Infrastructure Funding Policy and Procedures

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Overview of Infrastructure Funding Policy and Procedures

1.1 Background

Under the Local Government Act 2002, the Bay of Plenty Regional Council is responsible for promoting the social, environmental, economic and cultural well-being of the regional community, now and in the future. Other recent changes to legislation, such as the Land Transport Management Act 2003 and the Resource Management Amendment Act 2005, have also significantly broadened Council’s role.

Council had identified a potential opportunity to restructure its shareholding in Quayside Holdings Limited (Bay of Plenty Regional Council’s council-controlled investment company). Bay of Plenty Regional Council agreed to continue investigating the possibility of creating a regional fund for parties external to Council and to investigate how it should assess and prioritise suitable infrastructure projects for funding.

In September 2007, Bay of Plenty Regional Council obtained a private ruling from the Inland Revenue Department enabling existing shares in Quayside Holdings Limited to be converted into 200 million Perpetual Preference Shares (PPS). Council was then able to sell the PPS to New Zealand retail and institutional investors, which includes the periodic payment by Quayside Holdings Limited dividends, with imputation credits attached, to the investors.

In January 2008 Council issued an Investment Statement and a Prospectus offering up to 200 million PPS for sale at $1 each. The offer closed, fully subscribed, on 7 March 2008. This process has enabled Bay of Plenty Regional Council to obtain the funds to establish the PPS Investment Fund, which is to be used to fund infrastructure projects.

Use of the PPS Investment Fund for infrastructure projects must comply with the Inland Revenue Department Binding Ruling BR Prv 10/20. The Binding Ruling will be reviewed by Inland Revenue in September 2013. Refer to Section 1.4 below for the review of this Policy document in relation to future Binding Rulings.

1.2 Overview of Infrastructure Funding Policy and Procedures

Bay of Plenty Regional Council may develop infrastructure funding policy that is more restrictive than the IRD Binding Ruling. This policy document is the infrastructure funding policy of Council. The document covers policy and processes for:

- Funding of internal infrastructure projects (i.e. Council’s own projects).
- Funding of external infrastructure projects (i.e. third party projects) through the Regional Infrastructure Fund, and direct funding mechanisms.

Figure 1 following shows the three components of the Infrastructure Funding Policy and Procedures document.
1.3 Definition of Infrastructure

Except in relation to Section 2.1, for the purposes of this policy, ‘infrastructure’ means:

(a) Construction of physical assets and built structures.
(b) Purchase of freehold property or land.
(c) Significant equipment associated with (a) and (b) above.

The infrastructure project must also be located in the Bay of Plenty region.

1.4 Review of this Policy

The Infrastructure Funding Policy will be reviewed at least every three years, or when:

- There is an operative spatial plan, or equivalent, for the Bay of Plenty region; or
- The Inland Revenue Department Binding Ruling is reviewed and replaced.

The reviews will not use the special consultative procedure unless this is necessary to comply with Council’s Policy on Significance, or any statutory requirements of the Local Government Act 2002.
In relation to the Regional Infrastructure Fund, reviews of this Policy will include, but not be limited to, the following matters:

- Ensuring required information is relevant to the process and to assessing the benefits and impacts of the projects.
- Ensuring there is fairness in the Impact Assessment process across all eligible projects.
- Ensuring Council is able to clearly and easily identify projects that provide the greatest value in respect to the Fund criteria.
- Ensuring the application process is not limiting the uptake of opportunities provided by the Regional Infrastructure Fund.
2 Funding Bay of Plenty Regional Council Infrastructure

This section explains Bay of Plenty Regional Council’s policy and procedures for the funding of internal infrastructure.

2.1 Definition of Infrastructure for Bay of Plenty Regional Council Infrastructure

For the purposes of Bay of Plenty Regional Council infrastructure projects, ‘infrastructure’ means:

(a) Construction of physical assets and built structures.
(b) Purchase of freehold property or land.
(c) Significant equipment associated with (a) and (b) above.
(d) Land use change in the catchments of the Rotorua Lakes for the purpose of reducing nutrients in the lakes (including operating expenditure).

The infrastructure project must also be located in the Bay of Plenty region.

2.2 Internal Funding Policy and Process

Bay of Plenty Regional Council infrastructure projects may be funded by the PPS Investment Fund. Council’s own infrastructure projects are referred to as ‘internal’ infrastructure. These are projects that are necessary for Council to deliver its functions and activities under its Ten Year Plan.

Council staff identify possible infrastructure projects under each relevant activity and programme in the Ten Year Plan. This is carried out when developing a Ten Year Plan or Annual Plan. Those infrastructure projects are assessed directly against the requirements of the Inland Revenue Department Binding Ruling BR Prv 10/20. Council then decides which infrastructure projects to fund using the PPS Investment Fund. Internal infrastructure projects are included in draft Ten Year Plans and draft Annual Plans for public consultation, and are identified as capital items.

Council may also decide to fund internal infrastructure projects that are not stated in either the Ten Year Plan or an Annual Plan. The reasons for making those decisions outside the Ten Year Plan or Annual Plan are for emergency purposes or react to commercial opportunities or timeframes. In such cases, Council’s decision-making process will comply with:

- Council’s Policy on Significance in its Ten Year Plan, and its decision-making framework.
- Other Council policies relevant to the infrastructure project.

Council’s Internal Lending Policy is applied where an internal loan from the PPS Investment Fund is used to fund an infrastructure project.
3 Direct Funding of Third Party Infrastructure

This section forms Bay of Plenty Regional Council’s policy and procedures for the direct funding of third party infrastructure. Sections 3.1 to 3.6 are the policy components, and section 3.7 is the procedures.

Direct Funding Policy

3.1 Purpose of Direct Funding

A policy on the direct funding of infrastructure projects in the Bay of Plenty is required by the Inland Revenue Department Binding Ruling BR Prv 10/20.

This direct funding policy applies to third party infrastructure projects, excluding those funded by the Regional Infrastructure Fund (refer to Section 4 of this document). The only types of third party infrastructure projects that will be considered for direct funding are:

- Sewerage reticulation and treatment infrastructure that complies with either the Rotorua Lakes Funding Deed, or Council’s Regional Assistance for Small-scale Sewerage Schemes Policy.
- Transport infrastructure.

The type of infrastructure projects is limited under this policy for the following reasons:

- Sewerage reticulation and treatment infrastructure is an important aspect of achieving community and environmental well-being. In some areas sewerage reticulation is necessary to achieve environmental standards in Council’s resource management plans. It is also consistent with other associated adopted policy and obligations, such as the Rotorua Lakes Funding Deed and the sewerage subsidy policy.
- Council has previously committed to contribute to accelerating state highway improvements in the Bay of Plenty region. Maintaining a commitment to fund transport infrastructure is consistent with previous decisions.
- Applications for funding for other types of third party infrastructure projects will go through the Regional Infrastructure Fund process.

3.2 Eligible Projects

The direct funding of third party infrastructure projects is limited to the following:

- Sewerage reticulation and treatment infrastructure that complies with either the Rotorua Lakes Funding Deed, or Council’s Regional Assistance for Small-scale Sewerage Schemes Policy.
- Transport infrastructure.

For the purposes of Section 3 of this Policy, ‘transport infrastructure’ is infrastructure that complies with one or more of the following categories:

**Roading, bridging and transportation infrastructure:** Upgrading the road network in the Bay of Plenty region to meet growth demands being placed on existing roading systems by increasing population numbers, businesses, and industries such as logging.
Passenger transport: Upgrading the existing passenger transport system, particularly in urban areas. This includes the purchase of buses, terminals and ticketing facilities.

Other transportation infrastructure: Rationalising air, rail, coastal and other transportation modes as well as improving or developing such infrastructure.

3.2.1 Projects that will not be funded

Bay of Plenty Regional Council will not fund any project that will potentially have significant adverse impacts on environmental, economic, social or cultural well-beings, regardless of the positive impacts.

3.3 Eligible Costs

Bay of Plenty Regional Council will only fund capital expenditure of infrastructure projects.

Council may fund stand-alone components of larger infrastructure projects where the project has already begun. This will only occur where the stand-alone component can be clearly identified as a sub-project. The benefits of the sub-project will be assessed as a stand-alone project.

Council will not release funding until all required resource consents have been obtained.

3.3.1 Costs that will not be funded

Bay of Plenty Regional Council will not fund:

- Operational expenditure.
- Preliminary reports and other investigations relating to the project including feasibility studies.
- Resource consent application costs.
- Retrospective costs (any expenses or costs incurred before a funding agreement has been signed by the Bay of Plenty Regional Council and the organisation or agency undertaking the infrastructure project).

3.4 Eligible Infrastructure Organisations and Agencies

Bay of Plenty Regional Council will only consider funding infrastructure projects undertaken by an organisation or agency (either public or private) that is a legal entity with a track record that satisfies the Council.

3.5 Decision-making and the Policy on Significance

External party infrastructure development projects that Council contributes funding to through direct funding are not considered significant under Council’s Policy on Significance. These funding decisions will be made by Council in a standard decision-making process. Subject to the process in Section 3.7, those decisions may either be made outside of a special consultation procedure (including a Ten Year Plan or Annual Plan process), or in tandem with a Ten Year Plan or Annual Plan process.

3.6 Funds available for allocation

Decisions on the level and type of funding available for allocation to external parties through direct funding, and the effect on Council’s operating or capital expenditure are
not considered significant in themselves, but will be set through a Ten Year Plan or Annual Plan special consultative process.

**Direct funding process**

3.7 **Direct funding process**

Applicants may request funding from Council at any time, including through a submission to a Ten Year Plan or Annual Plan.

Council staff will assess the application against the eligibility criteria.

Applications that meet the eligibility criteria will be reported to Council for their direction on which projects to direct fund.

Where Council makes a decision to direct fund a project prior to a draft Ten Year Plan or Annual Plan being adopted for public consultation, those projects will be included in the draft plan.

Where Council makes a decision to direct fund a project as a result of a submission to a draft Ten Year Plan or Annual Plan, those projects will be included in the final plan.

Subject to Council’s decision on which projects to fund, successful applicants will be notified. A funding agreement will be developed and signed by Council and the project organisation or agency. The project will then be funded in accordance with that agreement, including any conditions of funding.
Regional Infrastructure Fund

This section forms Bay of Plenty Regional Council’s policy and procedures for the operation of the Regional Infrastructure Fund. Sections 4.1 to 4.7 are the policy components, and sections 4.8 to 4.16 are the procedures.

The Regional Infrastructure Fund is a contestable fund. A contestable funding round may be held once every three (3) years. Council will decide what year a contestable funding round will be held, and the amount of funding available in each funding round.

The Regional Infrastructure Fund is not a separate entity, but is part of the Bay of Plenty Regional Council. In particular:

- It will be administered by Council officers; and
- All important decisions relating to the Regional Infrastructure Fund, including the funds to be available for allocation, the projects to which funds will be contributed, and the manner in which the contribution will be made, will be made by the Council.

The Council considers that every project supported by the Regional Infrastructure Fund will be a partnership between itself and other parties in the region. Bay of Plenty Regional Council will work collaboratively with potential project partners through the assessment and implementation process.

Bay of Plenty Regional Council will use a quadruple bottom-line multi-criteria assessment framework to provide the Council with a robust and practical decision-making framework to:

- Evaluate proposals to the Regional Infrastructure Fund to support any regional infrastructure project; and
- Help it determine the best way to provide that support, if the Council decides to support the project.

Refer to Appendix 3 for an explanation of the quadruple bottom-line approach.

If Council decides to support a project with funding through the Regional Infrastructure Fund it will issue a formal offer setting out the terms and conditions on which funding will be provided.

Regional Infrastructure Fund Policy

4.1 Purpose of Regional Infrastructure Fund

The purpose of the Regional Infrastructure Fund is to provide additional funding for regional infrastructure beyond what would otherwise occur in order to:

- Accelerate infrastructure projects;
- Improve the quality of infrastructure projects with regard to delivering outcomes; or
- Increase the scope of infrastructure projects.
4.2 **Governance Principles**

Bay of Plenty Regional Council will use the following principles to guide its governance of the Regional Infrastructure Fund:

- Use the adopted quadruple bottom-line assessment framework to determine the benefits to the regional community;
- Act in accordance with the Local Government Act 2002 requirement to manage financial affairs prudently (s 101); and
- Council will remain the final decision-maker on all matters relating to the Regional Infrastructure Fund, including policy, procedures and projects that will receive funding support.

4.3 **General approach**

Bay of Plenty Regional Council’s general approach to implementing and operating the Regional Infrastructure Fund is set out in the following policy statements. These provide guidance to potential project partners.

4.3.1 **Capital expenditure**

Funding for infrastructure is restricted to new capital expenditure. The Fund will not provide support to cover:

- Operational expenditure; or
- Preliminary reports and other investigations relating to the project including feasibility studies.

4.3.2 **Decision-making and the Policy on Significance**

External party infrastructure development projects that Council contributes funding to through the Regional Infrastructure Fund are not considered significant under Council’s Policy on Significance. These funding decisions will be made by Council in a standard decision-making process, outside of a Ten Year Plan, Annual Plan or special consultative procedure process.

Decisions on the level and type of funding to be placed in the Regional Infrastructure Fund for allocation to external parties, and the effect on Council’s operating or capital expenditure are not considered significant in themselves, but will be set through a Ten Year Plan or Annual Plan special consultative process.

4.3.3 **Resource consents**

No allocated funding will be released until all required resource consents have been obtained. The Fund will not provide funds for the costs of applying for or meeting resource consent application requirements.
4.3.4 **Retrospective funding**

The Fund will not provide retrospective funding.

For successful applications Bay of Plenty Regional Council will not reimburse any project expenses or costs that were incurred before an agreement on the terms and conditions on which funding support will be provided is agreed between the project partner and Bay of Plenty Regional Council.

Applications may be made for components of projects that have begun where components can be isolated into stand-alone projects. The benefit of the project will be assessed on the basis of the scope included in the project application.

4.3.5 ** Significant adverse impacts**

Any project that is determined to potentially have significant adverse impacts on environmental, economic, social or cultural well-beings will not be eligible for funding, regardless of the positive impacts.

4.3.6 **Funds available for allocation**

Council will decide on the level and type of funding to be placed in the Regional Infrastructure Fund for allocation to external parties. The level of funding will be set through a Ten Year Plan or Annual Plan special consultative process.

4.4 **Regional infrastructure fund eligibility criteria**

4.4.1 **Eligible projects**

Funding applications for infrastructure projects must meet all of the following criteria:

1. The project is located in the Bay of Plenty region; and
2. The project must either:
   - Have a total value of $2 million or more; or
   - The project partner is seeking funding support from the Regional Infrastructure Fund to the value of $1 million or more;

and

3. The project promotes sustainable regional economic development or promotes environmental protection and enhancement that supports sustainable regional economic development; and

4. The project is one of the three types of infrastructure listed in Section 4.4.2.

For clarification, small-scale infrastructure items that have been amalgamated into a single project that meet the financial requirements in 2 above will be considered to be an eligible project. This is subject to that single project meeting all other Regional Infrastructure Fund eligibility criteria.

4.4.2 **Eligible types of infrastructure**

**Type 1** – Infrastructure projects that fit within the key infrastructure areas identified in Inland Revenue Department Binding Ruling BR Prv 10/20:

- Roading, bridging and transport infrastructure.
- Passenger transport systems and infrastructure.
• Flood control and drainage.
• Wastewater and sewerage systems.
• Broadband infrastructure.
• Environmental protection and restoration.
• Regional park acquisitions.
• Other transportation infrastructure.
• Lakes protection and restoration Action Plan.
• Harbour protection and restoration.
• Energy and associated infrastructure.
• Emergency management infrastructure.
• Emergency recovery assistance.
• Building infrastructure for Bay of Plenty Regional Council.

Type 2 – Infrastructure projects that align or overlap with Regional Council activities as set out in its Ten Year Plan.

Type 3 – Infrastructure projects that do not fit into the key infrastructure areas identified in the IRD Binding Ruling but that contribute significantly to sustainable regional economic development of the region and promotes the social, environmental and cultural wellbeing of the Bay of Plenty.

Please note – the key infrastructure areas identified in the IRD Binding Ruling are included in the Binding Ruling as potential key infrastructure types. Council is not limited to only funding the infrastructure types listed in Type 1 above.

4.4.3 Projects that will not be funded

Bay of Plenty Regional Council will not fund any project that will potentially have significant adverse impacts on environmental, economic, social or cultural well-beings, regardless of the positive impacts.

4.4.4 Private versus public benefit of infrastructure projects

Bay of Plenty Regional Council will consider the public good provided by a proposed infrastructure project when deciding whether or not to fund a project. Projects that do not promote sustainable regional economic development or promote environmental protection and enhancement that supports sustainable regional economic development are not eligible for funding.

4.5 Eligible costs

Bay of Plenty Regional Council will only fund capital expenditure of infrastructure projects.

Council may fund stand-alone components of larger infrastructure projects where the project has already begun. This will only occur where the stand-alone component can be clearly identified as a sub-project. The benefits of the sub-project will be assessed as a stand-alone project.

Council will not release funding until all required resource consents have been obtained.
4.5.1 **Costs that will not be funded**

Bay of Plenty Regional Council will not fund:

- Operational expenditure.
- Preliminary reports and other investigations relating to the project including feasibility studies.
- Resource consent application costs.
- Retrospective costs (any expenses or costs incurred before a funding agreement has been signed by the Bay of Plenty Regional Council and the organisation or agency undertaking the infrastructure project).

4.6 **Eligible infrastructure organisations and agencies**

Bay of Plenty Regional Council will only consider funding infrastructure projects undertaken by an organisation or agency (either public or private) that is a legal entity with a track record that satisfies the Council.

4.7 **Funding mechanisms**

The Council will fund projects through different mechanisms. Once the characteristics of the project and the needs of a project partner are known, a decision will be made on the funding mechanism(s). Both parties will need to agree on the mechanism(s).

In general terms, there are three mechanisms that Bay of Plenty Regional Council will use to provide support through the Fund:

- Loan – a loan by the Regional Infrastructure Fund to the project partner, which is to be repaid at some future date;
- Grant – a direct grant by the Regional Infrastructure Fund to the project partner, which may have conditions attached; and
- Equity – an equity investment in the project by the Regional Infrastructure Fund.

More than one mechanism may be used to fund any particular project, and the choice will affect both:

- The risk for Council associated with the project; and
- The period over which funds invested through the Regional Infrastructure Fund will be disbursed.

Council’s Financial Strategy in its Ten Year Plan, and the Investment Policy also apply when making decisions on funding through the Regional Infrastructure Fund.

The conversion of a loan to either a grant or equity investment may be considered formally by Council on a case by case basis relative to the merits of the project and circumstances at the time.

Also refer to Section 4.10 for further guidance on funding mechanisms.
Regional Infrastructure Fund procedures

4.8 Regional infrastructure fund process

Bay of Plenty Regional Council may hold one application funding round each three (3) years. Council will decide whether to hold a funding round and what financial year to hold it in as part of its preparation of a Ten Year Plan. Council will publicly notify application dates and other relevant information relating to a funding round.

The application and decision process is shown in Figure 2 following, and an overview is given in the following sections.

![Figure 2 Regional Infrastructure Fund Process](image)

4.9 Funding round timetable

The general funding round timetable for the Regional Infrastructure Fund runs within a financial year between July and July of the following year. Funding round application dates and other important dates will be publicly notified for each separate round.

Potential applicants are advised to contact the Bay of Plenty Regional Council for more information and specific closing dates within a funding round.

4.10 Application form

Appendix 1 contains a copy of the Regional Infrastructure Fund Project Application Form and Impact Assessment Form. Both these forms must be completed by applicants.

Appendix 2 is a guide on how to complete the Project Application and Impact Assessment Forms.
Any projects that are primarily for regional economic development purposes must include a business plan as part of the application.

4.11 Initial contact

Bay of Plenty Regional Council encourages potential project partners to contact Regional Infrastructure Fund staff to discuss any application for a proposed project.

Discussing the project in the planning stages will assist both parties to:

- Understand the scope of the project;
- Determine if the project is eligible for support from the Fund;
- Consider and discuss whether there are related regional work streams that may affect the scope and timing of the project;
- Consider and discuss the range of options available to deliver the benefits that are intended to be provided by the proposed project;
- Organise the staging and timing of the project, so as to fit within a regional programme of works in a way that will maximise the chances of support from the Fund;
- Identify other potential funding sources;
- Identify potential difficulties early to minimise the likelihood of delays or cost overruns;
- Use staff and consultant resources to the best effect throughout the process;
- Understand the nature and extent of the information required by the Council in an application, and avoid the cost of producing unnecessary and irrelevant information during the assessment process;
- Understand the process to assess an application and assess information supplied by the project partner; and
- Understand the time required to complete the assessment and decision process.

4.12 Project Evaluation Team assess applications

Completed Project Application Forms will be assessed by Bay of Plenty Regional Council’s Project Evaluation Team, who will prepare a report to Council on the projects.

4.13 Council decision

For each funding round, a project evaluation report will be presented to full Council for their consideration and decision on which project(s) will be funded and the level and type of funding that will be made available through the Regional Infrastructure Fund.

Bay of Plenty Regional Council is obliged to:

“Conduct its business in an open, transparent, and democratically accountable manner”

In addition, members of the public are entitled to have access to all official information held by the Council unless there is a good reason for withholding it.

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1 See Section 14(1)(a)(i) of the Local Government Act 2002
2 Section 5 Local Government (Official Information and Meetings) Act 1987
If Council decides to support a project, a formal funding offer will be made, setting out the terms and conditions for the funding.

All groups and organisations which are successful in receiving funding must sign a contract with Council before any funding is released. The application forms part of the contract. Each contract will contain conditions relevant to each project. Contracts may contain the following categories of conditions of funding:

- Pre-release conditions;
- Monitoring conditions;
- Specific funding conditions; and
- General conditions.

4.14 Project monitoring and reporting

There will be ongoing contact between Bay of Plenty Regional Council and the project partner to monitor and report on the progress of the project.

Monitoring the implementation and outcomes of the project is necessary to:

- Confirm that all terms and conditions are met before and after draw-down of any funds; and
- Collect required information about project outcomes for future use.

Project monitoring and reporting requirements will be described in the terms and conditions attached to the funding agreement for each project. In general, all groups and organisations that are successful in gaining funding must monitor the progress of the project and as a minimum provide annual written reports to Council, ending with a summary report when the project is completed. The first monitoring report is due within one year of the project’s start date.

Where applicable, Council will ensure progress on project partnership contracts are monitored and reported in line with Council’s financial and programme reporting regime.

Council staff will report to Council every year at the first Council meeting after 1 July on the progress of projects in the previous year. Council will report to the public on the number and progress of Regional Infrastructure Fund projects in its Annual Report.

4.15 Regional Infrastructure Fund Project Partnership Approach

Every project supported by the Regional Infrastructure Fund will be a partnership between Bay of Plenty Regional Council and the applicant (who will be referred to as the ‘project partner’). Bay of Plenty Regional Council will work collaboratively with potential project partners through the assessment and implementation process.

Bay of Plenty Regional Council staff and the project partner’s team will need to work closely together, in a spirit of openness and trust, to ensure information necessary to obtain the best possible understanding of the project, the benefits it will provide for the region, and how best to secure those benefits, is obtained and shared in the simplest manner.
4.15.1 **Partner Liaison Officer**

It is recommended that each project partner appoint a Partner Liaison Officer. The role of the Partner Liaison Officer is to ensure that communication, information provision, administration and meeting arrangements are managed through a single point of contact on behalf of the project partner. A corresponding staff member at Bay of Plenty Regional Council will be the main communication links between the organisations.

4.15.2 **Regional Council support**

Bay of Plenty Regional Council staff responsible for administering the Regional Infrastructure Fund are available to assist project partners, including:

- Accessing Bay of Plenty Regional Council’s extensive information about the region to help determine the impacts of the project.
- Advising project partners how to complete the information requirements necessary to support any application to the Regional Infrastructure Fund, so that the information collected is relevant to the evaluation process, and unnecessarily time-consuming and/or expensive work is avoided.

Bay of Plenty Regional Council strongly encourages any organisation that is considering making an application to the Regional Infrastructure Fund to contact Council staff at the earliest opportunity, and liaise closely with Bay of Plenty Regional Council personnel throughout the process.

However, it is important to note that, at each stage, the project partner is the party primarily responsible for:

- Providing all relevant information relating to the project; and
- Making the initial assessment of the extent to which the project provides benefits to the region.

Bay of Plenty Regional Council personnel involved in the process will include:

4.15.3 **Regional infrastructure fund administration staff**

Regional Infrastructure Fund administration staff are the first point of contact for enquires on the Regional Infrastructure Fund, and are also responsible for:

- Responding to information requests, including providing application forms;
- Arranging meetings and site visits between applicants and Bay of Plenty Regional Council to:
  - Gain an understanding of the project
  - Discuss any particular issues associated with the project
  - Answer any questions
  - Advise on timelines
  - Initiate work on any reports to the Council.
- Processing funding applications through Council processes;
- Advise on how to present information about the project in the most effective and efficient way;
• Organise contact and information sharing with Bay of Plenty Regional Council’s Project Evaluation Team; and
• Manage contact between the project partner and the Council until the Council decision is announced.

4.15.4 Project evaluation team

Bay of Plenty Regional Council’s Project Evaluation Team will:

• Review the information relating to the economic, environmental, social and cultural benefits associated with the project provided in the application forms and supporting information;
• Check that the critical elements have been covered; and
• Assess the project against relevant criteria to ensure the project meets or exceeds those criteria.

Where appropriate, specialist external expertise will be used to assist the Evaluation Team assess the project.

The team will prepare an evaluation report for Council, which will summarise the outcome of the reviews and include recommendations on:

• The funding (if any) to be provided for the project by the Fund; and
• The terms and conditions upon which any such contribution from the Fund might be made available.

4.16 Guidance on funding mechanisms and requirements

This section provides guidance on funding mechanisms and requirements.

The application form requires applicants to indicate the funding mechanism for their project – grant, loan or equity. However, Council reserves the right to negotiate an appropriate mechanism or mechanisms, which may be different from that indicated by the potential project partner on the application form. The funding mechanism(s) used, and terms and conditions will be determined on a case by case basis in relation to the characteristics of each specific project. Both parties will need to agree on the funding mechanism(s).

Council will consider the risk associated with the project when considering the funding mechanism(s), and defining the terms and conditions.

The following is relevant explanatory text and guidance for funding mechanisms and requirements.

4.16.1 Tax

Tax implications will vary depending on the type of funding and project, therefore Bay of Plenty Regional Council will seek expert advice to assess the tax implications of each approved application on an individual basis.

While Bay of Plenty Regional Council will assess the effect of any tax liabilities to Council it is strongly recommend that all recipients of RIF funding seek independent advice on any tax issue that may arise in respect of the money received from fund.
4.16.2 GST

**Applications:** All financial information provided in funding applications is to be stated exclusive of GST

**Approved funding:** All amounts payable from the fund to project partners will be stated exclusive of GST. If the funding is deemed to be liable for GST this will be added to the amount paid to the applicant.

4.16.3 Staged funding

The Regional Infrastructure Fund will aim generally to provide funds for projects that it has agreed to support at the practical completion stage of the project, rather than part way through construction. In most cases funding will be linked to the delivery of benefits, rather than draw-down arrangements made with a contractor.

If, however, funding is required before the capital works for a project will be completed, this should be identified, and discussed and agreed with Bay of Plenty Regional Council staff early in the process. In such cases, the release of funds will be linked to agreed outcomes for the project.

The reasons for staged funding are to be defined by the project partner as part of the application. This will provide background to determine appropriate conditions that may then apply to funding, which would be included in the project funding agreement.

The project partner may need to arrange bridging finance (at its cost) in some instances where staged funding is necessary and agreed, and these costs need to be identified in advance for inclusion in the financial analysis of the project assessment.

4.16.4 Loans

Loans are suitable for projects that generate income, or where a project partner is able to provide evidence of the ability to make repayments.

When considering whether to provide a loan, the appropriate level of interest and repayment period, Bay of Plenty Regional Council will take into consideration the benefits of the project to the social, economic, environmental and cultural well-being of the community.

Loans may be provided:

- On concessionary terms; or
- In circumstances where commercial lenders consider there is significant risk of the borrower being unable to service a commercial loan.

Negotiating the terms of a loan, and monitoring (and if necessary enforcing) performance of the agreement, will incur greater administrative costs for Bay of Plenty Regional Council than making a grant. These costs will be taken into consideration in providing support to the project from the Fund.

Where a loan is determined to be an appropriate funding mechanism, the project partner and Bay of Plenty Regional Council will agree the following matters:

(a) Term of the loan.

(b) Interest on the loan.
(c) The interest payable on the loan is set by agreement between the parties. The agreement can provide for the rate to change depending on circumstances, for example:

- Changes in market rates; or
- A concessionary rate during an initial period while the project is under development, and a market rate at some later date.

A loan will be viewed as an investment held by Bay of Plenty Regional Council. Generally, the value of that investment will be the face value of the loan less the risk adjusted value of the concession.

4.16.5 Conversion of loans

The possible conversion of a loan to either a grant or equity investment may be considered formally by Council on a case by case basis relative to the merits of the project and circumstances at the time.

4.16.6 Grants

Grants are likely to be the most suitable mechanism for the Fund to support projects that:

- Are owned by another public body, such as another local authority;
- Generate no, or only a small amount of, income from users; and
- Are maintained from funds derived sources of funding independent of the project (e.g. rates or other taxes).

A grant will be made subject to specified conditions, including:

- The money will be used for specified purposes and to specified standards, for example to construct a particular project which will deliver a stated stream of benefits into the future;
- The money is a fixed amount regardless of the actual costs to deliver the asset;
- The project partner must first obtain all necessary consents to complete the project;
- The information supplied by the project partner in relation to the project is accurate; and
- Project monitoring and reporting requirements.

Assuming the grant conditions are satisfied, once the grant is paid, Bay of Plenty Regional Council will generally have no further right or interest in the project, and little influence over how it is managed in the future.

If the conditions are not satisfied, Bay of Plenty Regional Council retains the right to:

- Withhold payment of the grant until they are satisfied; or
- In some circumstances, for example where the grant is not, or cannot be, used for the specified purposes, recover moneys already paid to the project partner.
4.16.7 **Equity**

Taking an equity interest involves:

- Bay of Plenty Regional Council agreeing to form a partnership with the project partner to develop and jointly own the project. This is most likely where the project is to take place on land owned by Bay of Plenty Regional Council; or
- Bay of Plenty Regional Council agreeing to establish a company that is jointly owned with the project partner, or purchase shares in an existing company owned by the project partner.

Equity investments are likely to apply to ventures that:

- Involve a private sector party, or the commercial activities of a local authority;
- Have the potential to provide a return on investment to partners related to, or to compensate for, the risk incurred; and
- Will nonetheless provide benefits for the region.

Before participating in any equity investment, Bay of Plenty Regional Council will carefully consider, among other things:

- Whether the other parties have the skills and resources necessary to make the project a success;
- Whether the project has appropriate governance; and
- The risk of Bay of Plenty Regional Council being left responsible if the project needs additional funds or fails for some reason.

The value of the equity investment will be assessed using appropriate valuation principles. Bay of Plenty Regional Council will also consider the implications of section 16 of the Local Government Act when equity is a funding mechanism.

Where an equity investment is determined to be an appropriate funding mechanism, the project partner will provide information on following matters:

- Whether the project partner has the skills and resources necessary to make the project a success; and
- Whether the project has appropriate governance arrangements.

Appropriate governance arrangements should provide the following:

- Clear definition of the role of each interested party with sufficient certainty to enable all interested parties to understand and fulfil their respective roles and responsibilities;
- Structured as simply as possible and readily understood by all the parties involved;
- Equitable representation for each of the parties involved;
- Clear objectives for the entity;
• Clear delegations of authority to the parties responsible for achieving the specified objectives;
• Clear monitoring and performance reporting structures and obligations for the party(ies) responsible for this to do it in a fair and transparent manner; and
• Clear accountabilities for achieving the specified objectives.
Appendix 1 – Regional Infrastructure Fund Application Form

Bay of Plenty Regional Council
Regional Infrastructure Fund
Application Form

Part A – Project Application

Project title:

Project reference:

Name and contact details for applicant (and name of contact person in the organisation):

Project description:

Location of project:

Type of infrastructure project:

**Type 1**

Infrastructure projects that fit within the key infrastructure areas identified in Inland Revenue Department Binding Ruling BR Prv 10/20:

- Roading, bridging and transport infrastructure.
- Passenger transport systems and infrastructure.
- Flood control and drainage.
- Wastewater and sewerage systems.
- Broadband infrastructure.
- Environmental protection and restoration.
- Regional park acquisitions.
- Other transportation infrastructure.
- Harbour protection and restoration.
- Energy and associated infrastructure.
- Emergency management infrastructure.
- Emergency recovery assistance.
- Building infrastructure for Bay of Plenty Regional Council.

**Type 2**

Infrastructure projects that align or overlap with Regional Council activities as set out in its Ten Year Plan.
Type 3

Infrastructure projects that do not fit into the key infrastructure areas identified in the IRD Binding Ruling but that contribute significantly to sustainable regional economic development of the region and promotes the social, environmental and cultural wellbeing of the Bay of Plenty.

Other options:

- Describe other options that will generate similar benefits.
- Explain why the project proposed is the preferred option.
- What will be done if the Fund does not contribute to the project?

Consents

- Are consents needed for the project? If yes, list the resource, building and other consents that will be required and from what organisation.

Type of funding sought:

Grant/Loan/Equity investment

Staged funding:

- Is staged funding being sought? Yes No
- If yes, explain why.

Financial analysis:

Complete a financial analysis of the project using the Regional Infrastructure Fund Financial Analysis spreadsheet (attached separately as an Excel file).

What is the payback period for the economic benefits of the project?

Risk and timing analysis:

1. Describe the major risks associated with the project.
2. Describe the timing around the project.

Other relevant information:

Signatures:

<table>
<thead>
<tr>
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<th>Title</th>
<th>Date</th>
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</table>
Part B - Impact Assessment Form

Complete the Impact Assessment Form for both the project and the ‘do minimum’ options.

Definitions

‘do minimum’ scenario

- The ‘do minimum’ scenario describes what will happen in the absence of a contribution from the Regional Infrastructure Fund. It is the minimum practicable project option available to the project partner(s), which may mean doing nothing.
- The ‘do minimum’ scenario should be built only from costs that relate to the option of not receiving funding from the Regional Infrastructure Fund.

‘project’ scenario

- The ‘project’ scenario assumes that the proposed project has been constructed and completed.
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Please include **any other relevant information** on the likely impacts of the project not addressed by these criteria:
### Part C - Project impact scores

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<th>'Do minimum' Scenario</th>
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<td>Total Project Scenario Score</td>
<td>Total 'Do Minimum' Scenario Score</td>
<td>Overall Project Score (Total Project Scenario Score - Total 'Do Minimum' Scenario Score)</td>
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Appendix 2 – Guidance on How to Complete the Regional Infrastructure Fund Application Form

This section provides guidance on how to complete a project assessment form (i.e. the application form). Also refer to the Bay of Plenty Regional Council Regional Infrastructure Fund Policy document for background information on the Quadruple Bottom Line approach that is used to assess the project application.

1.1 Overview of Project Assessment Form

The project assessment consists of two main parts:

• Project Application; and
• Impact Assessment.

1.2 How to complete the Project Application

Appendix 1 Part A contains the Project Application.

Applicants can also contact the Regional Infrastructure Fund administrator if there are any questions about completing the information requirements.

Project title:
• Enter the project title. This should reflect the location and nature of the project.

Project reference:
• This will be completed by Bay of Plenty Regional Council.

Information about the applicant:
• Enter the name and contact details of the project applicant, and the contact person within the organisation (the project partner liaison officer).

Project description:
• Provide a brief description of the project (two to three sentences only).

Location of project:
• Indicate the city or district in the region where the project will be located.

Type of infrastructure project:

Tick the area(s) where the project will contribute:

Type 1

Infrastructure projects that fit within the key infrastructure areas identified in Inland Revenue Department Binding Ruling BR Prv 10/20:
• Roading, bridging and transport infrastructure.
• Passenger transport systems and infrastructure.
• Flood control and drainage.
• Wastewater and sewerage systems.
• Broadband infrastructure.
• Environmental protection and restoration.
• Regional park acquisitions.
• Other transportation infrastructure.
• Lakes protection and restoration Action Plan.
• Harbour protection and restoration.
• Energy and associated infrastructure.
• Emergency management infrastructure.
• Emergency recovery assistance.
• Building infrastructure for Bay of Plenty Regional Council.

**Type 2**

Infrastructure projects that align or overlap with Regional Council activities as set out in its Ten Year Plan.

**Type 3**

Infrastructure projects that do not fit into the key infrastructure areas identified in the IRD Binding Ruling but that contribute significantly to sustainable regional economic development of the region and promotes the social, environmental and cultural wellbeing of the Bay of Plenty.

**Other options:**

• Describe other options that will generate similar benefits.
• Explain why the project proposed is the preferred option.
• What will be done if the Fund does not contribute to the project?
  
  o Bay of Plenty Regional Council will need to be satisfied that a range of practicable options have been considered before settling on the project type or design.
  
  o Bay of Plenty Regional Council and its project partner will need to engage in open discussion to ensure all relevant options are identified and considered, before focusing on a preferred option. It is recommended that potential project partners discuss options with Bay of Plenty Regional Council at an early stage.

**Consents:**

• Are consents needed for the project? If yes, list the resource, building and other consents that will be required and from what organisation.
Type of funding sought:

- What type of funding is sought from the Regional Infrastructure Fund? (For example, a grant, a loan or an equity investment.)

Staged funding:

- Is staged funding being sought? (Yes or No).
- If yes, explain why.

Financial analysis:

Complete a financial analysis of the project using the Regional Infrastructure Fund Financial Analysis spreadsheet (available on CD or the Bay of Plenty Regional Council website).

*The spreadsheet shows the range of information required to complete the Financial Analysis and the form the analysis will take.*

The following is a summary of the information to be included in the Financial Analysis:

1. **The Total capital cost of the project.**
   - *This cost includes costs that are to be covered from sources other than the Regional Infrastructure Fund.*
   - *Where items of capital expenditure relate to the split between public and private benefits, show the amounts allocated, and explain the rationale for this allocation.*

2. **Identify the incremental costs and revenues of the project over and above those associated with the ‘do minimum’ scenario (i.e. compare the ‘do minimum’ scenario with the ‘project’ scenario – refer to Appendix 1 Part B for an explanation).**
   - *Bay of Plenty Regional Council and the project partner need to discuss and agree suitable ‘do minimum’ and ‘project’ scenarios, so that they can be documented as part of the Project Assessment and Impact Assessment.*
   - *Focus on total costs over the life of the asset, comprising both capital and operational cashflows. The objective is to ensure that full value is maintained in the investment, so that the project assets remain capable of generating the same level of benefit that they were able to generate when first completed.*

3. **Identify all possible alternative sources of funding that may be available to the project.**
   - *Indicate the relevant amount and percentages of funding that will be obtained from each of the other sources mentioned. Where funding has not been secured, outline the steps taken to date and the prospects for success.*
4 Identify the difference between the total project cost and the total sources of funds.

5 Identify the funding sought, and the type of funding sought from Regional Infrastructure Fund as negotiated and agreed with Bay of Plenty Regional Council.

Financial analysis notes:

- The financial analysis is designed to scope the financial dimensions of the project and identify all of the potential funding flows over the project’s lifecycle. It will establish:
  - The timing of cashflows; and
  - The level of any funding for which the project may be eligible.

- The supporting information typically required to complete the financial analysis includes:
  - The business plan, including cashflow analysis and details of any assumptions used;
  - Economic impact reports;
  - Cost and design reports; and
  - Application requirements for any other participants in the project (e.g. NZTA or community trusts).

- A current approved discount rate relevant to the proposed project must be used to complete the financial analysis. This rate is available by contacting the Regional Infrastructure Fund Administrator.

What is the payback period for the economic benefits of the project?

Determine the payback period when the economic benefits of the project will be realised. For example, when will jobs created by the project be available – immediately, in the medium term (5 years), or in the long-term (not until 10 years after the project has been completed)?

Risk and timing analysis:

1 Describe the major risks associated with the project.
   - The risk information should identify and document as many of the risk factors as possible that relate to the project.
   - What suitable strategies can be developed to manage or mitigate those risks?
   - If it is clear that there are a number of major risks affecting the project that cannot be readily managed, Bay of Plenty Regional Council may encourage the project partner to delay the application until those risks have been eliminated or reduced.

2 Describe the timing around the project.
• When will the construction of the project begin? When is construction of the project expected to be completed?

• What is the degree of urgency associated with a project? The reasons for any urgency need to be made clear from the outset.

• What other projects (if any) may need to be completed before this project can proceed? Where the project is one of several linked or interdependent projects, they should be sequenced in a way that optimises their collective benefits to the region.

• What benefits (if any) depend on the project proceeding now, rather than at some other time?

• The priority accorded to the project by any relevant regional strategies.

Notes:

• List any completed peer review or independent analysis of the project or financial information.

Other relevant information:

Attach any further relevant information to the application form.

Signature:

The Project Application must be signed on behalf of the organisation by:

• The chief executive of the organisation; and

• An appropriate governance member of the organisation (e.g. the mayor of the territorial authority, relevant committee chairperson, or chairperson of the governing body of the organisation).

1.3 How to complete the impact assessment

1.3.1 Purpose of the impact assessment

The purpose of the Impact Assessment is to provide a framework to structure the information required for the full assessment process. This allows Bay of Plenty Regional Council to evaluate the impacts of a proposed project within a quadruple bottom line (QBL) assessment framework, and to determine what additional value would be added by funding the project as opposed to the ‘do minimum’ option. Refer to Appendix 1 – Part B for the Impact Assessment Form.

It is possible that projects may have proceeded in some form or other (albeit perhaps with reduced benefits to the Bay of Plenty region, or at a later date) without receiving assistance from the Regional Infrastructure Fund. Funding certain aspects of an infrastructure project may be the responsibility of other funding agencies, or of the project partner itself. Accordingly, Bay of Plenty Regional Council bases its assessment of the impact that any proposed project may have on the incremental benefits over a ‘do minimum’ scenario. This represents the minimum practicable project option available to the project partner, in the absence of any support from the Fund, and may mean ‘do nothing’.
The Impact Assessment is to assist project partners to define the incremental impact of the proposed project on each of the specified criteria to build up an overall picture of that project’s likely contribution to regional well-being. The assessment of likely ‘project scenario’ impacts focuses on the incremental project benefits over and above the ‘do minimum’ scenario over the life of the asset.

The level of detail and complexity required will generally relate to the amount of the funding being sought and the size of the project. Applications for smaller amounts will require less detail. The depth of supporting information will need to be greater for larger, more complex or risky projects. The project liaison officer will work closely with project partners to ensure that the responses and information focus on matters that are important for Bay of Plenty Regional Council, and provide an appropriate level of detail.

The Impact Assessment requires that the likely incremental impacts relevant to each assessment criterion are both:

- Described by way of commentary or supporting information (including quantifiable current data, and reasonable and well documented assumptions); and
- Quantified using an ‘impact scale’ (this is described below).

1.3.2 Completing the impact assessment

Complete Steps 1 to 3 for the ‘project’ scenario, then repeat for the ‘do minimum’ scenario. Use a separate Impact Assessment form for each scenario. Then complete steps 4 to 8 for both the ‘project’ and ‘do minimum’ scenarios using the project impact scores table in Appendix 1 – Part C.

Answers provided for the ‘do minimum’ and the ‘project’ scenarios need to use the same information and assumptions as the financial analysis in the Project Application Form, and the sections on each assessment criterion.

The assessment criteria used are:

- Economic activity
- Accessibility/transport
- Culture and heritage
- Environmental systems
- Land and water quantity/quality
- Resource efficiency
- Air quality
- Community facilities and events
- Education
- Health and safety
- Urban form/amenity

There are a number of information sources available to Council that are relevant to the QBL criteria. For example, the Council gathers considerable information every
three years on a large number of key performance indicators relating to community outcomes. The project liaison officer for the project will be able to identify relevant information sources. Include references to any supporting reports or preparatory work as appropriate.

**Step 1: Determine the type of impact for each criteria**

For each of the criteria in the Impact Assessment Form determine the type of impact.

The type of impact will be one of the following:

- Positive impact;
- No difference (or ‘not applicable’, as appropriate); or
- Negative impact.

Add the type of impact to the Impact Assessment Form.

**Notes:**

- A set of prompts has been developed for each criterion. The purpose of these prompts is to give greater meaning to the criteria as well as to ensure project partners and evaluators consider a consistent range of factors when describing and assessing project impacts.
- Only one type of impact is required for each criterion.
- Provide appropriate support information or justification of the type of impact given for each criteria. This should demonstrate the reasoning behind the rating the project partner has assigned to each criterion. Depending on the project and the criterion, supporting information might include:
  - Technical data and reports;
  - Convincing argument;
  - Expert opinion;
  - Data from key performance measures;
  - Evidence derived from community consultation or research; and/or
  - Links to community outcomes or strategic documents.
- The support information should be in proportion to the size, cost and complexity of a project.
- Provide evidence that all information has been peer reviewed by a person with expertise in the relevant area. This can be an internal peer review.
- Where possible, use existing information sources.
- Distinguish the benefits that will accrue to the community generally and the benefits that will accrue to identifiable individuals or groups.
- What environmental mitigation works are planned as part of the project?
- Negative impacts do not require an assessment of magnitude. Projects with significant adverse impacts are not eligible for funding, regardless of positive impacts. Any negative impacts should be assessed in relation to any
associated planned mitigation works, and over the whole area affected by the project. However, particular impacts on specific areas or communities within the whole project area should be noted and explained.

**Step 2: Determine the magnitude of impact for each criteria**

For each of the criteria in the Impact Assessment Form determine the magnitude of impact.

The magnitude of impact will be one of the following:

- Large impact;
- Medium impact; or
- Small impact.

Add the magnitude of impact to the Impact Assessment Form.

**Notes**

- The Notes in Step 1 also apply in relation to determining and explaining the magnitude of impact.
- ‘Large impact’ relates to measurable effects; local direct impacts.
- ‘Medium impact’ relates to possible effects; off-site, indirect or third party impacts.
- ‘Small impact’ relates to negligible effects; no clear or apparent impacts.
- Negative impacts or ‘No Difference’ impacts do not require an assessment of magnitude.

**Step 3: Determine the spread of impact**

For each of the criteria in the Impact Assessment Form determine the spread of impact (i.e. the extent to which impacts are dispersed across the Bay of Plenty region) – refer to steps 3A to 3C.

The spread of impact will be one of the following:

- High spread;
- Medium spread; or
- Low spread.

The spread of impact is based on the following factors:

- The number of people likely to be affected; and
- The geographic areas likely to be affected.

**Notes**

- The Notes in step 1 also apply in relation to determining and explaining the spread of impact, and steps 3A and 3B.
• To ensure consistency with the ‘do minimum’ and ‘project’ scenarios – which describe contrasting future situations – the number of people likely to be affected by the project should apply to the situation at the end of the asset lifespan (i.e. use population projections rather than current population figures). Commentary on the number of people likely to be affected should include source and justification of the population projections.

• Information supporting the spread of impacts for each relevant criterion must include identification of distinct groups, communities and/or geographic areas likely to be affected, together with the rationale for this selection.

Step 3A: Determine the number of people likely to be affected

Determine how many people are likely to be affected by the project, and explain the basis for the number.

Step 3B: Determine the geographic area likely to be affected

Determine the geographic area(s) likely to be affected. Use only the area that will be affected by the impacts of the project.

Notes

To determine the geographic areas likely to be affected, describe and provide a map of the geographic areas likely to be affected.

Step 3C: Determine the spread of a project impact

Combine the number of people and the geographic areas likely to be affected by a project using Table 1 to determine the appropriate degree of spread:

Table 1  How to determine the ‘spread’ of a particular project impact

<table>
<thead>
<tr>
<th>Population (P)</th>
<th>Land Area (A)</th>
<th>A &lt; 10% of Bay of Plenty region</th>
<th>10% ≤ A &lt; 30% of Bay of Plenty region</th>
<th>A ≥ 30% of Bay of Plenty region</th>
</tr>
</thead>
<tbody>
<tr>
<td>P &lt; 10% of Bay of Plenty regional population</td>
<td>Low spread</td>
<td>Low spread</td>
<td>Medium spread</td>
<td></td>
</tr>
<tr>
<td>10% ≤ P &lt; 30% of Bay of Plenty regional population</td>
<td>Low spread</td>
<td>Medium spread</td>
<td>High spread</td>
<td></td>
</tr>
<tr>
<td>P ≥ 30% of Bay of Plenty regional population</td>
<td>Medium spread</td>
<td>High spread</td>
<td>High spread</td>
<td></td>
</tr>
</tbody>
</table>

Add the spread of impact to the Impact Assessment Form.

Notes:

• Regional population and land area are given at the end of this Appendix.
Step 4: Determine the percentage impact score

For each criteria, combine the type of impact, magnitude of impact and spread of impact using Table 2 below to determine the appropriate Impact Score.

Table 2  The impact scale used by Bay of Plenty Regional Council

<table>
<thead>
<tr>
<th>Type</th>
<th>Magnitude</th>
<th>Spread</th>
<th>Impact Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Positive</td>
<td>Large</td>
<td>High</td>
<td>100.0</td>
</tr>
<tr>
<td>Positive</td>
<td>Large</td>
<td>Medium</td>
<td>75.0</td>
</tr>
<tr>
<td>Positive</td>
<td>Large</td>
<td>Low</td>
<td>50.0</td>
</tr>
<tr>
<td>Positive</td>
<td>Medium</td>
<td>High</td>
<td>75.0</td>
</tr>
<tr>
<td>Positive</td>
<td>Medium</td>
<td>Medium</td>
<td>58.3</td>
</tr>
<tr>
<td>Positive</td>
<td>Medium</td>
<td>Low</td>
<td>41.7</td>
</tr>
<tr>
<td>Positive</td>
<td>Small</td>
<td>High</td>
<td>50.0</td>
</tr>
<tr>
<td>Positive</td>
<td>Small</td>
<td>Medium</td>
<td>41.7</td>
</tr>
<tr>
<td>Positive</td>
<td>Small</td>
<td>Low</td>
<td>33.3</td>
</tr>
<tr>
<td>No difference</td>
<td></td>
<td></td>
<td>25.0</td>
</tr>
<tr>
<td>Negative</td>
<td>Low</td>
<td></td>
<td>16.7</td>
</tr>
<tr>
<td>Negative</td>
<td>Medium</td>
<td></td>
<td>8.3</td>
</tr>
<tr>
<td>Negative</td>
<td>High</td>
<td></td>
<td>0.0</td>
</tr>
</tbody>
</table>

Note: A score of 25 represents no difference (i.e. no change in relative effect)

Add the Impact Score to the project impact scores table in Appendix 1 – Part C.

Notes:

- This information is combined using the asymmetric scale – asymmetric in the sense that there are a greater number of points for positive impacts (i.e. greater than 25) than for negative impacts (i.e. less than 25) – shown in Table 2.
- Bay of Plenty Regional Council uses an asymmetric scale to allow sufficient differentiation between projects to become evident. An asymmetric scale allows for better differentiation of projects that deliver benefits, while keeping the number of points on the scale to a minimum.

Step 5: Add the weighting

Add the weight from the relevant year funding-round to each criteria in the project impact scores table in Appendix 1 – Part C.

The weighting applied to each criterion will be reviewed regularly and notified before the funding round opens in any year. Contact the Regional Infrastructure Fund administrator for more information.
Step 6: Determine the score for each criterion

For each criterion, determine the score by multiplying the Impact Score by the weight (%), and adding that number to the Project Impact Scores table in Appendix 1 – Part C.

Impact Score × Weight (%) = Criterion Score

Notes

- The higher a criterion score, the more positive and substantial the project impact(s).

Step 7: Determine the total scenario scores

For each scenario, add the criterion scores to give a total scenario score.

Add those totals to the project impact scores table in Appendix 1 – Part C.

Step 8: Determine the net criterion score

For each criterion, determine the net criterion score by using this equation:

‘Project’ scenario Criterion Score – ‘Do minimum’ scenario Criterion Score = Net Criterion Score.

Add those numbers to the project impact scores table in Appendix 1 – Part C.

Step 9: Determine the overall project score

Determine the overall project score by summing all the net criterion scores.

Add this total to the project impact scores table in Appendix 1 – Part C.

Notes

- The higher a project’s overall score, the better the benefit package associated with that project.
- The overall project score can range between 0.0 and 100.0.
Regional Population and Land Information

Regional population

Table 4 gives current Statistics New Zealand population projections for the Bay of Plenty region. Statistics New Zealand population projections for 2031 are also shown to indicate the distribution of expected growth for the region. The 2031 projections are the medium variant projections for 30 June 2031.

Table 4  Population figures for the Bay of Plenty region, including the likely percentage change from 2011 to 2031

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2031</th>
<th>% change (2011-2031)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bay of Plenty region</td>
<td>283,100</td>
<td>327,400</td>
<td>15.6%</td>
</tr>
</tbody>
</table>

Base: 2006 Census

Regional land area

The land area for the Bay of Plenty region is 12,444 km².
Appendix 3 – Explanation of Quadruple Bottom Line Assessment (QBL)

Identifying and assessing the impact of proposed projects on the present and future social, economic, environmental and cultural well-being of the community, having regard to the desired community outcomes is central to determining if funding will be provided to a proposed project.

To put this another way, the projects will be considered from a ‘quadruple bottom line’ (QBL) perspective. This is depicted in Figure 1.

![Diagram showing the QBL approach](image)

Figure 1: The QBL approach considers cultural, economic, environmental and social impacts and, as a result, must incorporate both qualitative and quantitative inputs.

The QBL assessment process used by the Infrastructure Fund to evaluate the benefits likely to be delivered by any project is an adaptation of an approach known as multi-criteria evaluation.

Multi-criteria evaluation is an internationally accepted decision support tool which provides insights to assist in quality decision-making where there are complex, multiple objectives. It creates a framework that enables a transparent assessment of the positive and negative impacts of projects. Multi-criteria evaluation is used extensively overseas in a broad range of decision-making applications.

Multi-criteria evaluation is well equipped to consider the diverse range of cultural, economic, environmental and social criteria required by the Local Government Act. It also enables projects to be assessed on the basis of both qualitative and quantitative measures.
The general structure of the QBL Assessment Framework is shown in Figure 2. The key elements of the framework are:

- A set of criteria that reflect relevant aspects of the four well-beings (i.e. cultural, economic, environmental and social);
- A measure for each of these criteria; and
- The decision-makers’ relative preferences for these criteria (i.e. weights).

Figure 2 also indicates that the depth of any assessment can be tailored to reflect:

- The weight assigned to a particular criterion; and
- The size, cost and/or complexity of a particular project.

In other words, the level of information and analysis required for a criterion deemed critical or for a major project will generally be greater than for a criterion deemed less important or for a minor project.

The use of such a sliding scale is intended to ensure that the information requirements of the assessment are matched to the nature of the project under assessment: Smaller, less costly and/or less complex projects face lower hurdles; larger, more costly and/or more complex projects face higher hurdles. The key point is that, irrespective of the level of detail considered appropriate for any given assessment, the breadth of the assessment (i.e. the range of QBL criteria) is constant.