

Tairāwhiti Indoor Multipurpose Centre

Single Stage Business Case

V1.0 - April 2025

Te Kaunihera o Te Tairāwhiti
GISBORNE
DISTRICT COUNCIL

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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 km^2, 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.

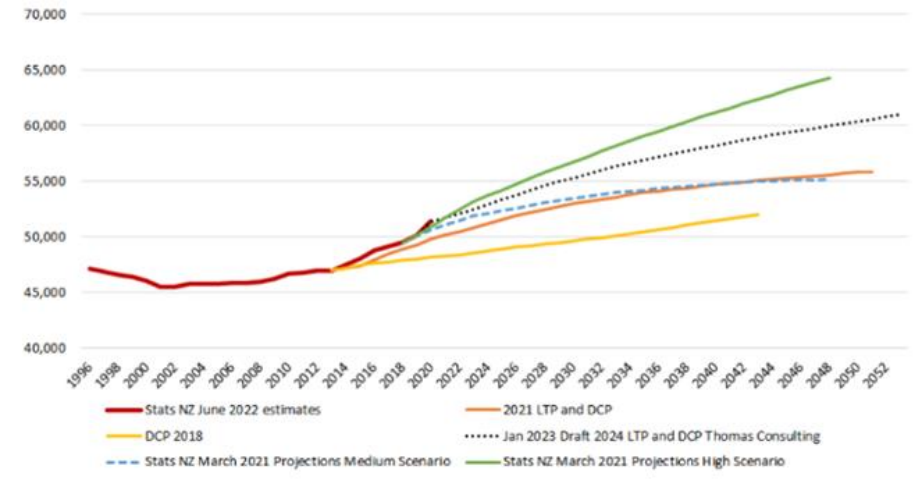
According to the 2023 Census, the usually resident population of Tairāwhiti was 51,135 at the time. This represents an increase of 3,618 people from the 2018 census, or a 7.6% increase. It is noted that the significant disruptions caused by COVID-19 brought uncertainty to population forecasting.

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							
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

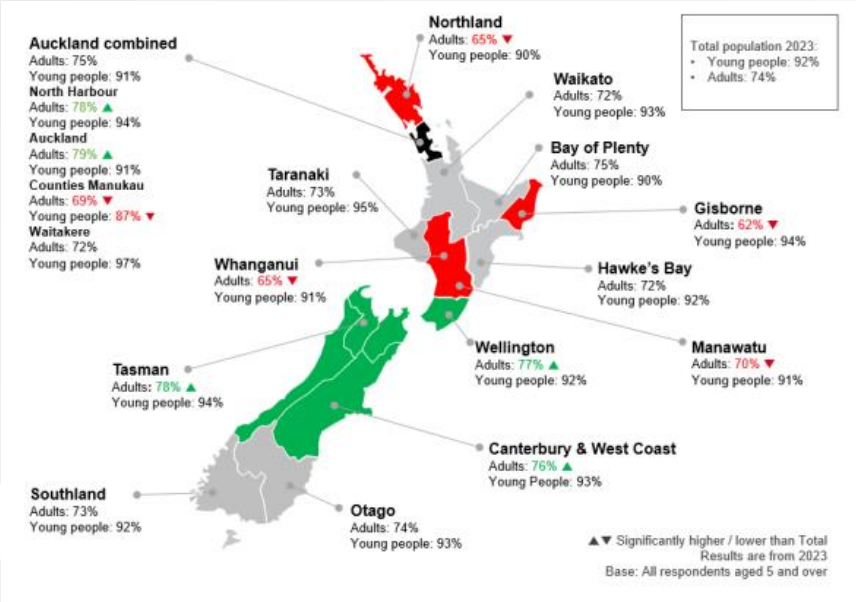
If we are able to remove or reduce these barriers, we can increase participation and achieve a range of social benefits as outlined in the benefits assessment section.

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:

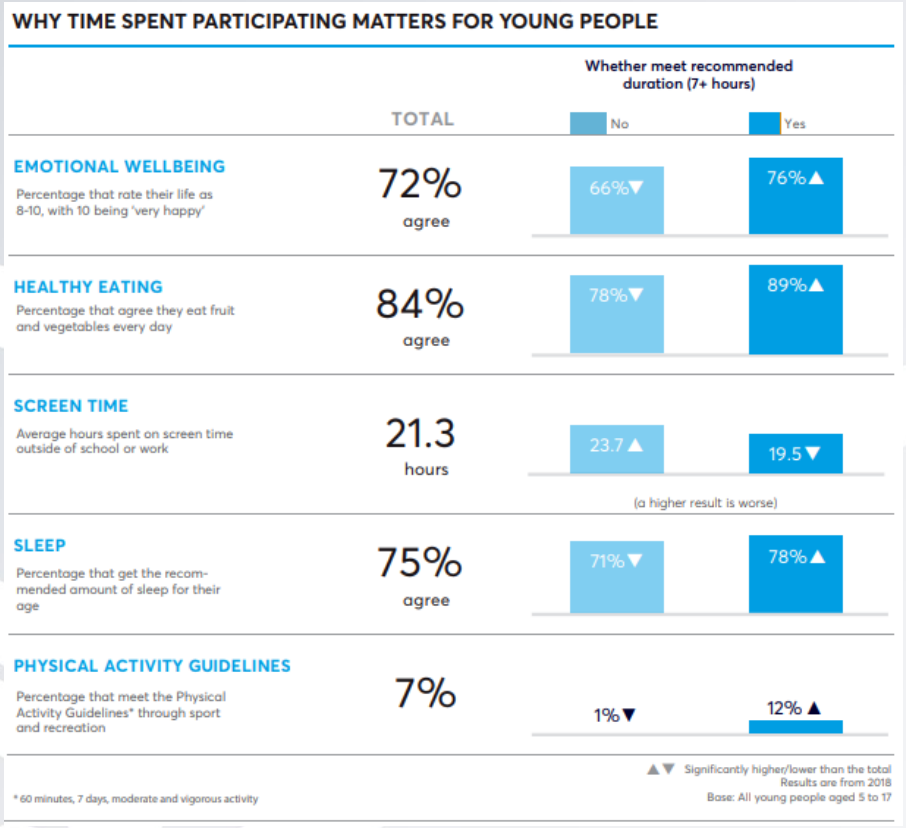
- 7.9% of heart disease cases
- 9.8% of Type 2 diabetes cases
- 13.1% of breast cancer cases
- 14.1% of colon cancer cases
- 12.7% of deaths.

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.

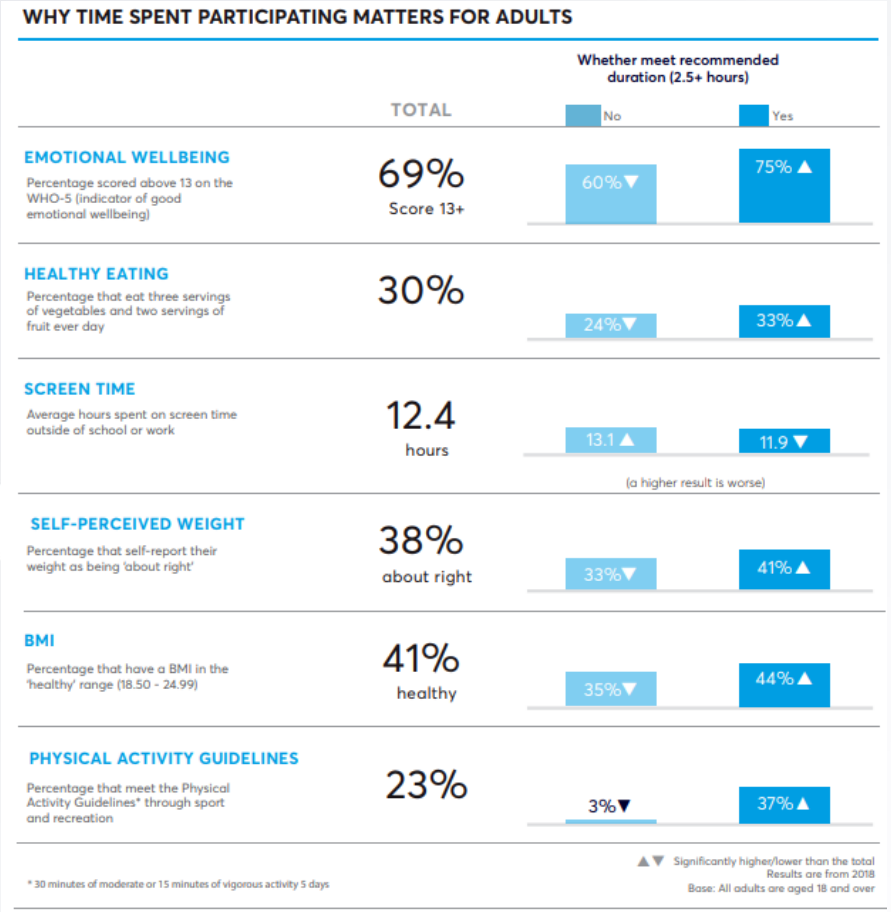
As found in the *Sport New Zealand Active NZ 2018 Participation Report*, the more time spent participating, the greater the health and wellbeing outcomes - as shown in the following two figures.

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 I 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										
		Term 2			Term 3			Term 1 or 4			Overall Total	Ratio of Additional / Current
		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	
	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	0.63
Netball	Current	0	107	66	0	128	66	0	0	0	367.0	
	Future	0	72	36	0	72	36	0	60	0	276.0	
	Overall	0	179	102	0	200	102	0	60	0	643.0	0.75
Pickleball	Current	115	173	73	115	173	73	230	345	145	1440.0	
	Future	115	173	73	115	173	73	230	345	145	1440.0	
	Overall	230	345	145	230	345	145	460	690	290	2880.0	1.00
Kapa Haka	Current	0	0	0	0	0	0	0	0	0	0.0	
	Future	0	0	0	0	0	0	81	57	97	235.2	
	Overall	0	0	0	0	0	0	81	57	97	235.2	N/A
Volleyball	Current	0	0	0	0	0	0	12	102	0	114.0	
	Future	0	0	0	0	0	0	12	57	72	141.0	
	Overall	0	0	0	0	0	0	24	159	72	255.0	1.24
Badminton	Current	36	110	0	42	108	0	33	61	0	389.0	
	Future	0	0	6	0	0	6	0	0	0	12.0	
	Overall	36	110	6	42	108	6	33	61	0	401.0	0.03
Futsal	Current	0	0	0	0	0	0	0	39	40	79.0	
	Future	0	0	0	0	32	0	0	170	112	314.0	
	Overall	0	0	0	0	32	0	0	209	152	393.0	3.97
Overall	Current = Code Totals + 10%	166	699	246	173	903	246	303	814	461	4010	
	Future	164	324	279	157	357	209	395	804	519	3208	
	Overall	330	1023	525	330	1259	455	698	1618	980	7217	0.80

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.	• 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.	• 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	• 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.	• 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.	• 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)
- Campion 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 Tairawhiti
- 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, Tairawhiti
- 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
- Tairawhiti Adventure Trust
- Tairāwhiti Indoor Multipurpose Centre Advocacy Group
- Tairawhiti Multicultural Council Inc.
- Tairawhiti 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.

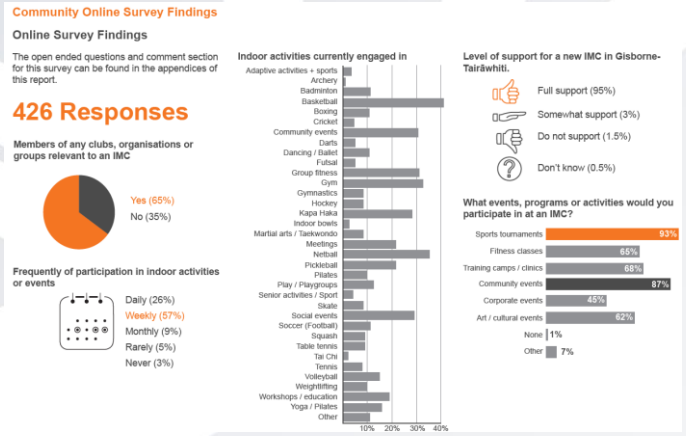
Participants engage in a diverse array of indoor sports and activities, including basketball, community events, group fitness, gym sessions, kapa haka, meetings, netball, pickleball, and social events. No single sport dominated, highlighting the broad reach of Tairāwhiti's sporting and activity interests. 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	▪ 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) ▪ 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 Other identified potential users include yoga/pilates, judo, martial arts and gym.
Community Groups/ Organisations	▪ 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	▪ Kapa haka ▪ Te Poho-O-Rawiri Marae
Commercial/organisations	▪ 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 Hapori/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

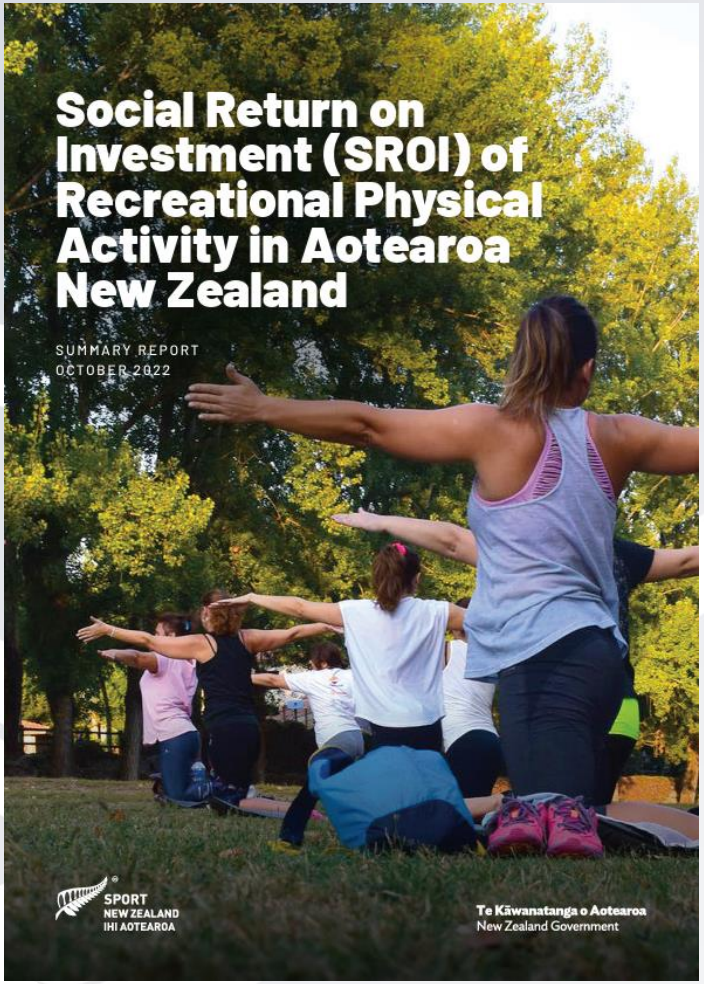
4.3.1 Social Return on Investment methodology

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) Leisure PA/guidelines	Binary	$1,034

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

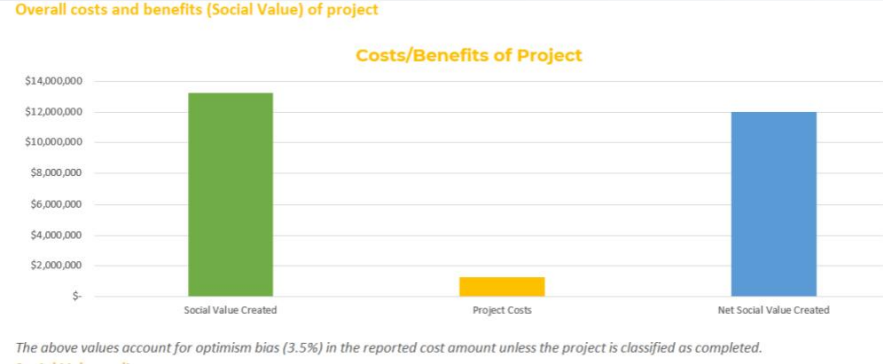
4.4.1 SROI Valuation for Indoor Multipurpose Centre

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.

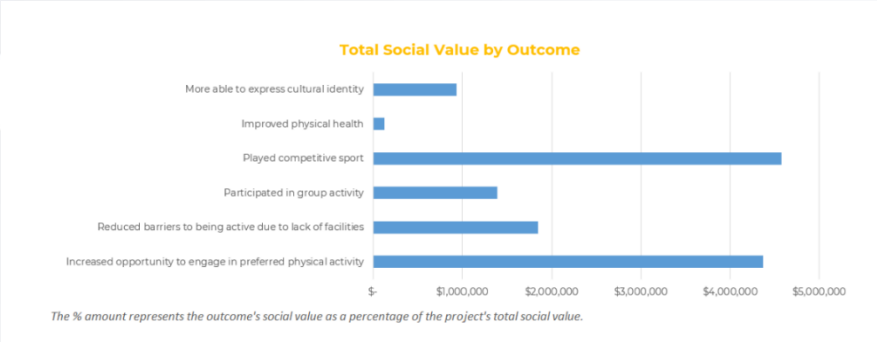
The greatest proportion of value can be attributed to an increased opportunity to engage in preferred physical activity and playing competitive sport. More able to express cultural identity and improved physical health are generated less value. There are more unknowns with these outcomes.

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.'

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 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.

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.

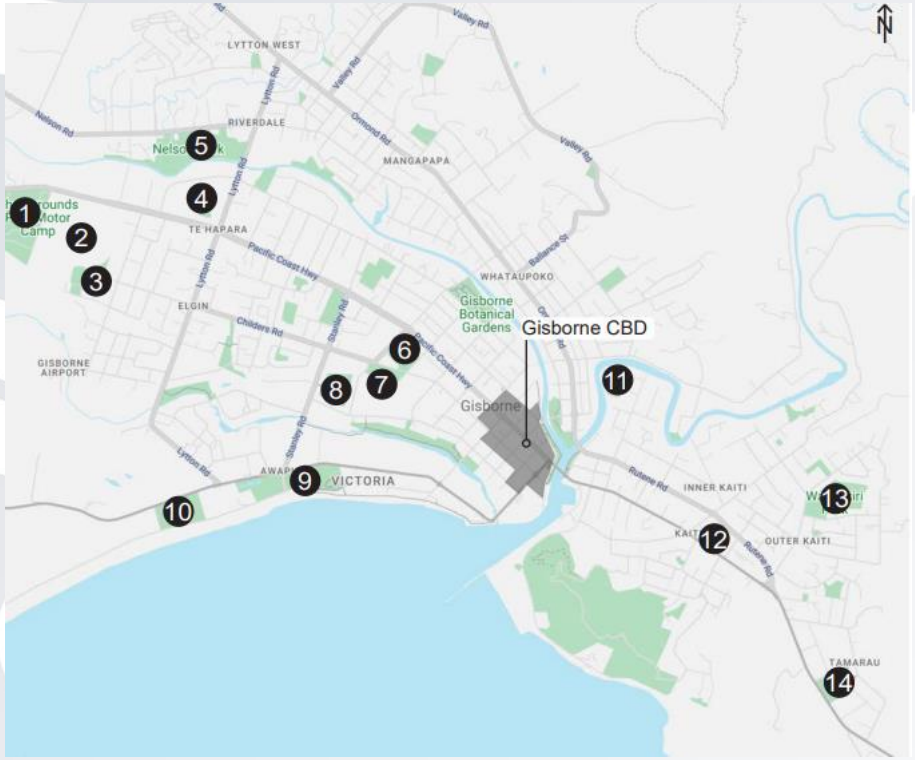


Table 22. Long List of Potential Indoor Multipurpose Centre Site Options.

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.

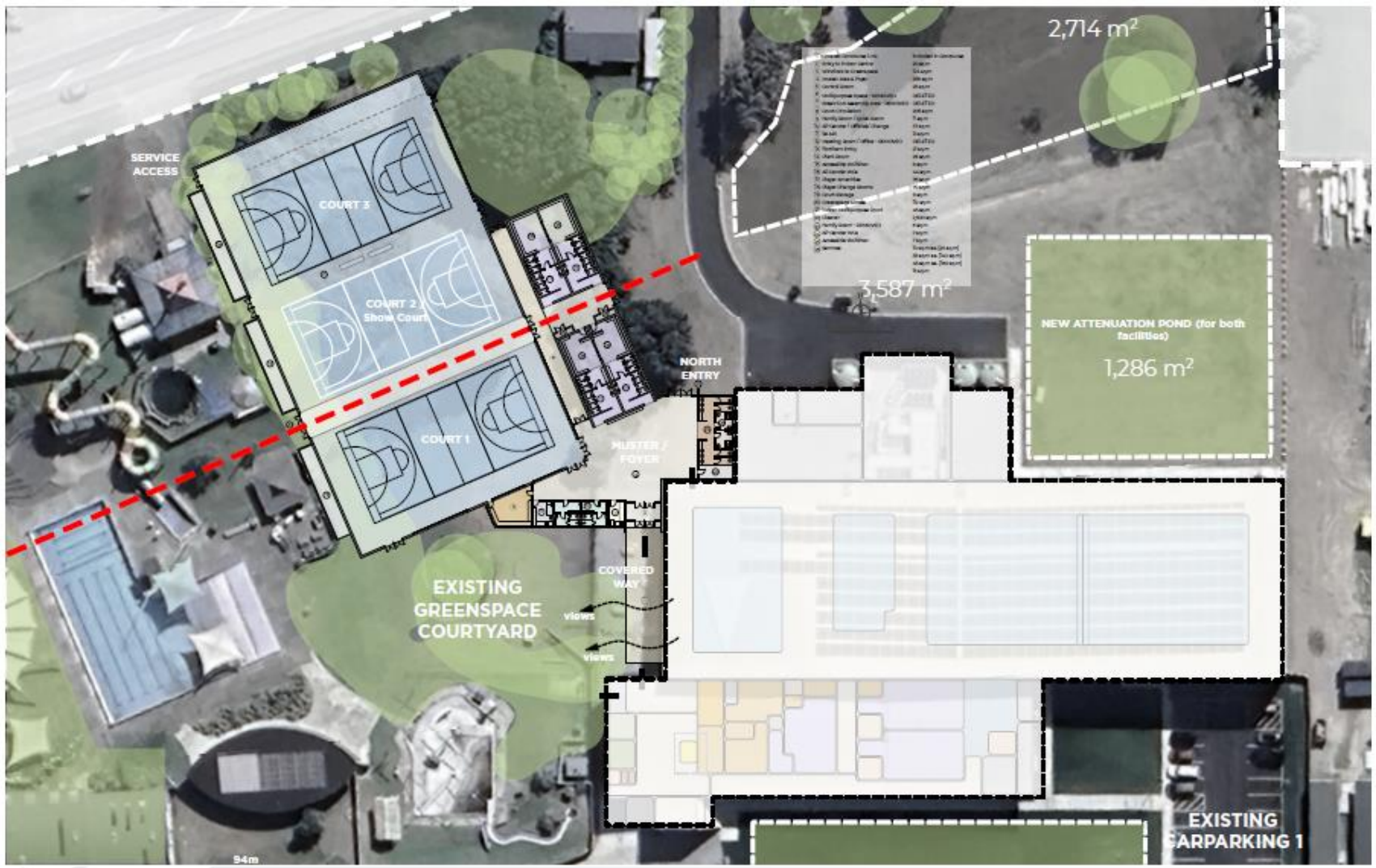
Of note is the wastewater pipe (the red dotted line) which mana whenua indicated would not be appropriate to play sports directly above. Additionally, to retain access to the pipe in the future the decision was taken to position the footprint adjacent to (and not over) this key infrastructure.

Figure 15. Potential Footprints at Kiwa Pools Precinct



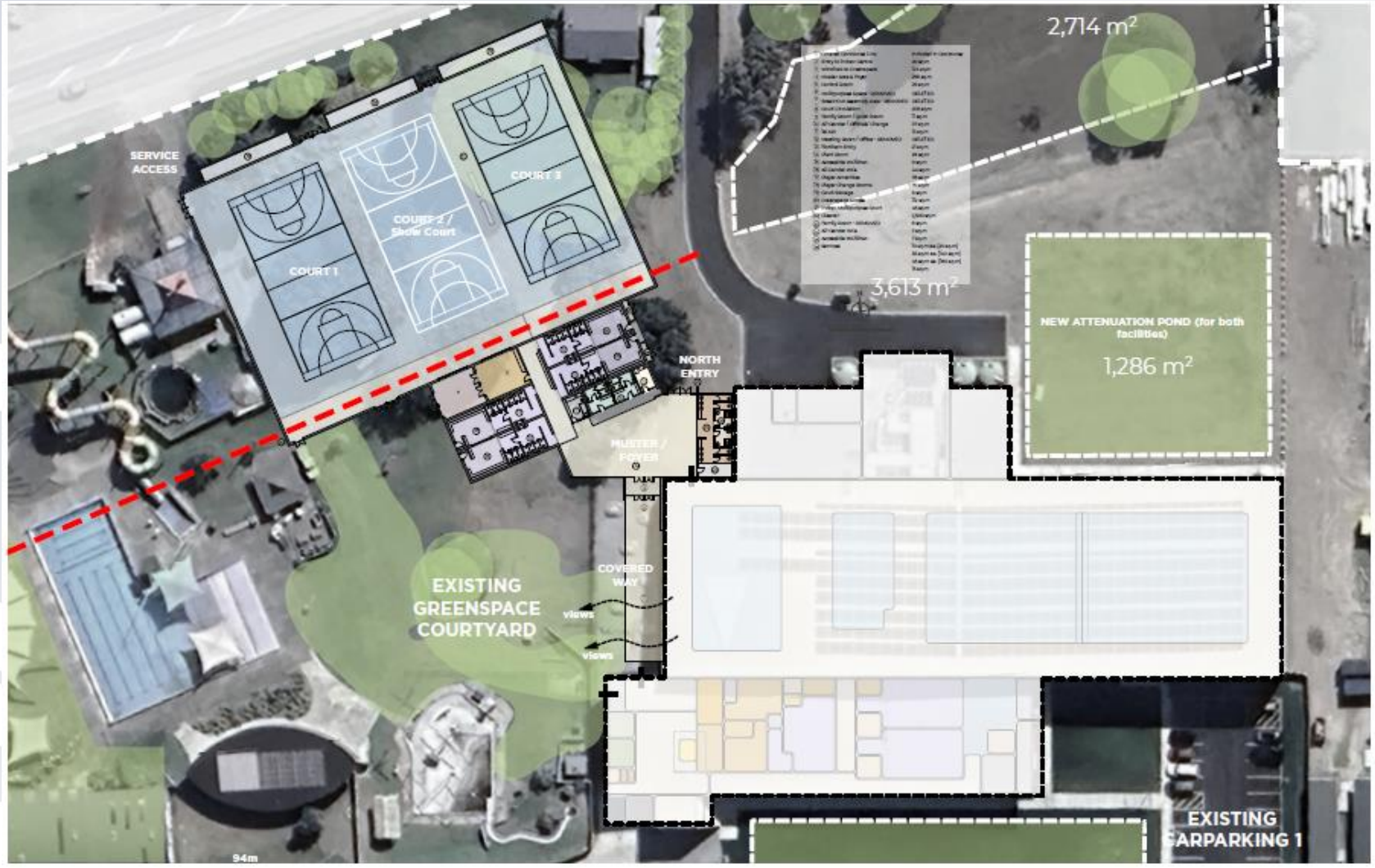
Source: MODE Design

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



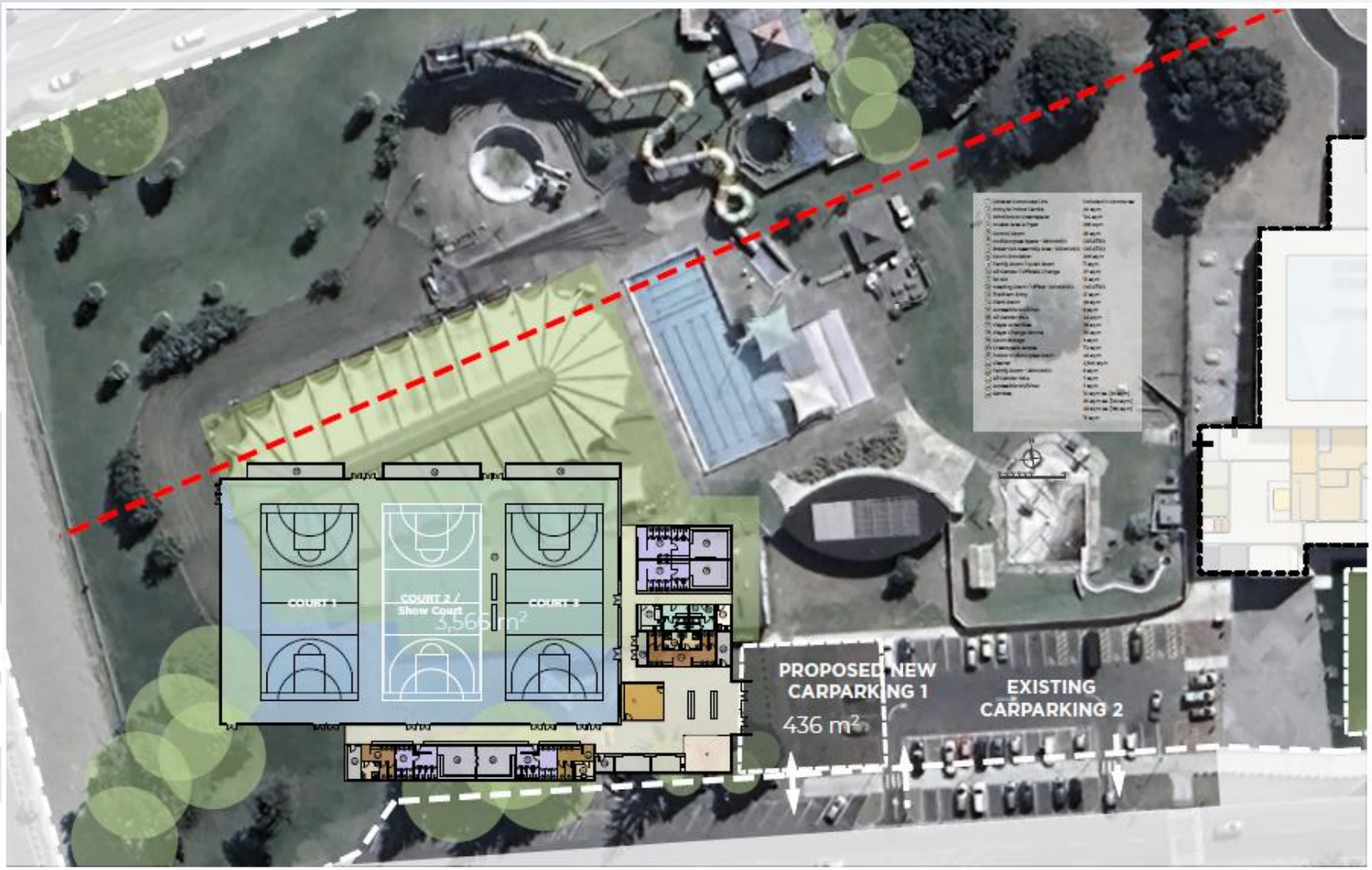
Source: MODE Design

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	▪ 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.	▪ 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.	▪ 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	▪ 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.	▪ 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. Some restricted light to pools due to North aspect.	▪ 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.

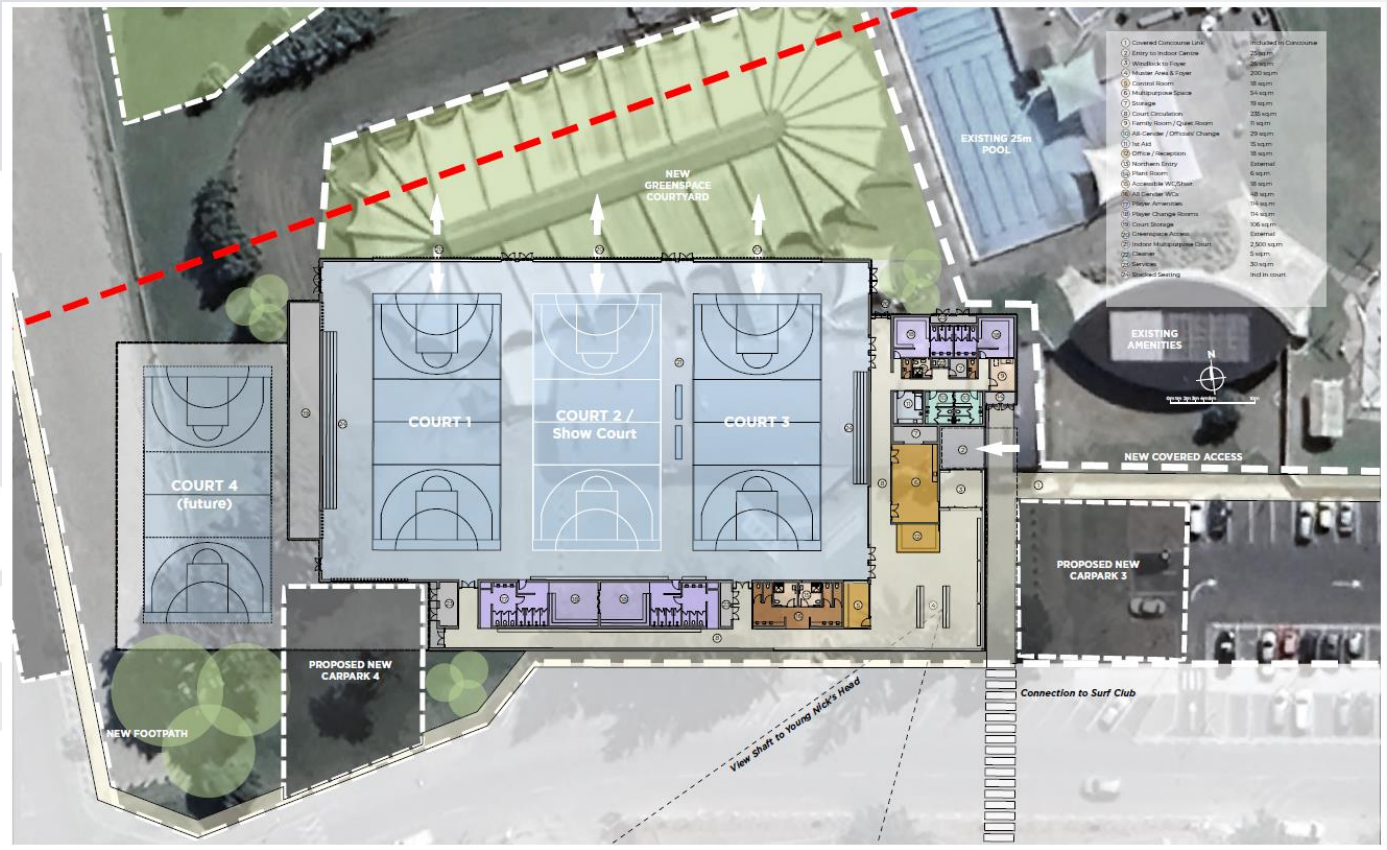
Table 29. Schedule of Accommodation: Tairāwhiti Indoor Multipurpose Centre

Design Element	In scope	Comments
Multipurpose Sports Courts	3 Courts	Ensure the facility is sited to allow for a future extension to add 4th 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.

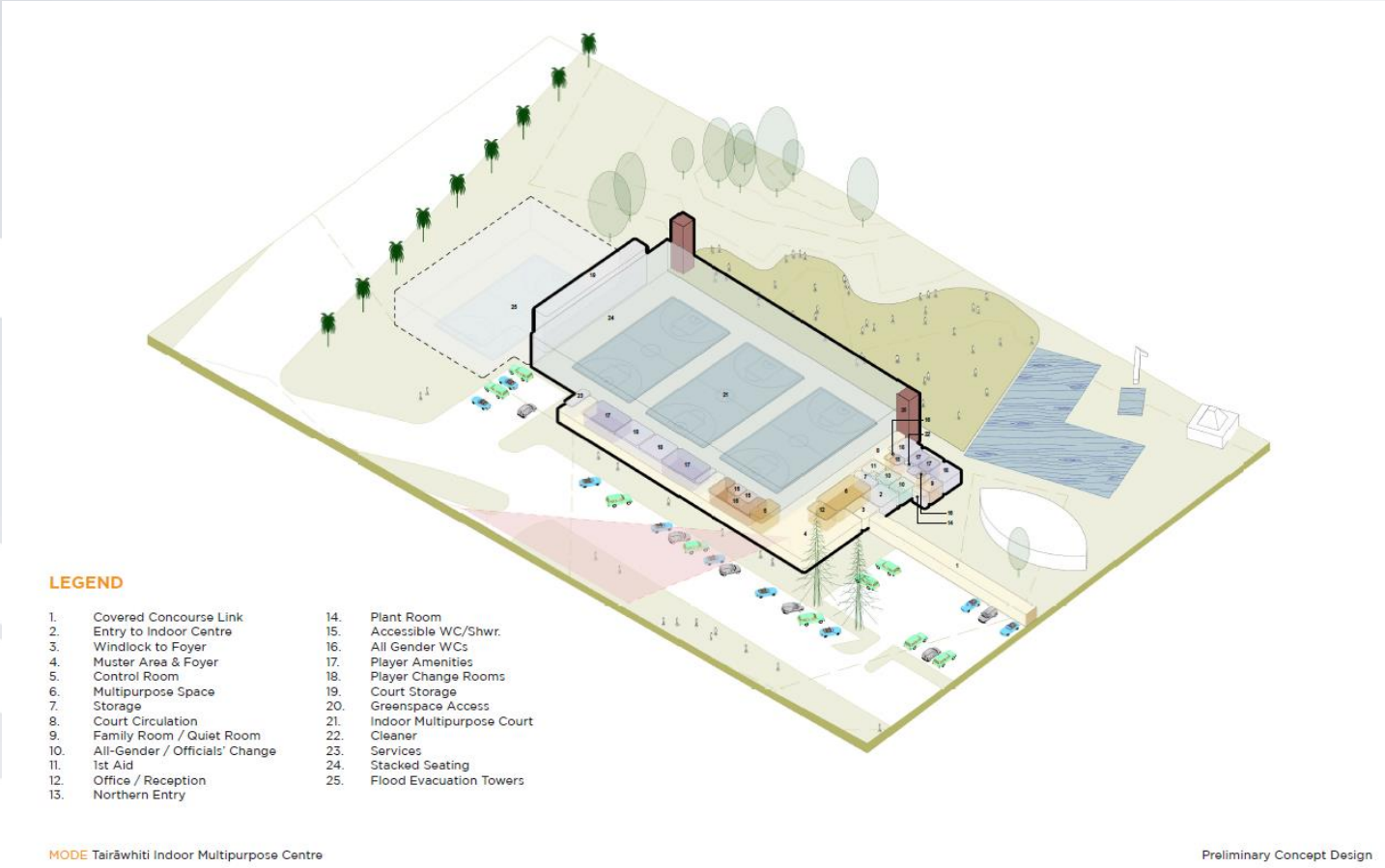


Source: MODE Design

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.

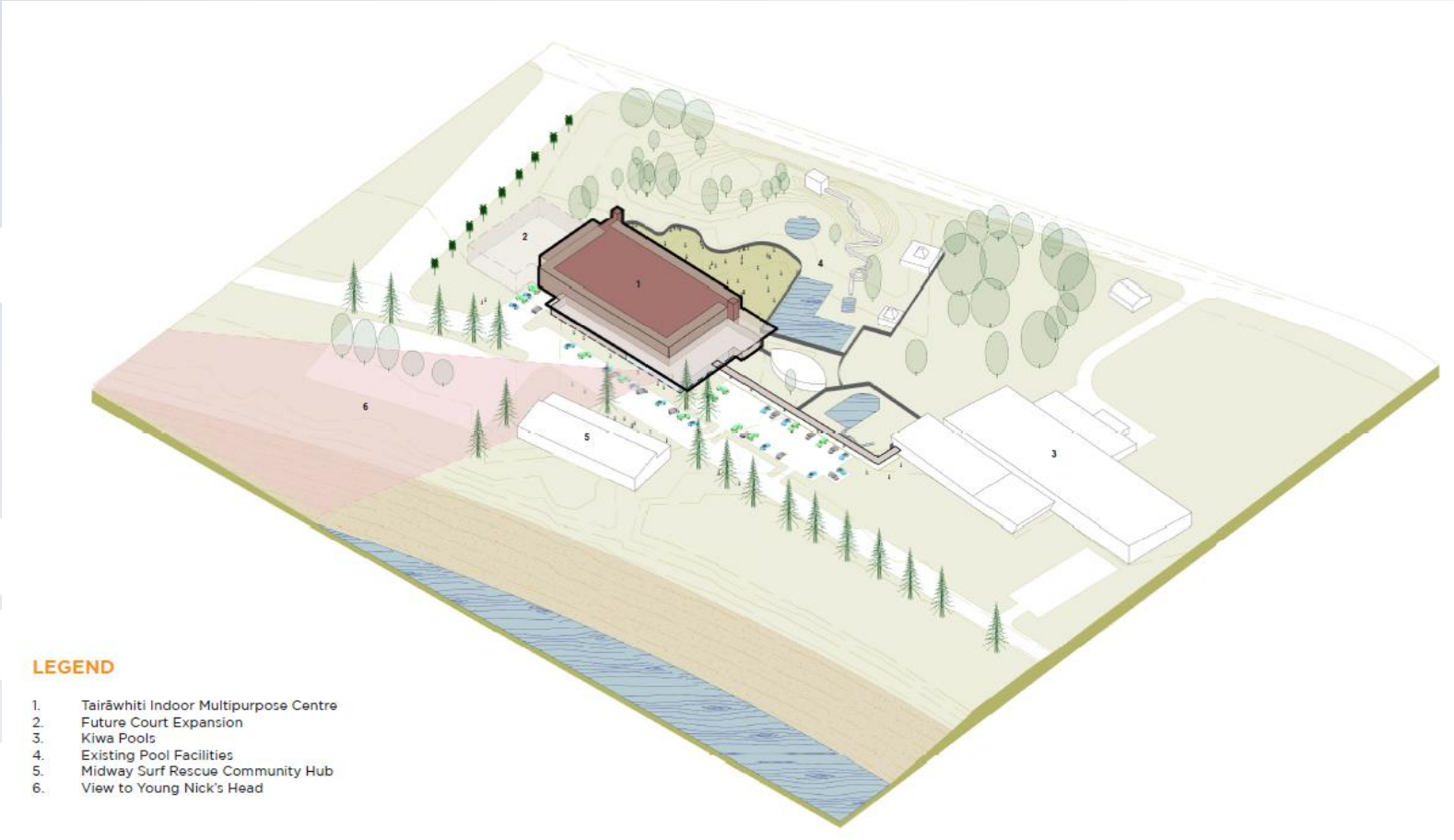


Source: MODE Design

5.17 3D Isometric Views

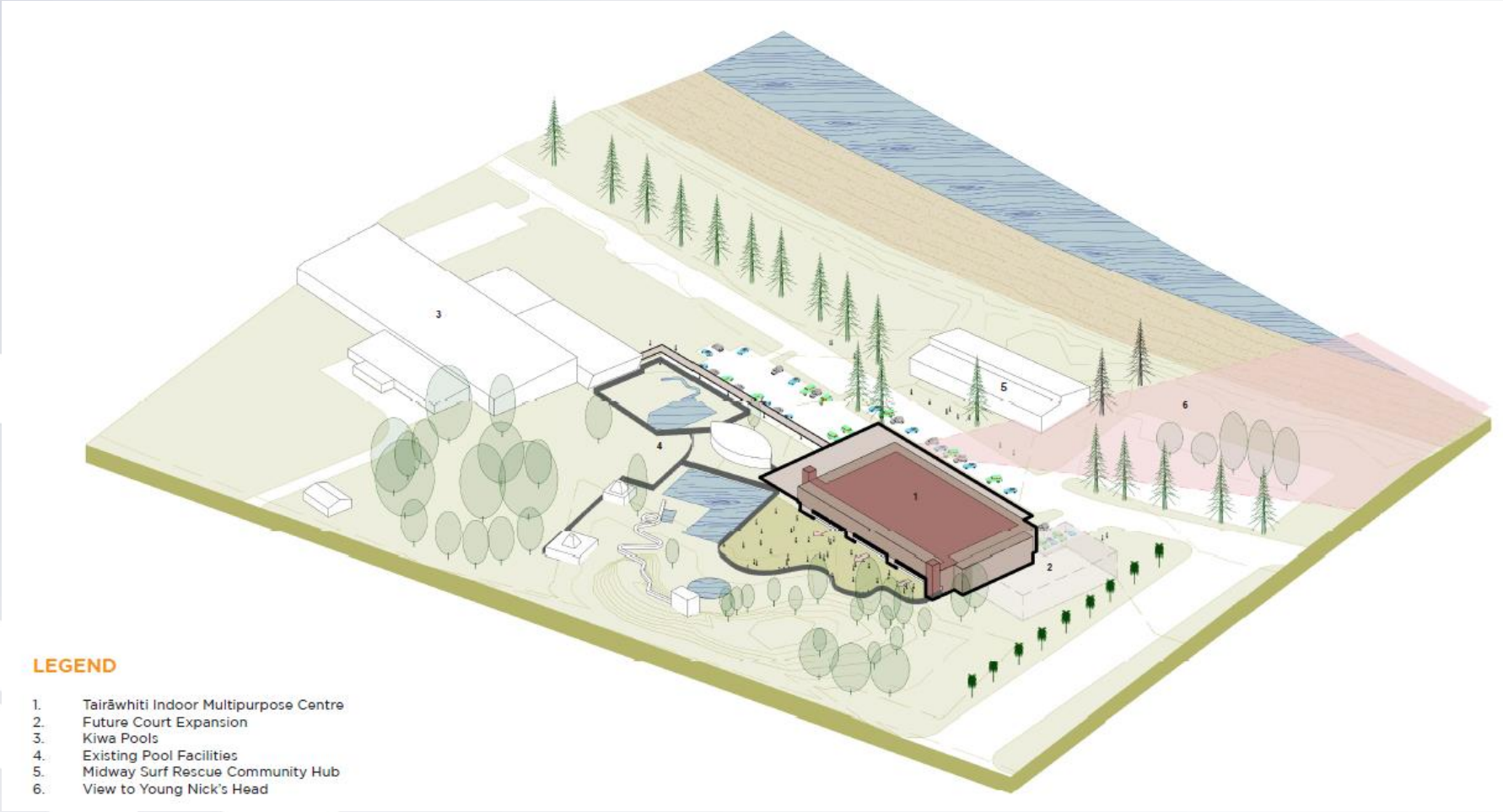
This diagram shows an aerial view looking back from above Midway beach towards the Kiwa Pools precinct. Kiwa Pools is the white building to the right and the Indoor Multipurpose Centre is the brown building.

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



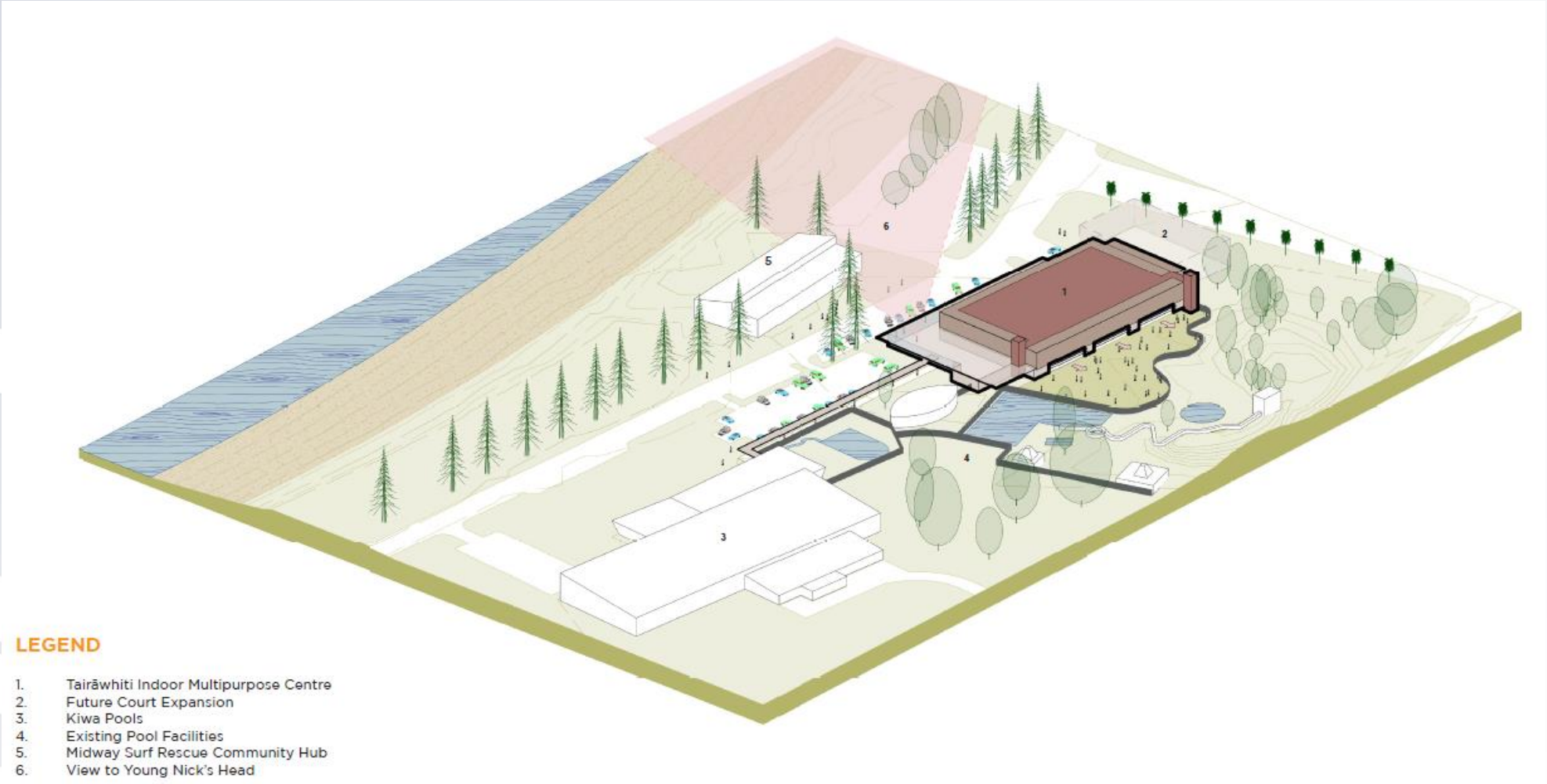
Source: MODE Design

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.

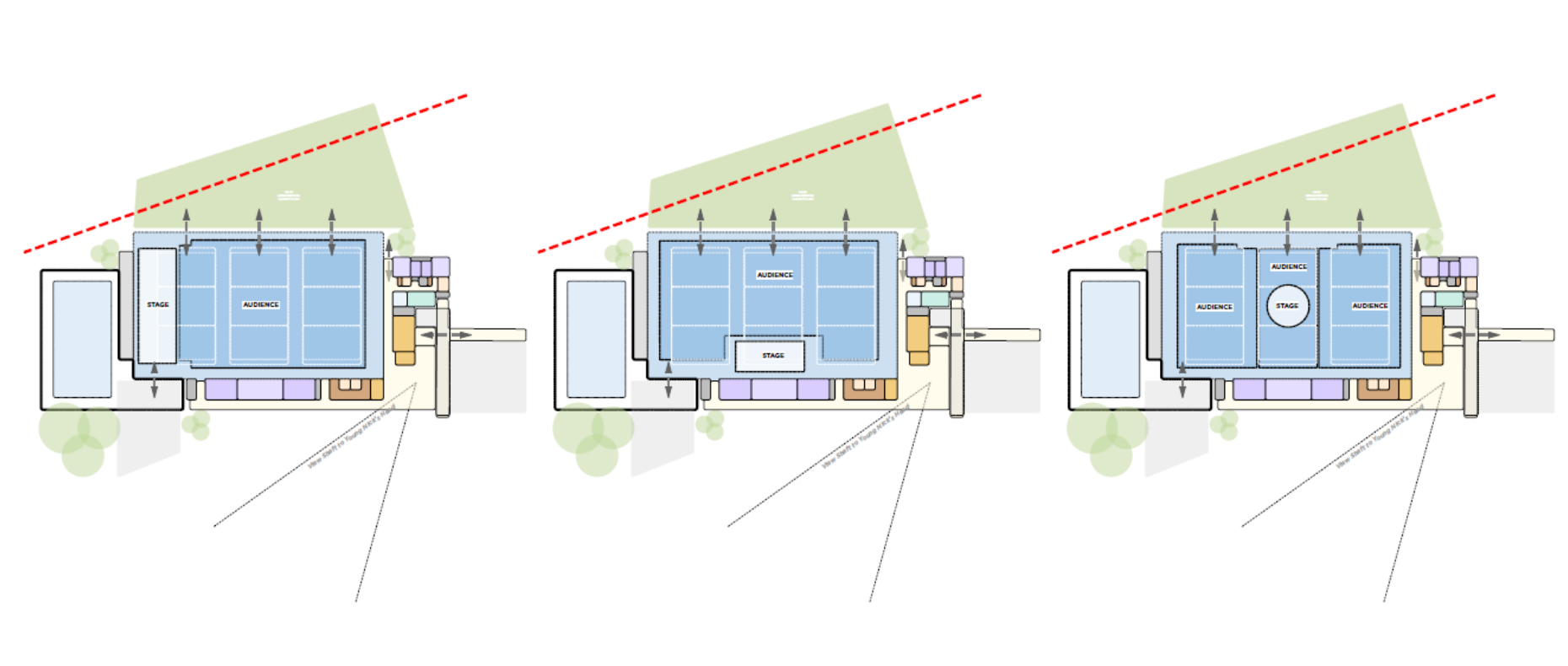


Source: MODE Design

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.

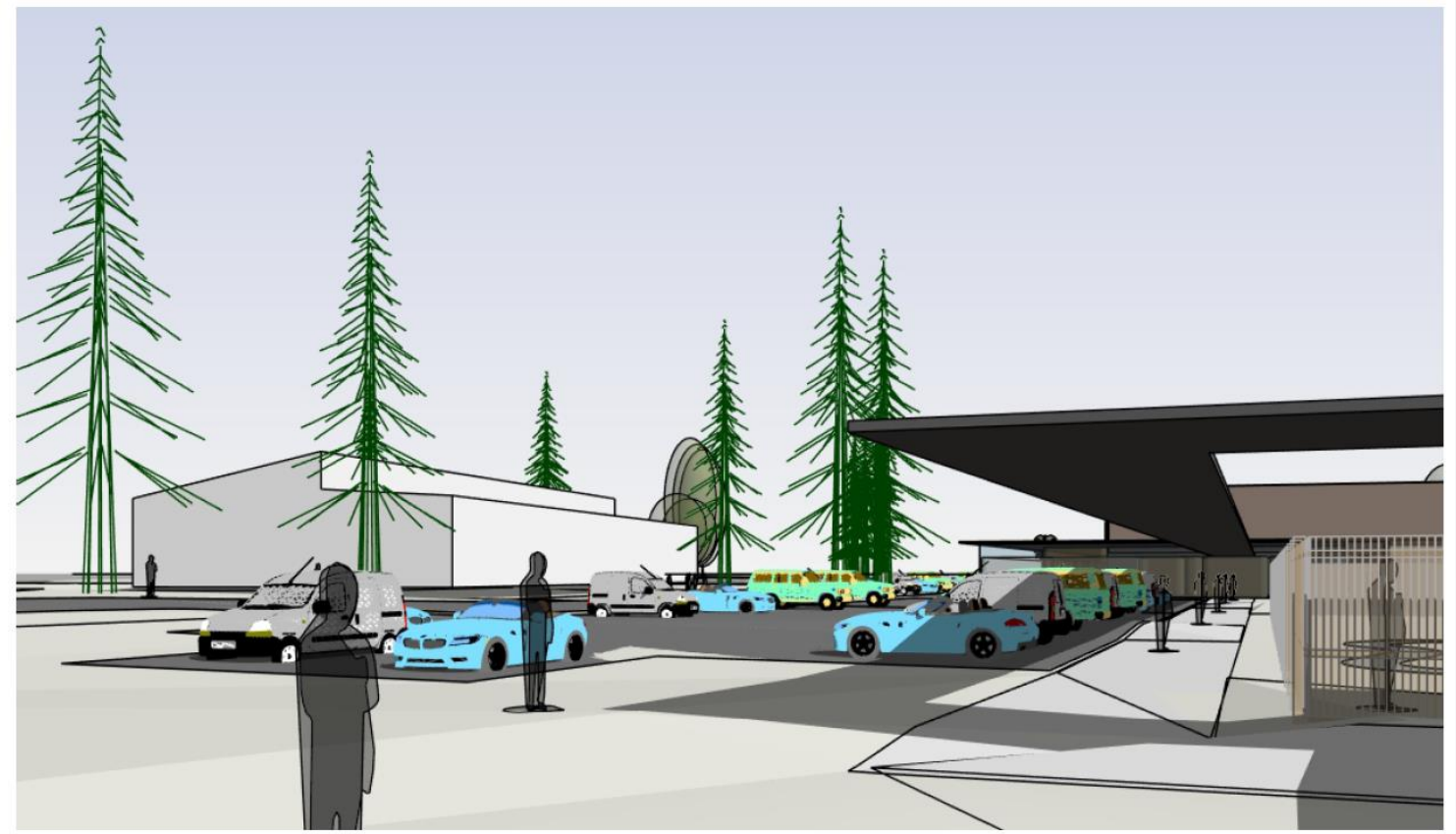


Source: MODE Design

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.

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 Rules[1]. 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.



[1] MBIE is currently consulting on new rules

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: • 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 invovlement (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%		0%
		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.

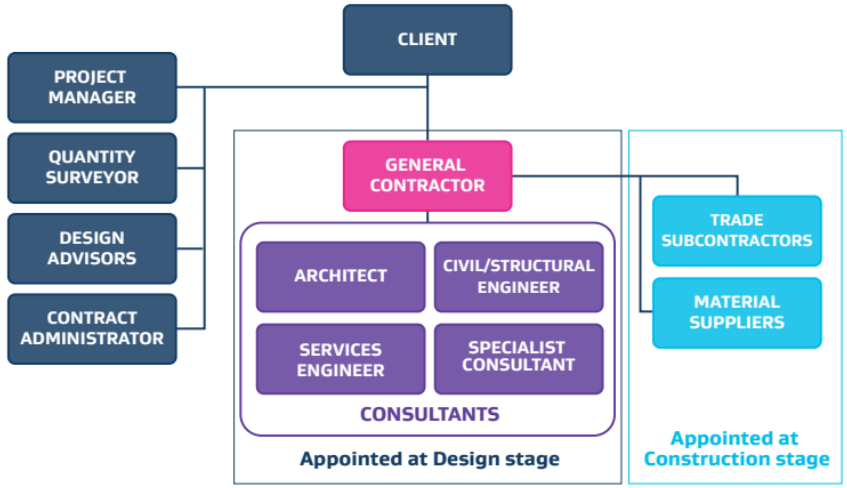
The design team can work with the contractor to consider the costs of constructing the range of proposed design solutions. The contractor will also be able to bring their expertise, and that of the supply chain, to work with the design team in developing innovative design solutions that maximise project 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:

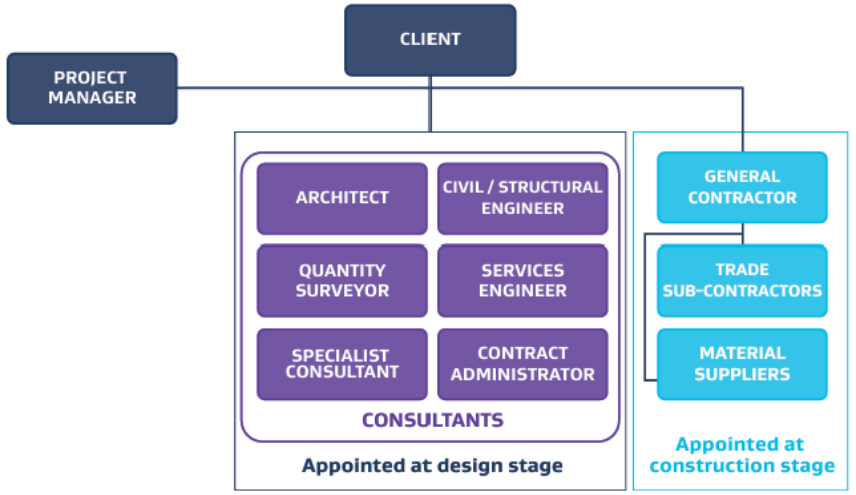
- Timeframes are sufficient to complete the design and then follow up separately with the construction works.
- Requirements for innovation are less important, as requirements are straightforward, and scope is well defined.
- The client is willing to retain all of the design risk.
- There's likely to 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

	DEGREE OF FINANCIAL RISK	
Pricing mechanism	**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 million[2] 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 horizontal rooftop, be endorsed at the estimated cost of $1.69 million[3]. 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 $644,000[4].

The cost estimate for the covered walkway connecting Kiwa Pools reception and the Indoor Multipurpose Centre is $301,000[5].

An extra provision of $500,000[6] 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.

[2] Rawlinsons. (2025). Revised Concept Design Estimate For Tairāwhiti Indoor Multipurpose Facility.
[3] Ibid.
[4] Ibid.
[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 million[7] if construction of the facility starts by Q2 2028. The construction cost estimate for the core facility increases to $22.78 million[8] 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 Estimate[9].

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

7.3.2 Construction Cost Estimate Assumptions

The preliminary construction cost estimate makes the following assumptions:

a) The ground conditions are suitable.
b) 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:

a) Site preparation
b) Building works
c) Furniture, Fixtures and Equipment (FF&E) at $500,000
d) Cultural Design at $750,000
e) Design Development and Estimating Contingency of 5%
f) Construction contingency of 10%
g) 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:

a) GST
b) Temporary accommodation and relocation costs
c) Out of hours works
d) Information Technology, hardware etc.
e) Insurance

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

[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.

	Average Annual Y1 to Y10		Cumulative Y1 to Y10	
Overall Summary	**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

	Average Annual Y1 to Y10			Cumulative Y1 to Y10		
Overall Summary	**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.

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.

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.

	Average Annual Y1 to Y10			Cumulative Y1 to Y10		
Council Borrowing	**$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%	$300,000
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 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

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

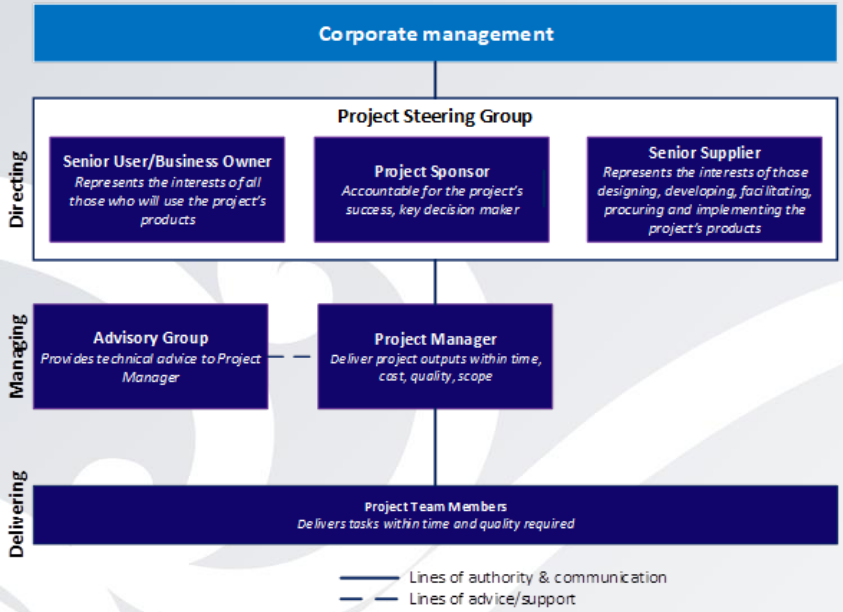
The current project management team comprises a project director with specialist stadia feasibility and funding knowledge and experience, a project lead, and a Council team member from Liveable Communities, with contributions from other Council staff on operational matters related to Kiwa Pools and operational 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.	• 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.	• 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.	• 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.	• 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	• 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.	• 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.	• 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.	• 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 is 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
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. Tairawhiti 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 I Pathway 1.
10. Proposed Tairāwhiti Indoor Multipurpose Centre Programme Timeline I Pathway 2.

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