	10	136	284	48%
Community Housing		136	284	48%
		91,049	70,229	130%

Notes to the Draft Statement of Capital Expenditure 30 June 2024**Roading**Full Year Program

The roading full year budget is \$28.1m. This is made up of renewals (\$18.3m), PGF (\$6.1m) and other projects (\$3.7m) that include walking and cycling and subsidised Township projects.

Costs to June

Capital spend to June is at \$42.4m, 151% of the FY budget. Renewals through June account for just under half of the capital spend, Reinstatement of bridges and roads is \$21.7m. This is 100% externally funded by CIP and Waka Kotahi.

The East Cape Provincial Growth Fund (PGF) works commenced in October, with spend to June, of \$4.3m. They are expected to be finished within August 2024 and remaining budget is carried over in FY 2025.

WastewaterFull Year Program

The wastewater full year budget is \$3.9m. This full year budget consists of the final works on Wastewater Treatment Plant (\$0.8m) and mainly renewals (\$3.1m).

Costs to June

Actuals FY are \$5.2m. The additional expenditure was for reinstatement work after Cyclone Gabrielle (\$696k) and for the Taruheru Pump Station. The additional work over budget, is mostly covered by external funding, either Nema/Insurance funding or from other grants and by reprioritizing some other budgets. Renewals are tracking on par with budget.

The Wastewater Treatment Plant major project is in commissioning stage. Completion is pending the resolution of clarifier performance issue with the designer and supplier.

StormwaterFull Year Program

Stormwater projects are mainly renewals and Drainwise Program of capital works with full year budget of \$3.1m.

Costs to June

Total actual costs FY are \$1.3m, spent on renewals programme.

Investigations and design works are ongoing for the drainwise program with majority of construction expected to occur next financial year. Graham/De Lautour Road project was postponed until financial year 2025 due to weather conditions. Development of Moss block (part of Taruheru extension) is not going ahead at this time as there was a change in developer's plans for the area.

Water Supply

Full Year Program

Water Supply total capital budget of \$9.6m includes \$3.1m of renewals and \$6.5m for upgrade. \$5.5m of the upgrade is for the commissioning of the Lamella Filtration at the Waingake water treatment plant.

Costs to June

Total actual costs are \$9.6m on par with the Annual Plan.

Council spent \$2.6m on renewals of water supply assets to date. The post-cyclone restoration and upgrades this financial year account for \$1.3m of the spend, of which 60% is being claimed from National Emergency Management Agency (NEMA).

Lamella filtration works spend to date is \$5.6m, 50% of the project was funded by NEMA.

Solid WasteFull Year Program

There are 7 projects in this budget of \$3.9m, the largest are the relocation of the Tokomaru Bay transfer station with a budget of \$750k and Wheelie bins project with \$2.8m for the year.

Costs to June

Total actual costs are \$2k. A location of the new transfer station has been selected; works are anticipated to start in the next financial year. Unspent budgets for these two projects are being carried forward to allow completion in the next financial year.

The remaining 5 projects are provisions for renewal of capex, as and when they are needed. It includes provisions for transfer stations, litter bins, heritage landfill remediation and Paokahu closed landfill.

Land, Rivers and CoastalFull Year Program

The total budget of \$4.3m, out of which \$4.2m is allocated to the main project Waipaoa River Flood Control Scheme.

Costs to June

Total actuals are \$10m. The Waipaoa River Flood Control Scheme is on track and contracts are in place, the works are progressing as planned. Total of \$8.8m, out of which \$5.5m is 90% funded by Crown Infrastructure (CIP) package. The CIP package was granted after the adoption of the Annual Plan.

We received \$429k from NEMA to partially cover our restoration efforts after the cyclone.

Liveable CommunitiesFull Year Program

The total budget of \$12.6m, with major projects Kiwa Pools (\$1.1m), Waingake Transformation (\$2.9m) and the 1000-year Walkway Bridge (\$1.5m). It also included a provision of \$2.5m for Community Facilities Strategy (ie provision for Indoor Stadium).

Costs to June

Total costs are \$8.2m, 65% of the year-to-date budget.

The Kiwa Pools project was finished in the first quarter. The demolition of the old pool commenced in April 2024 and are likely to finished late July 2024. At the time of the adoption of the Annual Plan, some of the costs expected to have been complete by 2022/23 (Annual Plan), were carried into the 2023/24.

Waingake Transformation Project is \$2.2m to date. It is expected to come under budget at the year end, savings are made on weed control management due to cooler weather.

The 1000 Year Walkway Bridge spend is \$1.4m. All below ground works on foundations are complete, walkaway bridge is being fabricated offsite. Main installation is expected in financial year 2025 with completion scheduled for October 2024, funds are carried forward to the next financial year to coincide with the project completion.

The \$2.5m provision for indoor stadium has not been used and has been carried forward into the 2024-2027 Three Year Plan.

Regional Leadership & Support Services

Full Year Program

Several activity budgets sit under this grouping, totalling \$4.5m for the year. Information Services has a \$2.1m full year budget with the main projects being Digitisation of Records \$849k and Existing core hardware and software renewals \$776k.

Costs to June

Actual costs for this group are \$14m, 312% against FY plan. Most of the additional costs over what was planned is due the FOSAL Category 3 Voluntary Residential Property Buyouts. The 50/50 share arrangement with central government for the residential buyouts, occurred after the adoption of the Annual Plan.

The Civil Defence costs relate to the final costs for the new Civil Defence Building. The build was expected to be complete by the 30 June 2023 where the projected had been fully budgeted for, but some of the costs were carried over 2024. The Civil Defence building was officially opened in September 2023.

Recovery Centre costs relate to purchasing drones and telemetry equipment, required for the assessment of Woody debris, and severely affected land (FOSAL)categorisation. FOSAL capital costs, relate to costs paid for Category 3 Voluntary Property Buyouts. To date, these come to \$10.3m.

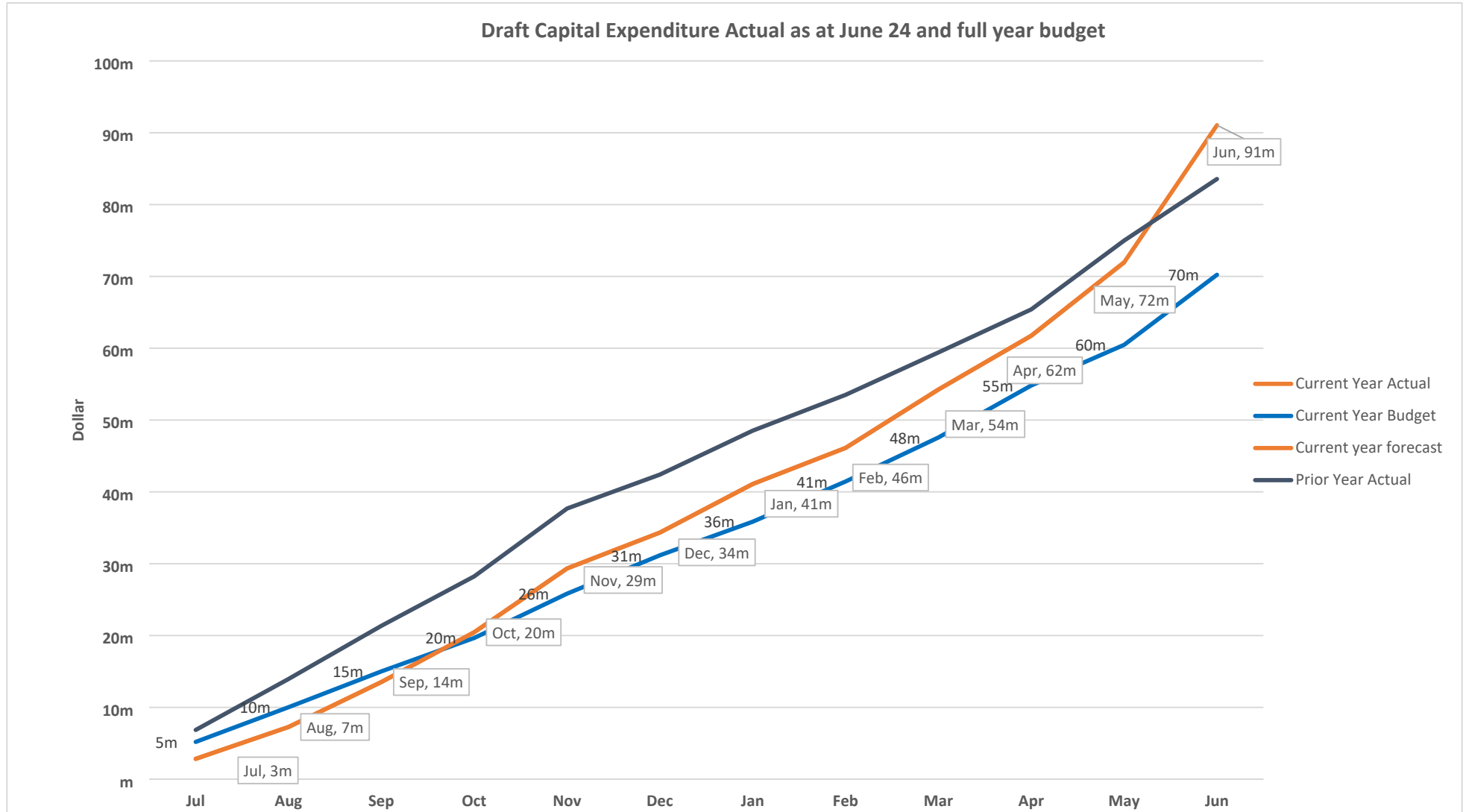
Playgrounds at Ruatoria and Matawai townships were completed and opened for community. Further works on picnic areas and footpaths are to be completed by December 2024. Uawa playground will also be installed in spring 2024. Community engagement on Te Karaka township is underway and completion is planned by June 2025.

Environmental Services & Protection

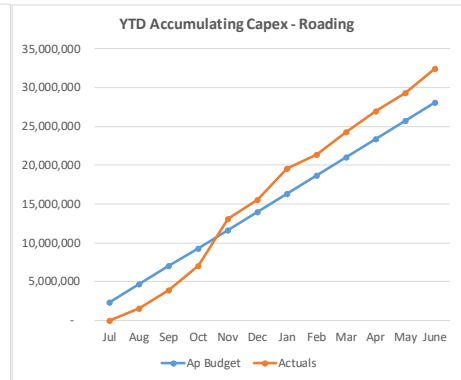
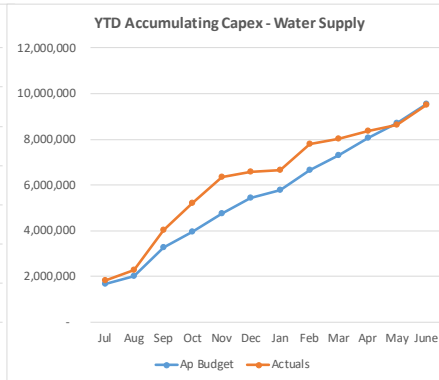
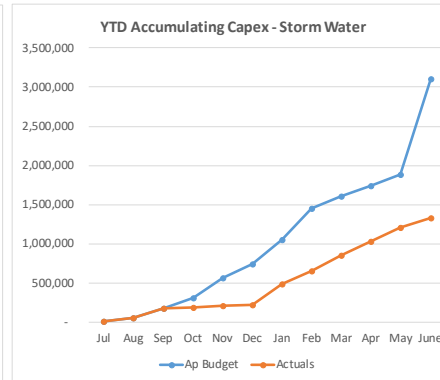
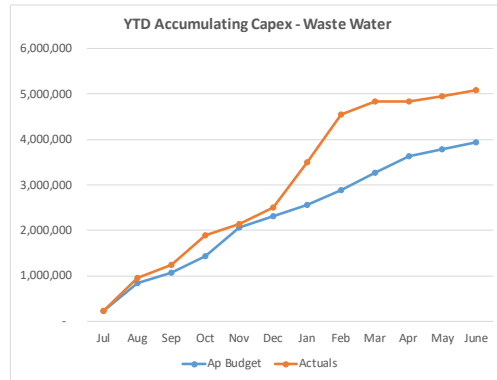
There are some minor costs FY, relating to minor plant replacements costs and record storage containers.

Commercial Operations

This budget is for Staff and Community Housing upgrades, where GHIL manages and oversees this work. Funds are earmarked to be spend on double glazing of windows. The project has been put on hold due to cold winter weather and while council is looking into cost-effective options to undertake these works and will be resumed start of 2024/25 financial year.



YTD Accumulating CAPEX Charts



11. 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:

Confirmation of Public Excluded Minutes

Item 4.1 Confirmation of Confidential Minutes 31 July 2024

PUBLIC EXCLUDED Business

Item 11.1 24-258 Gisborne Holdings Limited Director Appointment Extension

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 4.1 & Item 11.1	7(2)(h)	Enable any Council holding the information to carry out, without prejudice or disadvantage, commercial activities.
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