



AGENDA

Late Reports

Ordinary Council meeting

Monday, 10 June 2024

Date: Monday, 10 June 2024

Time: 9.30am

**Location: Bay of Plenty Regional Council Chambers
Regional House
1 Elizabeth Street
Tauranga**

Please note that this meeting will be livestreamed and the recording will be publicly available on Tauranga City Council's website: www.tauranga.govt.nz.

Marty Grenfell
Chief Executive

Order of Business

12 Business..... 4

12.12 Tabled Documents 4

The following reports were tabled at the Council meeting held on 10 June 2024: 4

(a) Brief Incoming Council 4

(b) Draft Report to Minister 4

12 BUSINESS

12.12 Tabled Documents

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- (a) Brief Incoming Council
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ATTACHMENTS

1. Tabled Document - Brief Incoming Council - A16057821 [↓](#) 
2. Tabled Document - Draft Report to Minister - A16057823 [↓](#) 



Briefing to Incoming Council

From the Tauranga City Council Commissioners

Introduction

The Tauranga City Council Commission was appointed by the former Government in February 2021, following a period of dysfunction within the Council elected in October 2019 which resulted in the resignation of the Mayor and two Councillors. The Government's intervention also reflected its view that successive elected councils had failed to adequately address the city's infrastructure needs, with a lack of timely investment contributing to a housing shortfall, significantly unaffordable house costs (including rental costs) and a congested roading network.

The Commission's Terms of Reference (TOR - updated in 2022 following the reappointment of the Commissioners until July 2024) tasked it with:

- Delivering a 2024-34 Long-term Plan that prioritises the needs of the community, city and region;
- Ensuring that appropriately-resourced programmes of work are implemented to address Tauranga's housing supply, congested transport networks, city centre and civil precinct revitalisation and growth investment needs;
- Ensuring that a sustainable Fiscal Strategy was developed and implemented;
- Maintaining effective partnerships with central Government, regional partners and mana whenua;
- Promoting the Council's organisational culture and ability to recruit and retain skilled and experienced staff; and
- Encouraging good candidates to stand for election to Council and supporting the development of a comprehensive induction programme which will enable good governance.

The Commission has made a number of key decisions which aim to meet the needs of one of New Zealand's fastest-growing cities and its residents, and achieve the tasks set-out in our TOR. Those decisions are detailed elsewhere in this briefing paper, but necessarily, it should be acknowledged that the advancement of the city's interests is very much a work in progress, which the incoming council will need to pursue.

In brief, we have made, through the 2024-34 Long-term Plan (LTP) and its predecessors (the 2021-31 LTP and the LTP amendment adopted in 2022) some long-overdue investment decisions (representing a capital programme of some \$4.9 billion over the 10 years of the plan) which clearly focus on:

- Strategic upgrading of the transport network so that it better meets the needs of the city's existing population; AND will support the provision of new housing development in the west and east of the city, along with intensification within the existing city footprint;
- Progressing the planning framework changes and infrastructure investment required to open up opportunities for greenfield housing development;
- Making suitable Council-owned land available for medium- and high-density development;
- Investing in a significant renewal of community facilities and amenities, which together with some \$2 billion of private sector investment, will revitalise the city centre and ensure it once again becomes the subregion's cultural, social and economic hub;

- Investing in other key community facilities, to ensure that the needs of both existing residents and those coming here are met (Memorial Park aquatic centre, indoor and outdoor sports facilities, city parks and reserves improvements - including the Destination Skatepark and the Marine Parade walkway);
- Enhancing our resilience to natural hazard and climate change risks, while protecting our environment, reducing greenhouse gas emissions and creating a greener city.

While much has been accomplished since 2021, there remains much to do and we commend the commitment the newly-elected Council will bring to the tasks ahead of it. The Commissioners will be happy to provide any advice and support you may need as you familiarise yourselves with your roles, the organisation and its work programme.

One of the Commission's key roles has been to establish strong relationships with Government Ministers (both in the previous Labour Government and the National-led Coalition Government), to ensure that there is a high level of understanding of the need for partnership to deliver and fund the city's growth infrastructure. Again, we anticipate that you will need to continue and build-upon those relationships, to ensure that necessary legislative change and Government policy are put in place, for the benefit of Tauranga and the wider sub-region and region.

In the interests of good governance, we encourage you to work as a united team, exercising the collective responsibility that effective democracy requires, and we anticipate that you will focus on making good decisions on behalf of the entire community, present and future. You will be working with a high-performing and highly effective Executive team and we encourage you to make full use of their experience and expertise as you jointly work to meet the needs and expectations of our community.

In conclusion, we congratulate you on your election and we look forward to seeing the city prosper under your leadership.

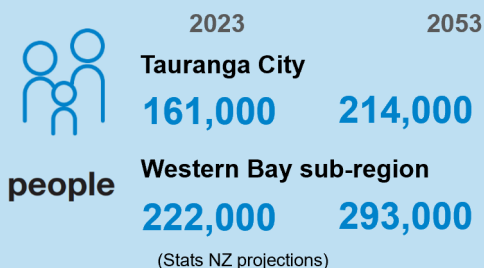
Commission Signatures

A snapshot of Tauranga City

NZ's 5th populous
and rapidly growing city



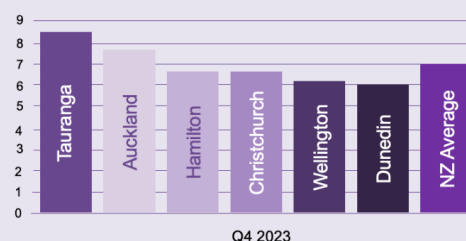
Population:
92,000 (2000) → **161,000** (2023)
+76% since 2000 (35% nationwide)



Housing affordability

Average house value
in Tauranga
\$1,023,618

Average household
income in Tauranga
\$108,292



8.5

Affordability ratio
(property value to income)
NZ Average 7.0

Regional economic engine



GDP +140% since 2000
(82% nationwide)
(Source: Infometrics – GDP Growth 2000-2022)

NZ's most significant Port



Handling:
42% of NZ shipping containers
37% of NZ export trade
(Source: Port of Tauranga Annual Report 2023)

**Planned Council
capital expenditure
city-wide in the next
10 years**

\$4.9bn

City centre transformation

Circa \$2.5b committed investment
in the next 10 years

\$1.5b

private
investment

\$800m

local government
investment

\$180m

central government
investment

Background

The following images and headlines illustrate the situation the Commissioners found when we were appointed and some key advances achieved during the past three-and-a-half years.

What we found – historic underinvestment and lack of commitment



Kulim Park



QEII Centre

Mount Skate Park



Tauranga studying a return to 21st century recycling

Bay of Plenty Times

11 Mar, 2018 05:00 AM 12 mins to read

Save Share



Drinking water concerns for Tauranga



Empty shops a red flag for Tauranga residents



Tauranga CBD is 'dying' and a 'ghost town'

By Carmen Hall

19 Jul, 2019 05:02 AM 5 mins to read

Save Share



Tauranga CBD a ghost town as landlords with empty properties struggle to get tenants

May 5, 2020

Gridlock: Tauranga's traffic woes escalate, dramatic new figures show



By Scott Yeoman

30 Apr, 2019 11:00 AM 7 mins to read

Save Share



Home / Bay of Plenty Times

Gridlock: Tauranga's traffic woes bad for business



By Kiri Gillespie

1 May, 2019 06:28 AM 8 mins to read

Save



What has been progressed – Investing in delivery

Transport



Windsor Princess Crossing



Totara Street



Cameron Road Stage 1



Maunganui Road

Waters and Waste



Waiāri Water Treatment Plant



Wairakei Stream Reserve



Kerbside Collection

Spaces and Places



Pāpāmoa Shared Pathway



Destination Skatepark



Matua Saltmarsh Boardwalk



Ōmanawa Falls



Mauao Placemaking



Marine Parade Coastal Path



Pacific Park

City Centre



He Puna Manawa



Cargo Shed Upgrade



Dive Crescent car park



Underpass - Coastal Pathway



Demolition of old Council building

Continuing the City's strategic direction

Previous Councils had worked with the community and partners to shape the values for a city strategic framework. The Commission built on this work with our strategic partners and undertook an extensive community engagement process to develop a city vision and strategic direction for Tauranga. The resulting strategic framework shows how everything Council does contributes to achieving the wider vision for Tauranga. The framework provides a platform for Council to continue to work in conjunction with our partners to deliver on the aspirations of the city; and provides certainty and consistency for the community.

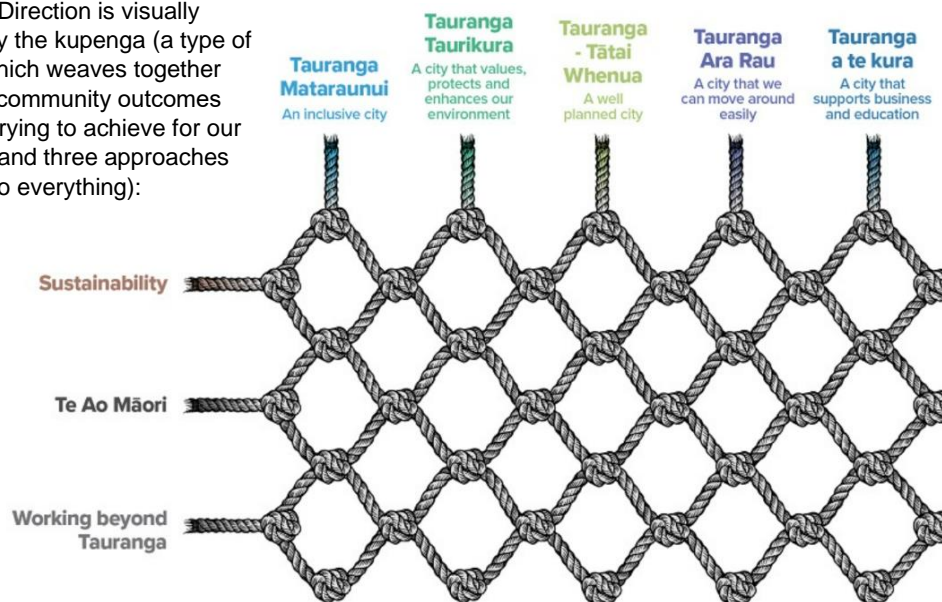
Support for direction

A May 2024 Tauranga Business Chamber poll revealed that 83% of respondents mostly agree with the direction set by the Commissioners.

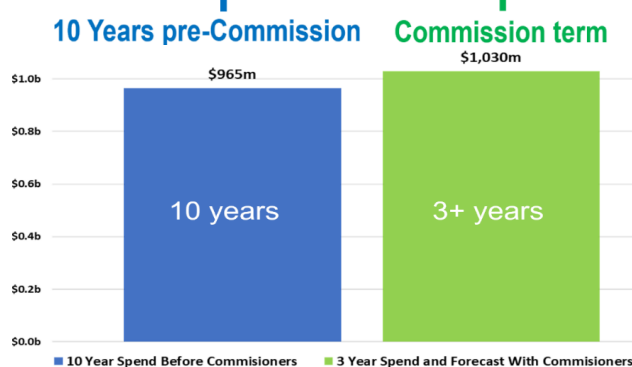
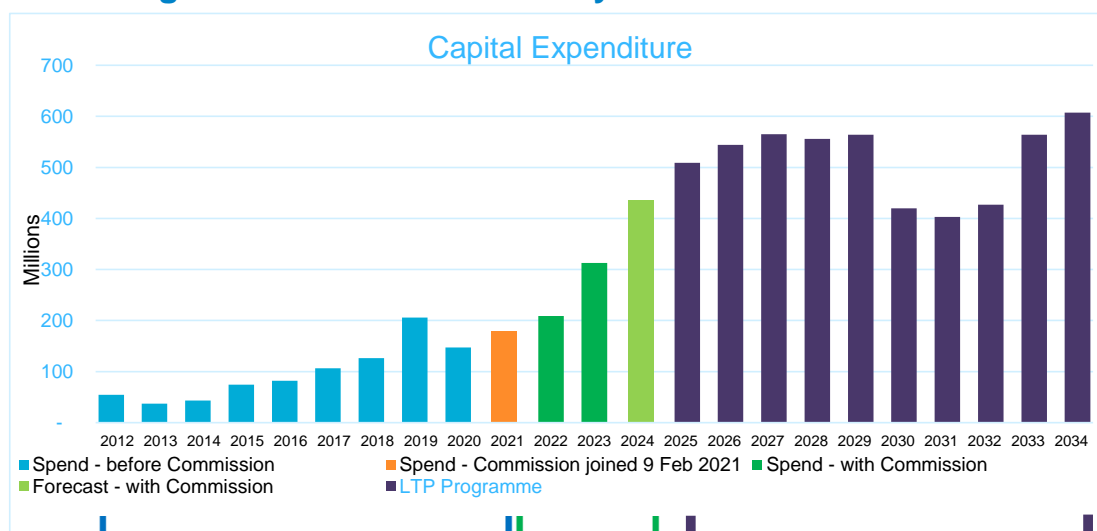
City Vision – Tauranga, together we can prioritise nature, lift each other up, fuel possibility				
Council's approaches; Te Ao Māori, Sustainability, Working beyond Tauranga				
Tauranga Matarauuni An inclusive city	Tauranga Taurikura A city that values, protects and enhances our environment	Tauranga – Tātai Whenua A well planned city	Tauranga Ara Rau A city that we can move around easily	Tauranga a te kura A city that supports business and education
Tauranga Matarauuni 2023-2033 Inclusive City Strategy	Tauranga Taurikura 2023-2033 Environment Strategy	Connected Centres Programme 2020 urban development focus (UFTI, joint sub-regional strategy)	Connected Centres Programme 2020 transport & movement focus (UFTI, joint sub-regional strategy)	Western Bay Economic Strategy 2021 (Priority One, joint sub-regional strategy)
SmartGrowth Strategy 2023				
Tauranga Moana Iwi Management Plans 2016-26				
Action and Investment Plans				

Kupenga

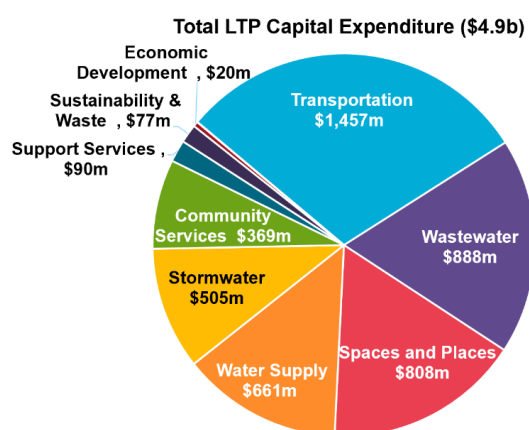
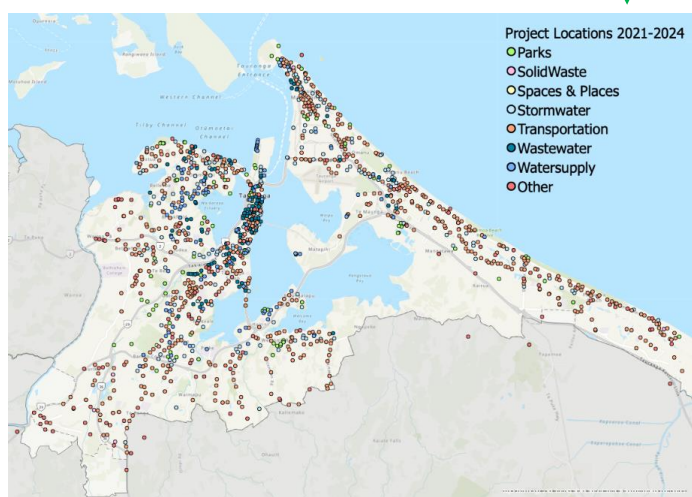
The Strategic Direction is visually represented by the kupenga (a type of fishing net), which weaves together Council's five community outcomes (what we are trying to achieve for our communities) and three approaches (how we will do everything):



Committing to the investment the City need

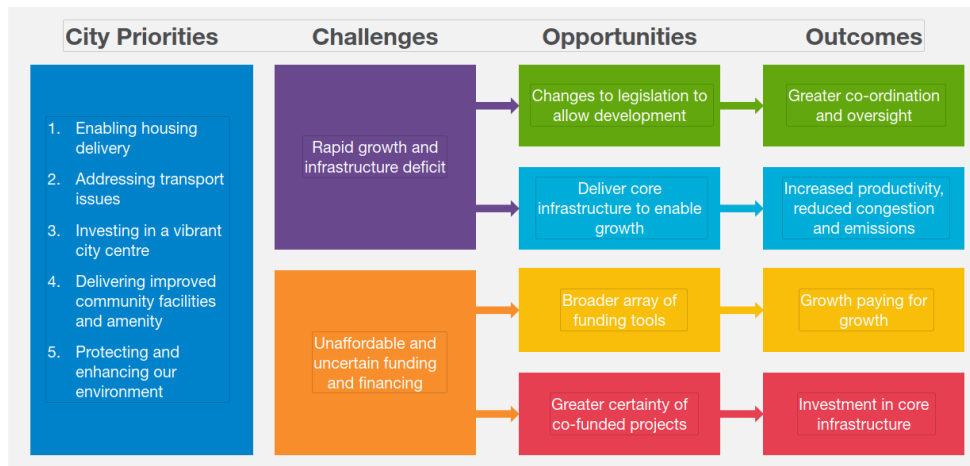


Delivering projects across the City



Tauranga's Strategic Priorities

As indicated in the diagram below, Council has identified five key priority areas that are critical to addressing the challenges facing the city and ensuring Tauranga is a place where residents and their children will want to live, work, learn, and play.



Council's Plan to address City Priorities

Council has recently adopted the Long-Term Plan 2024-34 (LTP) for the coming ten years. This plan outlines the prioritised work programme and budgets proposed to deliver on the city's priorities. Tauranga's fiscal challenges have shaped the approach to the LTP, which has resulted in a constrained capital programme with key projects deferred past the plan's 10-year timeframe and instead scheduled in years 11-20 (and reflected in our 30-year Infrastructure Strategy).

The high priority areas for investment over the upcoming 10-year LTP period are listed below:

- Transport network upgrades – \$1.123b – Council is committed to increasing the capacity and quality of the city's transport network, making it easier and safer to get around the city. Investing in our transport network across the city is also vital to allow urban development, regeneration and intensification, to address our major housing shortage and home and rental affordability issues.
- Three Waters Projects – \$1.430b – The new legislation to support the implementation of Local Water Done Well is expected to be passed by mid-2025 and will provide flexibility for communities and councils to determine how their water services will be delivered in the future. We have included three waters (water supply, wastewater, stormwater) for the full 10 years of our plan. However, Council is actively exploring all options available to achieve sufficient investment capacity for future three waters services, including ensuring capacity to deliver the infrastructure required to meet future growth needs. This includes investigating the establishment of a Council Controlled Organisation (CCO), either solely or jointly with other councils. The establishment of a Waters CCO would remove the waters activity and associated investment and debt from the Council's balance sheet. Balance sheet separation will free up Council debt headroom, thereby enabling acceleration of critically needed land and housing development in planned growth areas.

- Growth in the West (Tauriko enabling works) – \$305m – this work is an essential part of addressing existing housing shortages and providing for Tauranga's growing population, as well as delivering commercial and industrial infrastructure. As the first stage of a larger planned growth area, this investment will facilitate the delivery of up to 4,000 homes, improvements to the state highway networks and connections, and an additional 100-120 hectares of business land, providing for an additional 2,000 jobs.
- Growth in existing zoned areas (including Te Papa/City Centre) – \$650m – investing in growth in a managed way in existing zoned areas will deliver additional housing in Wairakei (east Pāpāmoa) and enable intensification in areas such as Te Papa, Mount Maunganui town centre and Ōtūmoetai. This work includes the delivery of the Pāpāmoa East Interchange, linking east Pāpāmoa with the Tauranga Eastern Link highway. Over time, this investment will enable construction of an additional 2,000 to 2,500 homes in currently-zoned areas.
- Revitalising the city centre – \$517m – Te Manawataki o Te Papa is a key initiative to deliver much-needed amenity for our existing communities, attract visitors to the city centre and meet the needs of our future residents as the city grows. Projects include the redevelopment of the waterfront, community spaces and playground, construction of a new museum and exhibition centre, a new library and community hub and a civic whare (community meeting space).
- Community facilities and amenity – \$573m – this investment will maintain and deliver much-needed redevelopment and new amenity for our existing communities, increasing vibrancy and wellbeing. It includes the \$122m investment in the Memorial Park Aquatic Centre. Community facilities in growth areas are a key focus for Council in meeting its responsibilities under the Connected Centres Programme (a SmartGrowth partnership initiative for the sub-region, focusing on delivering well-planned intensification).
- Sustainability and resilience – \$248m – we are planning for the future, ensuring the city adapts to our changing environment, does its part to address climate change (including reducing emissions per capita) and can stay connected in the event of an emergency and/or natural disaster.

It is critical to note that continued investment in maintaining the assets we already have is an important part of our strategy. This will ensure that we get the best value for our ratepayers, and that we have facilities and infrastructure that are fit-for-purpose and resilient into the future.

Delivery expertise and oversight

To ensure the timely and cost-effective delivery of Council's planned capital expenditure programme, governance structures have been established for several of our major projects, to provide effective governance and reduce associated risks. This includes:

- Te Manawataki o Te Papa – *established*
- Major Transport Projects – *established*
- Future Waters Model – *development underway*

These structures will provide oversight of project delivery and execution by industry leaders with the experience and expertise needed to ensure that the best value for money and outcomes are achieved for the community. We believe this approach is essential to maintain the city's momentum, deliver the critical infrastructure our growing city needs, and achieve the work programme set-out in the LTP 2024-2034.

Working with our partners

Delivering on the city's priorities requires a sustained collaborative effort between Council, key partners and central Government. While the Long-term Plan outlines the projects that Council intends to deliver over the coming 10 years, integration of Council-led and partner-led projects in a cohesive and effective manner will optimise the outcomes for the city and the sub-region.

During its tenure, the Commission has been working with our partners on the following initiatives, which aim to address the city's priorities and meet the needs of the community. These initiatives are still underway and will require continued and consistent advocacy and focus to realise the potential benefits for the city and those who live here.

Rapid Growth and Infrastructure Deficit

Tauranga has the least-affordable housing in the country, has a severe housing shortfall and experiences extreme congestion. Delays to infrastructure development are limiting the ability to open-up new land for development and enable intensification within existing areas. What's more, some of our infrastructure is aging and not fit for purpose, for example a roading network that isn't designed to cater for the volume of vehicles on our roads. The legislative environment also presents challenges to realising the growth potential we need to address the city's critical housing needs.

Western Bay Sub-Regional Housing Shortfall	Short Term	Medium Term	Long Term	Total
	2024 - 2027	2027 - 2034	2034 - 2054	
Supply - Demand	-8,480	660	4,090	-3,730
Supply - Demand incl. Margin	-9,400	-1,410	1,600	-9,210

Over the last three years, the Commission has worked extensively with central Government to advocate for the collaborative response required to address the city's challenges. This has included a significant increase in Council investment into infrastructure development, collaboration through SmartGrowth to ensure a strategic and collective response across the Western Bay sub-region, and advocacy to central Government for the policy and legislation changes needed to deliver positive outcomes. The development of a City / Regional Deal would be a considerable milestone in addressing the infrastructure required to cater for growth.

Confirming a City / Regional Deal for Tauranga/Western Bay

A key opportunity underway is the introduction of **City / Regional Deals**. This approach is being driven by the Government and provides a significant opportunity for local government to develop and agree a long-term partnership with the Crown, to commit (beyond political cycles) to investment in the key infrastructure needed to unlock housing and economic growth.

A City / Regional Deal for the Western Bay of Plenty will enable implementation collectively-agreed priorities and provide the platform for coordinated investment, reform, governance, and delivery across the sub-region and beyond. The deal will see a commitment to shared outcomes through a true partnership between central and local government.

The City / Regional Deal is strategically important to this city, the sub-region and New Zealand's economic growth, reflecting the city's status as a key gateway to global trade and one of the country's fastest-growing cities.

The City / Regional Deal that the Western Bay of Plenty subregion is proposing has two key economic objectives - *Boosting Export Earnings and Enabling Future Growth* – and will be enabled by the social and environmental objective – *A Sustainable, Resilient and Liveable City*.

We have a strong plan for growth, but this needs to be supported by the enablement of effective tools for use at a local level. Done well, this will unlock greater economic value and revenue, which can be reinvested for longer-term benefits. Such tools include: long-term funding certainty between local and central government; new, improved and innovative funding and financing tools; alignment of funding outcomes; and enabling different delivery methods, including providing value through a greater pipeline of work and public private partnership options.

A City / Regional Deal for Tauranga will provide a testbed and a range of specific opportunities for important enabling factors and policy shifts, covering facets of the Local Government Act, National Policy Statements (NPS) for Freshwater Management and Indigenous Biodiversity, National Planning Standards and the RMA, as well as better alignment in Transport business case and funding processes.

Implementing a Waters Plan

In response to government direction, Tauranga City Council is exploring all options available to achieve sufficient investment capacity for future three water services, including ensuring capacity to deliver the three waters infrastructure required to meet future growth needs. This includes investigating the establishment of a Council Controlled Organisation (CCO), either solely or jointly with other Councils. Currently, financial modelling is being undertaken to assess the benefits and/or disbenefits of partnering with Western Bay of Plenty District Council, and/or Hamilton City Council, and/or Bay of Plenty Councils. This modelling will inform the development of a Strategic Business Case that will capture a preferred way forward, for presentation to the new Council.

In addition, Water Services Delivery Plans are being prepared, as required by the Local Water Done Well Transitional Bill (released May 2024). The initial focus is on establishing strong financial, funding and asset data analysis. Along with the business case, this plan will inform and influence key decisions around CCO arrangements. The establishment of a Waters CCO would remove investment and debt associated with the waters activity from the Council's balance sheet.

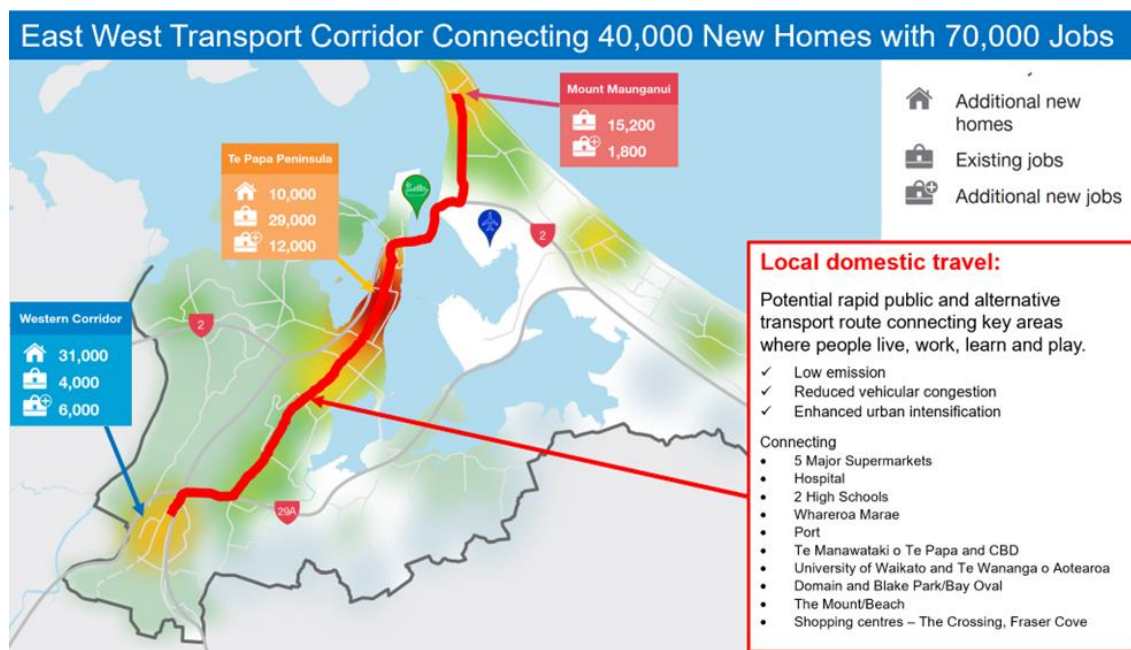
Advancing the Western Corridor, including Government's commitment to SH29

The NZTA project to upgrade SH29 will enable a Western Corridor link from Mount Maunganui, through Te Papa peninsular and the city centre, to Tauriko and the future development to the west of the city. This project will directly address the city's priorities and enhance the local economy, environment and the liveability of the city.

The timely construction of the upgrade to SH29 – Tauriko Network Connections (SH29) project – is seen as the most significant and vital network upgrade for the city and surrounding regions. The SmartGrowth Leadership Group members are strongly united in the view that this project needs to be delivered in full and within a decade, to:

- Deliver integrated transport and intensified urban development by providing a priority public transport and alternative transport route via a direct route into the city, connecting 70% of the city's employment with residential development. It will also provide smart, low emission transport solutions and addressing key congestion pinch-points;
- Unlock the potential of the Western Corridor to enable over 30,000 new homes, 200 more businesses, 10,000+ new jobs,

- Provide offline connectivity for freight to and from the Port of Tauranga, New Zealand's busiest port, by separating freight transport from commuter/domestic travel, enhancing the efficiency of port operations and providing a substantial GDP increase;
- Deliver significant safety and liveability benefits through separation of inter-regional traffic from local traffic.



These benefits can only be achieved through a collaborative process, and it is encouraging to see the SH29 upgrades included in the draft Transport Government Policy Statement as a Road of National Significance, and in the 2024 Budget announcements. The city needs the accelerated development of this project over the next decade, with completion by 2034.

Working to develop alternative funding and financing opportunities

Tier 1 high-growth councils in New Zealand are facing increasing and unsustainable debt levels and unaffordable rates increases. Councils are unable to afford the critical infrastructure delivery required to support our growing cities and regions. Constrained investment in infrastructure results in suboptimal outcomes for housing supply, transportation, water services and economic development. Alternative funding and financing options are essential to enable councils to continue delivering the new infrastructure and services that growing cities require, while continuing to maintain existing infrastructure.

Additional funding levers such as road time of use charging, tolling and value capture opportunities have all been signalled in the Government Policy Statement for transport and are likely to be required to meet network optimisation targets, support transport mode shift and emissions reduction and meet infrastructure funding investment gaps.

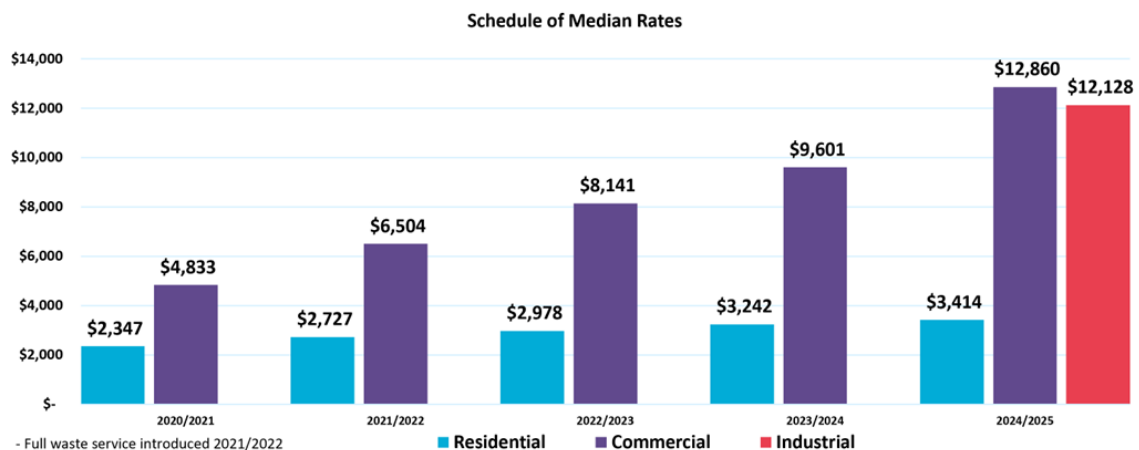
Council has been working with Government to investigate diversified local government funding and access to alternative funding streams for core infrastructure. This includes opportunities for private sector investment and user pays, or alternative financing to build and maintain key infrastructure, such as Transport and Waters.

While essential to enable project delivery, co-funded projects (such as transport initiatives in partnership with NZTA, or collaborative projects with other councils), are complex and can create uncertainty, affecting our ability to lock-in funding. For major infrastructure projects, many pieces to the puzzle need to be confirmed before the project is assured (as illustrated in the 'puzzle' on the next page).

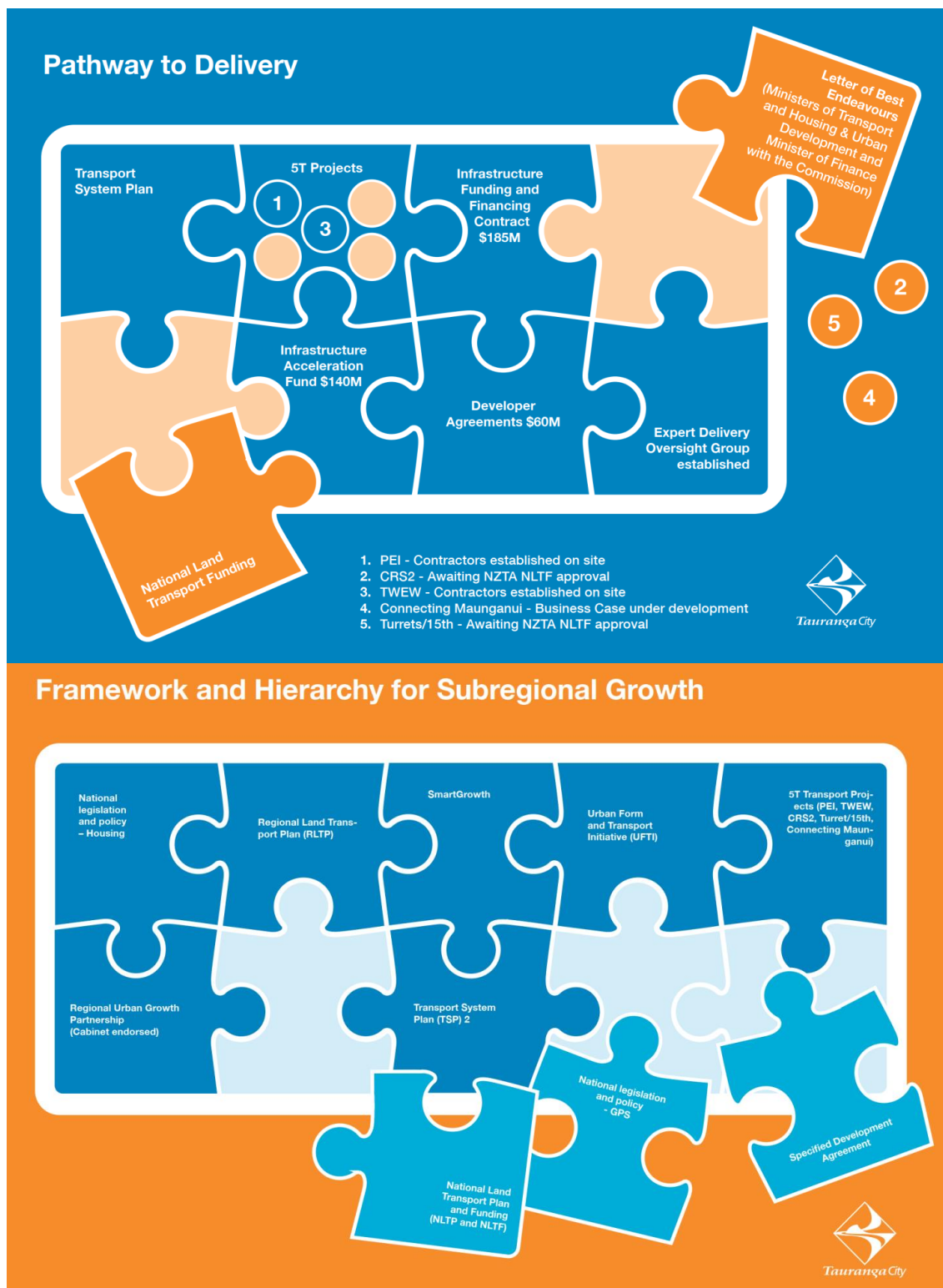
Unaffordable and uncertain financing and funding

Over the last three years, Council has looked at ways to address the funding challenges it faces. This has included exploring a range of funding and financing tools, including being the first Council to take up opportunities presented through the Infrastructure Funding and Financing Act, utilising the Housing Infrastructure Fund, Infrastructure Acceleration Fund and Housing Equity Fund.

Through recent Long-term Plans, the Council has changed the way rates are allocated to ensure the commercial and industrial sectors are paying their fair share and bring Tauranga into line with cities across New Zealand.



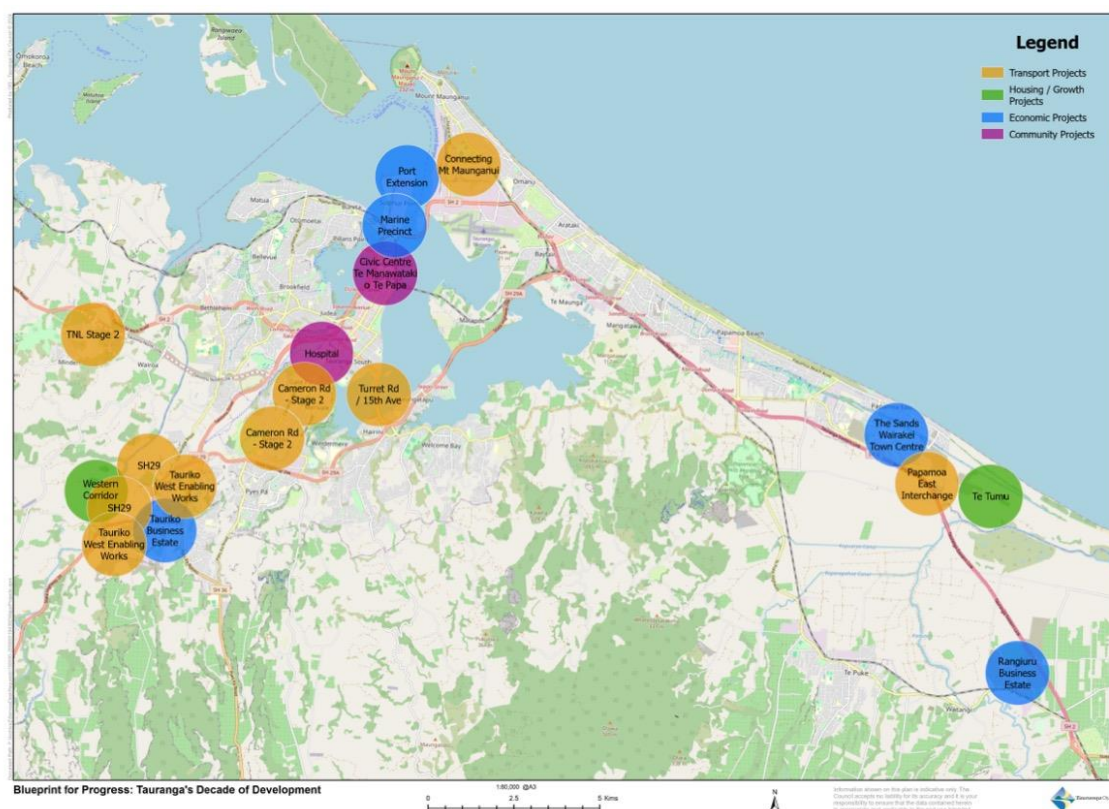
*New rating differential introduced in 2022/23 to ensure commercial sector are 'paying their fair share'. New Industrial rating category introduced 2024/25



A culture of collaboration

To deliver on the city's priorities, the Council must maintain a continuous outward focus, working collaboratively with our key partners in an effective and meaningful way. Effective partnerships across the broad range of key stakeholders remains vital to the successful delivery of the outcomes our community needs and to community trust and confidence in Council.

The following map identifies a range of key strategic projects, planned or underway, across the city which will collectively address Tauranga's growth challenges, including transport, housing, economic, and community projects:



Effective partnerships

Effective and collaborative governance enables a better and shared understanding of complex problems and allows stakeholders to work together on agreed solutions. Established and meaningful partnerships will assist decision-makers identify and target problems and deliver action more effectively.

Coordinated planning, funding, performance and delivery cannot be undertaken successfully, and at the pace and scale required, without the support and confidence of our multiple partners.

Key partners	Opportunities	Impact of not partnering effectively
Tangata Whenua <ul style="list-style-type: none"> • Iwi authorities • Māori Land Trusts • Te Rangapū Mana Whenua o Tauranga Moana Partnership • TCC Kaumātua Forum • Other Council Committees with tangata whenua representation in place 	<p>Actively meet the engagement requirements under the LGA, RMA and other relevant legislation</p> <p>Demonstrate an understanding of the historical interactions and issues raised to inform ongoing relationship opportunities</p> <p>On-going intergenerational commitment and investment into how the city develops and grows</p> <p>Practical demonstration of partnership and proactively working together on matters of mutual benefit</p> <p>Aligned partnership advocacy with central government and local government</p> <p>Build community confidence and trust</p> <p>Advocacy and support with early engagement on projects</p> <p>Co-ownership of land and or resources</p> <p>Co-investment in community facilities or utilities</p> <p>Land developments – residential, commercial and industrial</p> <p>Cultural education - place making and storytelling for residents and tourists</p> <p>TCC's Pou Takawaenga team can support partnerships and guide development in line with existing commitments</p>	<p>Diminished trust and confidence, leading to a lack of support</p> <p>Risk of creating further grievances in not honouring the treaty relationship under the LGA.</p>

Key partners	Opportunities	Impact of not partnering effectively
Local Government <ul style="list-style-type: none"> • SmartGrowth • Sub-Regional and Regional Councils, Committees and Forums • Metro/high-growth Councils • Local Government NZ 	<p>Cohesive and aligned vision, strategy and priorities:</p> <ul style="list-style-type: none"> • Western Bay of Plenty Transport System Plan • Bay of Plenty Regional Land Transport Plan <p>Joint funding initiatives</p> <p>Advocacy and alignment to central government for change and/or support</p>	<p>Lack of strategic alignment and good outcomes for the city and community.</p>
Council-controlled organisations (CCO's) <ul style="list-style-type: none"> • Bay Venues Limited • Tourism Bay of Plenty • Tauranga Art Gallery • Te Manawataki o Te Papa (TMOTP) Limited • TMOTP Charitable Trust • LGFA (Local Government Funding Agency) • BOPLASS (Bay of Plenty Local Authority Shared Services) 	<p>Delivering community outcomes on behalf of / with Council, aligned with the strategic direction and city's priorities.</p> <p>Attracting high calibre governance with specific the required skills and expertise, with a commercial focus to increase revenue and productivity and / or decreasing costs to the wider community</p>	<p>Lack of strategic alignment and good outcomes for the city and community.</p> <p>The inability to attract expertise, staff and board members, to ensure good governance, implementation, delivery and services.</p>
Central government <ul style="list-style-type: none"> • Key Ministers • Local Members of Parliament • Key Agencies • Key Funding agencies 	<p>Building relationships so issues are mutually understood and aligned</p> <p>Key funding partners for national, regional and community projects and initiatives</p> <p>Opportunity to contribute to good policy and legislation development, to enable practical implementation and innovation</p> <p>For appropriate funding and financing tools required to deliver on agreed and aligned Transport & Housing projects</p> <p>Western Bay of Plenty City / Regional Deal to provide alignment and certainty of key</p>	<p>Lack of trust and confidence, leading to lack of support and access to the required funding for important projects</p>

Key partners	Opportunities	Impact of not partnering effectively
	investment and economic growth opportunities	
Community organisations and Trusts <ul style="list-style-type: none"> • Cornerstone partners; Envirohub, Social Link, Creative BOP, Sports BOP • TECT • Bay Trust • Acorn • Gaming Trusts 	<p>Build confidence and trust</p> <p>Endorsement and champions within the community</p> <p>Supporting a healthy and prosperous social eco-system</p> <p>Community buy-in, endorsement and funding opportunities</p>	<p>Lack of confidence and negative influence in the community for key projects</p> <p>Lack of strategic alignment and good outcomes for the city and community.</p> <p>Potential lack of support and funding for key projects</p> <p>Missed opportunities and outcomes for the city by supporting others undertaking work on behalf for the community</p>
Economic development <ul style="list-style-type: none"> • Priority One • Tauranga Business Chamber • Western Bay Infrastructure Forum • Tauranga Māori Business Association Education <ul style="list-style-type: none"> • University of Waikato • Toi Ohomai • Education Tauranga Business community <ul style="list-style-type: none"> • City Partners • Developers' Forum 	<p>Key influencers and contributors in the commercial sectors of the community</p> <p>Key influencers in the future of the community; education, learning and development, and innovation.</p> <p>Endorsement and support with central government initiatives and funding opportunities.</p> <p>Advocacy & investment for transformation across the City</p>	<p>Lack of strategic alignment and good outcomes for the city, and wider region.</p> <p>Potential lack of support and access to funding for key projects.</p>



Tauranga City

DRAFT

Final Report of the Commission to the Minister of Local Government

Report to: Hon. Simeon Brown
Minister of Local Government

From: Tauranga City Council Commission

Date: 12 June 2024

Subject: Final Report of the Commission to the Minister of Local Government



Purpose

This is the final report to the Minister from the Commission appointed to provide the Governance function for Tauranga City Council (TCC). The report summarises the activities undertaken by the Commission, in relation to its Terms of Reference and general scope of responsibilities, for the term of appointment commencing 26 April 2022 (the Commission's second term) and concluding the day after the date elected members of Council are declared following the 20 July election. This report gives effect to the requirements of section 528U of the Local Government Act. Also reported are a number of other matters the Commission wishes to draw to the Minister's attention.

Appointment of Commissioners

The Commission was appointed by the previous Government in response to some specific challenges and risks. In announcing the Commission's original appointment, Minister Nanaia Mahuta noted it was "due to significant governance problems among the Council's elected representatives" and was "necessary to deliver the strategic leadership that the Council and city needs".

In April 2022, the Minister determined that there was sufficient ongoing need to appoint the Commission for a second term, with a new Terms of Reference. During the first and second terms, the Commission has been working collectively to address the major challenges facing the Council and the city, whilst also ensuring prudent governance.

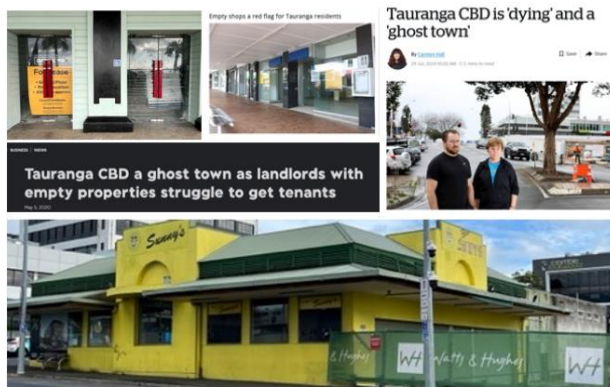
What the commission found

The following infographics illustrate the situation the Commissioners found when appointed, including significant under-investment in infrastructure and community facilities, a stagnating city centre and extreme traffic congestion.

Spaces and Places



City Centre



Transport





A snapshot of Tauranga City

NZ's 5th populous
and rapidly growing city



Population:
92,000 (2000) ➔ **161,000** (2023)
+76% since 2000 (35% nationwide)

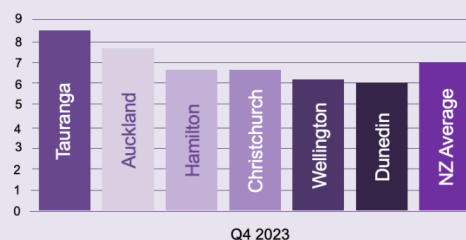
	2023	2053
 people		
Tauranga City	161,000	214,000
Western Bay sub-region	222,000	293,000
	(Stats NZ projections)	

Tauranga City		
	2024	2054
 homes		
Supply	62,500	90,500
Demand	68,000	97,500
Shortfall	5,500	7,000

Housing affordability


Average house value
in Tauranga
\$1,023,618


Average household
income in Tauranga
\$108,292



8.5

Affordability ratio
(property value to income)
NZ Average 7.0

Regional economic engine

 **GDP +140% since 2000**
(82% nationwide)
(Source: Infometrics – GDP Growth 2000-2022)

NZ's most significant Port

Handling:
 **42%** of NZ shipping containers
37% of NZ export trade
(Source: Port of Tauranga Annual Report 2023)

Planned Council
capital expenditure
city-wide in the next
10 years

\$4.9bn

City centre transformation

Circa \$2.5b committed investment
in the next 10 years



The commission's responsibilities

The Commission's Terms of Reference for its second term required the following:

Terms of Reference	Status
1. Deliver a 2024-34 Long-term Plan that prioritises the needs of the community, city and region.	Completed – see section 1.
2. Ensure programmes of work identified in the Commission's exit plan, dated 25 November 2021, are progressed and sufficiently resourced for delivery: 2.1. Housing supply, transport and growth investment initiatives; 2.2. Fiscal Strategy; 2.3. City Centre and Civic Precinct revitalisation initiatives; 2.4. Effective partnerships with central Government, regional partners and mana whenua; and 2.5. Promotion of Council's organisational culture and ability to recruit and retain skilled and experienced staff.	Ongoing – significant progress made, with ongoing work required as identified under section 2
3. Continue to identify issues faced by the Council and engage in existing Council initiatives or other actions to address these issues.	Completed – specific examples outlined in section 3.
4. Work with the Council's chief executive to build capability, capacity and resilience within the Council organisation.	Completed – progress outlined in section 4.
5. Support the Council to develop a comprehensive induction programme to ensure incoming elected councillors are enabled to practise good governance.	Completed – comprehensive induction programme outlined in section 5
6. Work with the Council to encourage quality candidates to stand for election.	Completed – see section 6
7. Undertake any other tasks the Commission determines to be necessary to maintain the trust and confidence of the community in the Council.	Completed – see section 7

1. Long-term Plan

The Council adopted the Long-term Plan 2024-34 (LTP) on 22 April 2024. This sets a clear workplan and budget for the Council moving forward. The LTP outlines Council's direction and establishes the investment in priority projects and infrastructure it will deliver over the next decade to address the city's most pressing issues, whilst continuing to respond to historic underinvestment.

Key priorities include investing in revitalising the city centre, upgrading the transport network and community spaces, delivering additional housing in existing urban areas and enabling growth in Tauriko West, and providing for the city's future resilience. However, due to fiscal limitations, a large amount of investment in infrastructure to support growth has been excluded from the Long-term Plan (see section 2.2 for further detail).

The LTP puts in place a fairer rating structure, with a new industrial rating category introduced that will see industrial properties pay their fair share of rates, whilst also implementing a country-first Transport System Plan Infrastructure Funding and Finance levy.





































2. Progressing priority workplan

The Commission's Terms of Reference required it to progress and sufficiently resource the workplan items raised through the Exit Plan provided to the then Minister, under the previous Commission Term, dated 25 November 2021.

The Commission has made significant decisions in a number of areas that have enabled meaningful and productive progress to be made to address some of the Council's key strategic challenges. The Council has some significant projects underway which will go a long way towards addressing some of the fundamental challenges facing the city. However, these projects are still in progress, and any potential changes in Council priorities or direction could present a significant risk to the delivery of the infrastructure and community facilities the city needs.

The following table provides a summary of progress made on addressing the risk status of the priority areas identified through the governance-related Work Programme during this term:

Summary of Governance Related Risk Status

Topic	Status pre-Commission	Status beginning 2 nd term	Status at: June 2024
Providing Leadership for the City's Challenges			
Investing in the City			
Clarity and Delivery of Strategic Direction			
Fiscal Strategy			
Future Fiscal Opportunities			
Urban Transformation and Housing Supply			
Strategic Urban & Transport Direction and Delivery			
Housing Supply (including Priority Development Areas)			
Investing in and Delivering Agreed Priorities			
Capital Investment in Outcomes			
Relationships, Change, Trust & Confidence			
Central Government Reform and Change Programme			
RMA, Waters, Local Government and other Reform			
External Partnerships			
Partnerships with Tangata Whenua			
Sub-regional Partner Councils (WBOPDC & BOPRC)			
Private Sector, External Funders, community groups			
Governance / Organisation Relationship and Organisational Health			
Organisation Operation			
Governance direction to, and relationship with organisation			
Organisational stability, strength & culture			

The following section provides greater detail on the progress made and mitigating actions that the Minister could consider for each of the five programmes of work referenced in the Commission's Terms of Reference, to minimise risk and ensure successful outcomes for the city.

2.1 Housing supply, transport and growth investment initiatives

Progress to date

The Commission has focused on the provision of housing and business land and the infrastructure and associated funding needed to unlock land for sustainable development.

Recent progress includes:

- Adoption of the Future Development Strategy (as part of an update to the SmartGrowth Strategy).
- Progressing Plan Change 33 to implement the Medium Density Residential Standards and the National Policy Statement - Urban Development (NPS-UD) intensification provisions.
- Notifying a variation to Plan Change 33 (to rezone the Tauriko West urban growth area for 3,000 – 4,000 homes, including a large-scale Kainga Ora landholding) and awarded the construction contract for the Tauriko West Enabling Transport Works.
- Active participation in the Western Corridor Specified Development Project (SDP) proposal.
- Ongoing infrastructure and structure planning for the Keenan Rd area (note budget has been excluded from LTP 2024-34, as explained under section 2.2).
- Working with developers on private plan change requests for housing (450 homes in Ohauiti) and industrial land (100ha in Tauriko).
- Working with Ngati Kahu to progress development of the concept plan for 22 hectares of Council-owned land in Bethlehem (Poteriwhi site). The concept plan includes housing, wider community utilisation for community amenity and environmental sustainability. In parallel, the Council has lodged a fast-track approvals application to have the project included in the upcoming legislation, for 200 – 300 houses.
- Negotiations with the preferred purchaser are underway for the disposal of Council-owned Smiths Farm (over 300 homes). This sale would enable the provision of a \$10m affordable land and home package through the recently-established Housing Equity Fund.
- Awarded the main construction contract for the Pāpāmoa East Interchange, utilising Housing Infrastructure Fund (HIF) funding (supporting development of circa 5,000 jobs and 3,000 homes).
- Progressing Private Plan Change 38 to comprehensively review the commercial and industrial zones and relevant provisions in the City Plan.
- Increased focus on delivery of key transport projects, in partnership with NZTA, through the establishment of an expert governance body to oversee the major transport projects – Pāpāmoa East Interchange; Tauriko West development enabling works; Cameron Road Stage 2; Totara/Hewletts/Hull Road upgrade; and 15th Ave/Turret Road improvements.

Additionally, internal changes to accountabilities and resourcing have been progressed through a restructuring of the Transportation Division. The new structure strengthens the focus on Transport System Plan (TSP) project delivery and alignment.



- Implementation of Cameron Road Stage 1 has been completed, including future-proofing stormwater and wastewater upgrades to cater for intensification and growth, whilst delivering a safer, more sustainable and more attractive city.
- Tauranga City Council, Western Bay of Plenty District Council, the Bay of Plenty Regional Council and the SmartGrowth Leadership Group, including Tangata Whenua, unanimously approved the Tauriko Network Connections (SH29) business case, with the project now included in the draft Transport Government Policy Statement as a Road of National Significance.
- In response to government direction on waters, Tauranga City Council is exploring all options available to achieve sufficient investment capacity for future three water services, including ensuring capacity to deliver the three waters infrastructure required to meet future growth needs. This includes investigating the establishment of a Council Controlled Organisation (CCO), either solely or jointly with other Councils (the financial benefits of a CCO are discussed under section 2.2). Currently, financial modelling is being undertaken to assess the benefits and/or disbenefits of partnering with Western Bay of Plenty District Council, and/or Hamilton City Council, and/or Bay of Plenty Councils. This modelling will form the basis of a Strategic Business Case that will capture a preferred way forward and will be presented to the new Council.
- In addition, Water Services Delivery Plans are being prepared, as required by the Local Water Done Well Transitional Bill (released May 2024). The initial focus is on establishing strong financial, funding and asset data analysis. Along with the business case, this plan will inform and influence key decisions around COO arrangements.

Mitigating actions

Our efforts in this area continue to highlight that the planning, policy, funding and delivery arrangements available to Council are not fit-for-purpose. Business case, policy statements, funding commitments, financing tools and risk-sharing are all components of a land development equation that is complex, time-consuming and difficult to navigate. The Commission's view is that there are real opportunities to reinvent the way that local and central government work together, and work with the private sector, to achieve desired outcomes.

As noted in previous reports to the Minister, current and projected housing shortfalls have continued to be a key focus area for Commissioners. In summary, despite the work actioned by the Commission to date, the issues Tauranga faces include:

- An existing shortage in housing in Tauranga of between 4,950 and 5,950 homes, which is growing due to the current low building consent application levels.
- A further shortfall of around 3,000 homes over the next 10 years (up from the 1,500 shortfall calculated in 2020, due to delays in unlocking new land for development).
- A projection that median house prices will rise from \$1m to \$1.6m over the next 10 years, with average rents increasing to \$1,000 a week.
- Potential for housing affordability across the western Bay of Plenty to deteriorate further, which may encourage more Tauranga residents (and those looking to relocate to Tauranga) to live in neighbouring centres such as Rotorua, Matamata and Katikati, exacerbating congestion on our State Highway networks as people commute further for employment.

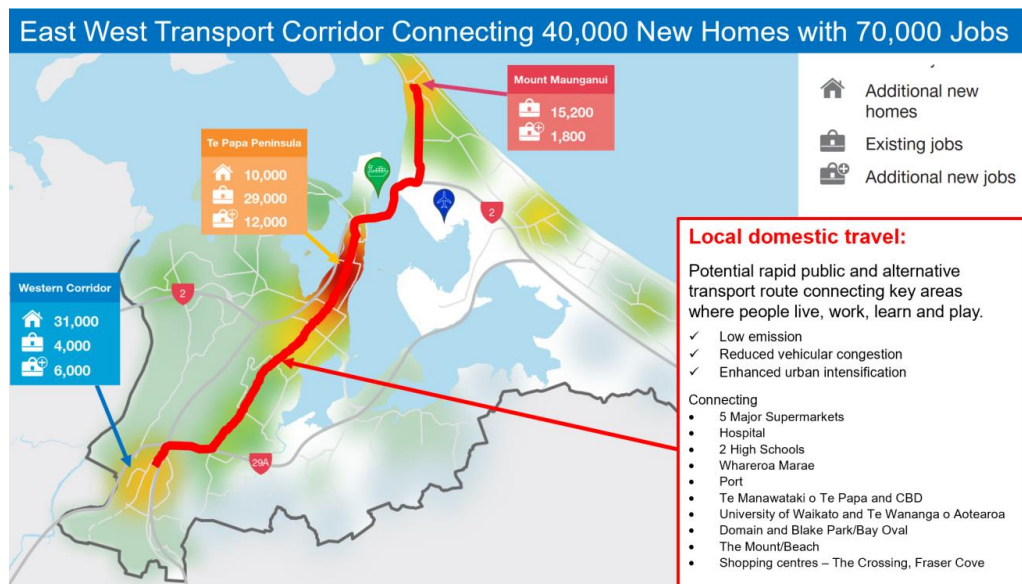
Western Bay Sub-Regional Housing Shortfall	Short Term	Medium Term	Long Term	Total
	2024 - 2027	2027 - 2034	2034 - 2054	
Housing Demand				
Existing Housing Deficit (Mid-point of TCC & WBoPDC Shortfall)	8,000			8,000
Future Demand	4,630	10,350	16,560	31,540
Demand incl opening Deficit	12,630	10,350	16,560	39,540
Future Demand incl Margin	5,550	12,420	19,050	37,020
Total Demand Incl Margin and Existing Deficit	13,550	12,420	19,050	45,020

	Short Term	Medium Term	Long Term	Total
	2024 - 2027	2027 - 2034	2034 - 2054	
Housing Supply				
Infill Intensification	700	3,000	8,760	12,460
Rural, Lifestyle, Small Settlement	240	230	30	500
Greenfield Urban Growth Area	3210	7,780	11,860	22,850
Total Supply	4,150	11,010	20,650	35,810
	Short Term	Medium Term	Long Term	Total
	2024 - 2027	2027 - 2034	2034 - 2054	
Supply - Demand	-8,480	660	4,090	-3,730
Supply - Demand incl Margin	-9,400	-1,410	1,600	-9,210

Data prepared by Tauranga City Council and Western Bay of Plenty District Council

This information reinforces the urgency and importance of our collective response with central Government to these acute housing challenges. Most importantly, we need to address:

- The timely construction of the upgrade to SH29 - Tauriko Network Connections (SH29) project – is a vital upgrade required for the city and surrounding regions. It is encouraging to see this included in the draft Transport Government Policy Statement as a Road of National Significance and in the 2024 Budget announcements. The SmartGrowth Leadership Group members are strongly united in the view that this project needs to be delivered in full and within a decade, to deliver.
 - Integrated transport and intensified urban development to provide a priority public transport and alternative transport route providing a direct route into the city and connecting 70% of the city's employment with residential development. Providing smart, low emission transport solutions, and addressing key congestion pinch-points.
 - Unlocking the potential of the Western Corridor to enable over 30,000 new homes, 200 more businesses, 10,000+ new jobs.
 - Separated offline connectivity for freight from the Port of Tauranga, releasing freight transport from commuter/domestic travel and enhancing the efficiency of port operations, the gateway for 50% of New Zealand's exports.
 - Delivering significant safety and liveability benefits through separation of inter-regional traffic from local traffic.



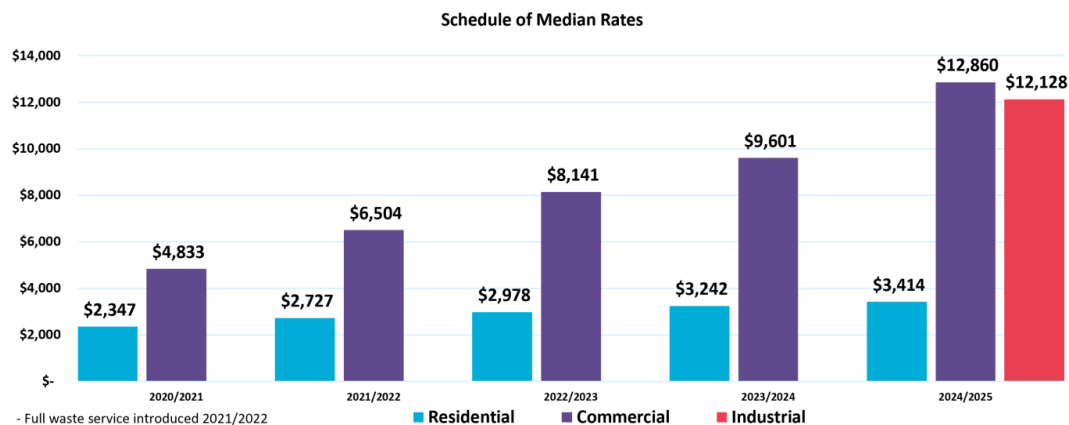
- Ensuring certainty that the most significant TSP projects planned over the next 8-10 years receive the required total investment of more than \$1.5 billion. These include the Turret Road and 15th Avenue upgrade; Cameron Road Stage 2; and the joint delivery (with NZTA) of the Totara Street/Hewletts Road upgrade and the Tauriko West (Western Corridor) enabling works. These are critical to unlocking housing supply and enabling urban intensification.
- Long and uncertain processes to rezone land under the RMA which are a continued hindrance to unlocking development opportunities, and we note the work the government currently has underway.
- Emerging and unresolved policy tensions between growth and matters like freshwater management, biodiversity, and climate change, which require timely resolution to enable sensible and sustainable urban development.
- Māori land issues beyond the direct control of Council, affecting 5000-6000 homes in Te Tumu. Noting progress is being made in this respect, with beneficial landowners voting in December 2023 in favour of a negotiation process to enable infrastructure provision, subject to further approvals.
- Escalating development and construction costs affecting the feasibility of projects (particularly intensification projects) and undermining the ability to deliver affordable new housing. In this regard, our understanding is that a significant Te Papa residential intensification regeneration project between Accessible Projects Ltd (APL) and Kainga Ora is not proceeding at this time due to affordability issues (although we understand conversations are commencing on staged delivery opportunities). The Council recently approved \$5m for stormwater works to enable redevelopment of the APL site, with conditions relating to timing and density, and we continue to work with agency partners to seek a suitable outcome.

- A lack of influence on private development timelines is challenging to ensure housing supply, following infrastructure investment, remains timely (e.g. zoning and infrastructure are put in place, but developers choose to hold back bringing sections to the market).
- Securing sufficient funding to deliver on the direction agreed through UFTI, SmartGrowth and the Transport System Plan is an important focus, avoiding the need for significant prioritisation which would have direct and negative effects on housing supply and affordability, business land supply and overall city transport movement.
- Avoiding a significant change in strategic priorities to limit the potential for;
 - Relitigating of agreed priority projects.
 - A lack of continued commitment to UFTI and TSP implementation and the ability to proactively secure complete funding packages.
 - Inability to engage in a meaningful way in discussions with the Crown on critical funding matters.
 - Dismantling of arrangements put in place in partnership with NZTA to provide experienced oversight of the significant transport investments.
- The potential that initiatives commenced are either not continued or are not driven with the pace and urgency required to address the city's housing supply deficit, which could increase the cost of new housing supply.
- The complexity, scale and implications of Tauranga's housing supply issues could result in indecision or deferred decision-making, with negative consequences for housing supply and affordability; and the potential that the new Council will divert focus from this significant strategic priority for the City and sub-region.
- Opportunities for the utilisation of Council- or public-owned land to enable urban transformation not being actively progressed, or not progressed with the required pace and decisiveness to achieve affordable housing outcomes.
- Ensuring a productive relationship with Ministers is imperative, with regular engagement and continued endorsement of the direction and planning outcomes agreed through the SmartGrowth partnership.

2.2 Fiscal Strategy

Progress to date

- Tauranga City Council is the first Council to utilise the government's new Infrastructure Funding and Financing Act (IFF) as a key financing tool, borrowing \$177m to fund important transport projects for the City.
- Tauranga City Council, in partnership with the Crown, has developed a further IFF levy for \$151.5m, for funding Te Manawataki o Te Papa – Tauranga's city centre revitalisation project – to support important urban intensification and regeneration. This is currently with the Minister of Housing and Urban Development for consideration.
- Tauranga City Council partnered with NZTA in the development of both UFTI and the TSP to define the strategic priorities for the City and alignment of the future programme, although confirmation of the NZTA funding share of TSP transport projects is now at risk due to the legal framework and funding cycles under which the NZTA operates. Before imposing an irreversible IFF Transport Levy on the Tauranga community for 30 years, the Commission sought and received a Letter of Best Endeavours signed by previous government Ministers. The letter included a 'Commitment Statement' as to how Tauranga City Council and the Crown would work together if circumstances were to arise where NZTA had a funding gap. The letter placed an obligation on both parties (Council and the Crown) to use all efforts to fulfil the terms set out. The Commission recently sought confirmation from Government Ministers as to the status of this letter and the Crown's commitment, and now eagerly awaits a response.
- Extension of the use of Housing Infrastructure Fund (HIF) for a \$35m loan for the Pāpāmoa East Interchange, supporting 3,000 houses in Wairakei and 6,000 houses in the Te Tumu Growth Area.
- Investigating the establishment of a Waters CCO as outlined under section 2.1, would remove the waters activity and associated investment and debt from the Council's balance sheet. Establishing a water CCO with balance sheet separation will free up Council debt headroom thereby enabling acceleration of critically needed land and housing development in planned growth areas.
- Established targeted rates through the LTP 2024-34, to recover the shortfall in growth infrastructure funding unable to be recovered from Development Contributions, from a targeted area where projects have been delivered.
- Utilising the Infrastructure Acceleration Fund (IAF) for Tauriko West (\$80m to enable 2,000 new homes) and Te Papa Peninsula (\$67.9m to enable 1,600 new homes). Te Papa Peninsular funding for Cameron Road Stage 2 is still subject to NZTA Waka Kotahi Funding and timing.
- Through the Long-term Plan Amendment 2021-31 and the Long-term Plan 2024-34, introduced new and more equitable rating differentials and rating systems to ensure appropriate contributions to rates:



*New rating differential introduced in 2022/23 to ensure commercial sector are 'paying their fair share'. New Industrial rating category introduced 2024/25

Mitigating Actions

- We request the Government work proactively with Council through honouring the letter of best endeavours, to ensure timely and aligned funding commitment, to deliver the Transport System Plan programme. The commitment statement made through the Letter of Best Endeavours needs to be able to negotiate the Crown's share of transport funding required to enable critical housing supply, and to avoid Infrastructure Financing and Funding levy penalties, and the need to review, reprioritise and potentially delay the capital programme.
- Ensuring a clear and compelling Council strategy is critical for ongoing partnership and confidence. Government's confidence in Council would be put at risk if the new Council's strategic direction is substantively different to that set-out in the adopted LTP 2024-34, and could potentially jeopardise government funding contributions to infrastructure.
- Ensure retention of the Council's fiscal strategy in relation to forecast rates revenue increases, to fund required investment and reduce the risk of any negative impact in independent credit agency ratings, resulting in a downgrade in credit rating and increased borrowing costs.
- Opportunity to strengthen commitment to strategic growth projects to reduce the risk of the non-delivery of multi-party funding agreements, potential impacts of changes in government policy and competing priorities amongst new elected members.
- Due to Council's balance sheet constraints, it is evident that we are unable to invest in all future planned growth areas and the 2024-34 Long-term Plan has therefore been prepared on the basis of prioritising investment in this 10-year period in:
 - Tauriko West
 - Intensification, primarily in Te Papa
 - Infrastructure in currently-zoned areas

- Planning for and securing land in future growth areas (no physical infrastructure construction).
- We have assessed how this investment programme impacts on the serviced land supply and, consequently, how it contributes to a further increase in the projected housing shortfall, particularly in the medium-term. This indicates that it creates a further reduction of housing supply of 640 homes by 2034 and 1,900 homes by 2040.
- Provide alternative opportunities and innovative solutions that resolve the fiscal limitations Council has on debt levels it can carry, and the affordability of large rates increases for our community. A significant amount of investment is excluded from the LTP across a number of areas of Council's business, which includes allowing for important infrastructure to support growth such as:
 - Over \$400m of infrastructure required for development to commence in Te Tumu (6,500 homes and 50 hectares of business land), is excluded.
 - No investment is included to enable development of the Keenan Road area (2,500-3,000 homes).
 - A significant reduction in expenditure required to support intensification.

2.3 City Centre and Civic Precinct revitalisation initiatives

Progress to date

Work continues on the revitalisation of the city centre, so that it once again becomes the thriving, beating heart of Tauranga city - a great place for people to live, work, learn, play and visit. Planned Council investment in the city centre of \$800m over the next ten years has been a catalyst for a further \$1.5b of private investment and \$180m of central government investment, representing a transformational redevelopment programme with an approximate total value of \$2.5b.



Te Manawataki o Te Papa – ‘the heartbeat of Te Papa’

Site works are well underway on this vibrant new civic space with expected completion dates as follows:

- Masonic Park: September 2024
- Tauranga Art Gallery: December 2024
- Library and Community Hub: mid-2026
- Museum, Exhibition Gallery and Civic Whare (modern town hall/council chamber): mid-2028



Waterfront redevelopment

A suite of works approved are now well underway to help reinvigorate our waterfront and improve connections to Te Awanui Tauranga Harbour. Completed projects include:

- Cargo Shed improvements and seismic strengthening to provide a quality events facility.
- Development of a new 150-space Dive Crescent car park
- Installation of a railway underpass to connect the Strand extension to a new southern boardwalk
- Redevelopment of Tunks Reserve and the Elizabeth Street streetscape.

An additional suite of significant waterfront projects will be completed by the end of 2024, including:

- Northern seawall with specially designed water pods to attract marine life
- Beacon Wharf and surrounds
- Waterfront North promenade and boardwalk
- Waterfront North green/grass event space
- Destination playground
- Southern boardwalk connecting Waterfront South to the Strand Extension.



Funding strategy for Te Manawataki o Te Papa

A total budget of \$306.3 million was approved by Council on 24 July 2023 and the funding strategy for Te Manawataki o Te Papa aims to ensure that Council can meet its commitment of capping the community's rates-funded debt portion of the project costs to a maximum of \$151.5m (to be funded through an IFF levy). So far, Council has raised a total of \$89.4m through a combination of Three Waters Better Off and TECT (Tauranga Energy Consumer Trust) Funding and the sale of assets.

Construction of Tauranga City Council's future administration building

Construction of council's new administration building at 90 Devonport Road started in January 2023 and is due for completion in early-2025, bringing council administration staff together under one roof for the first time since 2014. The impact of having 900 Council staff based in the city centre will be significant, especially when combined with other private sector development underway within close proximity. Once complete, the building, owned by Willis Bond and leased by council for fifteen years, will be the largest mass timber office building in New Zealand and has set new standards for sustainability in development and construction.



Community Stadium at Tauranga Domain

Following extensive stakeholder and community engagement, a community stadium at Tauranga domain was approved for construction in a staged approach, beginning in year nine of the 2024–34 Long-term Plan. The stadium is appropriately scaled for a city of Tauranga's current size and future projected growth and is designed to be multi-purpose focusing on enabling year-round community use alongside major sporting and performance events. The staged approach will enable cost-effective delivery while making the most of existing facilities on Tauranga Domain in the interim.

Mitigating actions

The Commission has twice undertaken extensive, formal community consultation regarding Te Manawataki o Te Papa (TMOTP). This involved first consulting on the proposal to build the civic precinct as one project; and secondly, engaging with the community about the proposal to fund the ratepayer portion of the project through an IFF levy. Both phases of engagement saw wide community support for these proposals.

The Council has applied for a second IFF levy to fund the ratepayer share of TMOTP (\$151.5m). The IFF proposal for funding the ratepayer share of TMOTP is with the Minister for Housing and Urban Development for consideration and consultation. If approved by the Minister, the timing for lodgement of a Cabinet paper and order in council is expected in the coming month.

Council has largely completed negotiations around the details of the funding agreement and monitoring deed. Until the Minister has agreed to the proposal, there is a risk that the IFF funding may not eventuate, or that further consideration may be required. If the IFF levy is not approved, the ratepayer funding portion of TMOTP could be at risk, with a resulting potential impact on private funding due to a lack of funding certainty, which in turn could jeopardise the project as a whole.

The LTP capital programme is based on utilisation of an IFF levy for part-funding TMOTP. If this off-balance sheet financing is not approved, there would need to be a review of the timing and scale of Council's total capital programme to remain within debt limits, which are already notably constrained.

2.3 a) Investment in the City and community facilities

Progress to date

The Commission's exit plan, dated 25 November 2021, noted a significant historic underinvestment in the city, specifically regarding community facilities and amenity. A key focus over the last three years has been to progress and sufficiently resource delivery of community facilities and natural environments that enhance social, health and environmental wellbeing.

This has included addressing either poorly maintained facilities, or a lack of capacity. Accordingly significant investment has occurred since 2021 to provide new facilities such as indoor court space, co-investment to support groups and clubs to invest in new facilities, or rejuvenated city outdoor recreational and play spaces. This clear commitment has enhanced the liveability of the city for existing, as well as future residents and enhanced the facilities that bring people together and provide connection and belonging.



In addition, long standing deficits in the provision of community centres has also been addressed with commitments to construct community centres at Merivale and Gate Pa as meeting and community hubs for those communities. The investment commitment provides for the range of demographics in the city and both for informal and formal activities.

In December 2023, the Commission approved the Memorial Park Aquatic Centre redevelopment, alongside the purchase and retrofit of the 'Warehouse' building at 483 Cameron Rd for enhanced indoor court provision. The new centre will address an aquatic need within the community that has been known for some time and provide a facility that caters for a wide range of aquatic users in an indoor and outdoor setting. The new indoor court facility on Cameron Road will replace the QE2 building on Memorial Park. The larger, enhanced and fully-accessible facility will be complete in late-2024.



Gate Pa Community Centre



Memorial Park Recreation Hub



Gordon Spratt Community Sports Pavilion



Merivale Community Centre



Links Ave Artificial Turf

Mitigating actions

Ongoing investment in community facilities and environmental outcomes will help support existing needs and deliver on the community aspirations articulated through the city vision engagement process.

2.4 Effective partnerships with central Government, regional partners and mana whenua

Progress to date

- Tauranga City Council, together with the Bay of Plenty Regional Council, Western Bay of Plenty District Council and Priority One, continues to undertake work on a potential City/Regional Deal with the Government. Good progress has been made in identifying a value proposition which reflects the Government's priorities and addresses the key needs of the sub-region. The Commission, alongside our sub-regional partners, has sought to achieve a level of formal agreement of City/Regional Deal priorities and principles with central government prior to the end of the Commission term, to ensure continued momentum and sub-regional alignment. We are awaiting feedback on this from key government Ministers.
- City Centre civic precinct land ownership has been transferred under an historic joint ownership agreement with iwi, to help reconcile past events and restore mana to hapū and iwi.
- A continued focus on strong and trusted partnerships with mana whenua and our key city partners through early and open communication, collective decision-making and delivering on commitments is an ongoing priority.
- Investing in proactive community engagement, leading to a significant improvement in Council's Media Impact Score, as noted under section 7.
- Following on from the efforts of previous Councils and Council partners, the Commission has collaborated with key stakeholders on an extensive community engagement process to finalise a city vision and strategic direction for Tauranga. The framework provides a platform for Council to continue to work in conjunction with our partners to deliver on the aspirations of the city and provides certainty and consistency for the community.

Mitigating actions

- Efforts to build strong and trusted partnerships with mana whenua and our key city partners must continue to strengthen, and relationships maintained.
- Relationships with central government are critical to ensure ongoing investment in agreed priority projects. Building trust and confidence in the new Council is essential to ensure the availability of external funding.
- Finalise a City/Regional Deal between Tauranga City Council, our sub-regional partners and Government to enable implementation of the collectively agreed urban development strategy and long-term plan and provide the platform for coordinated investment, reform, governance, and delivery across the region.
- Ensure Ministers are regularly engaging with and delivering on commitments to Tauranga City Council and the partnership agreements in place through SmartGrowth.

2.5 Enhance Council's organisational culture and ability to recruit and retain skilled and experienced staff (note this links closely with section 4 below)

Progress to date

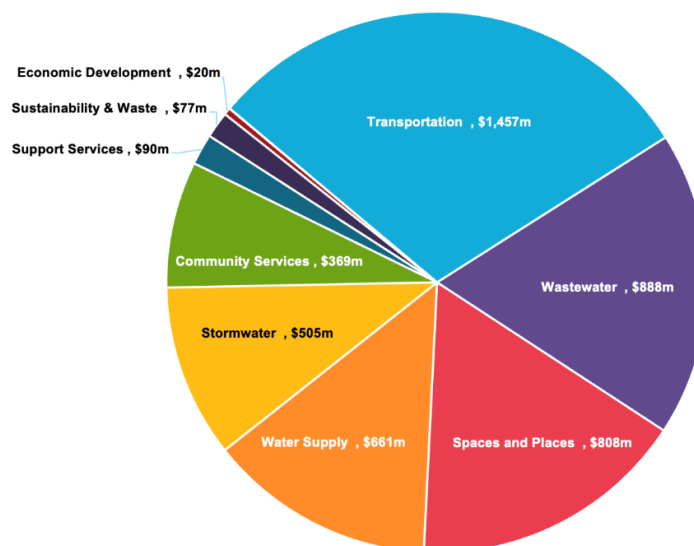
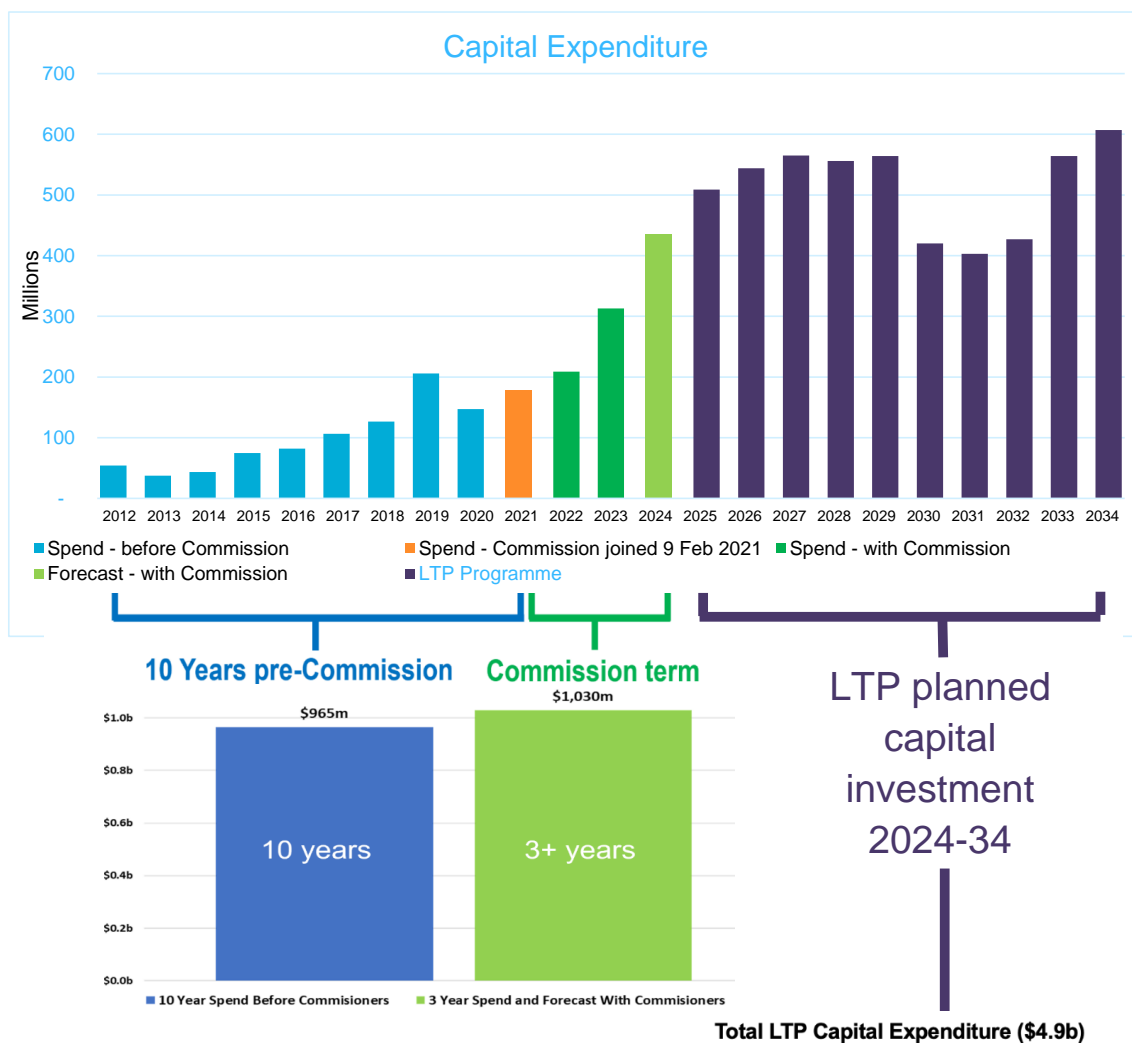
- Chief Executive Marty Grenfell reappointed in mid-2023 for a further 5-year term.
- An experienced and capable Executive Team within Council.
- Recent appointment of high calibre applicants into key strategic positions within Council, as well as the appointment of external governance for major infrastructure projects and programmes, to ensure technical expertise and appropriate oversight of delivery.
- The results of a recent, independently run staff survey reported a positive culture within the organisation. Overall, the survey was completed by 95% of Council staff, with the results indicating good engagement, high levels of productivity and effective leadership.
- As at the end of the May 2024, Council has 1114 FTEs, an increase of 10.1% since 30 June 2023. This largely reflects resourcing an accelerated capital investment delivery programme, as well as moves to bring the delivery of mowing and maintenance of other open spaces activities inhouse, while a cooling of the external job market has also assisted the filling of long-held vacant roles. Unplanned turnover remains low at 11.5% (down from 14.4% last year).

Mitigating actions

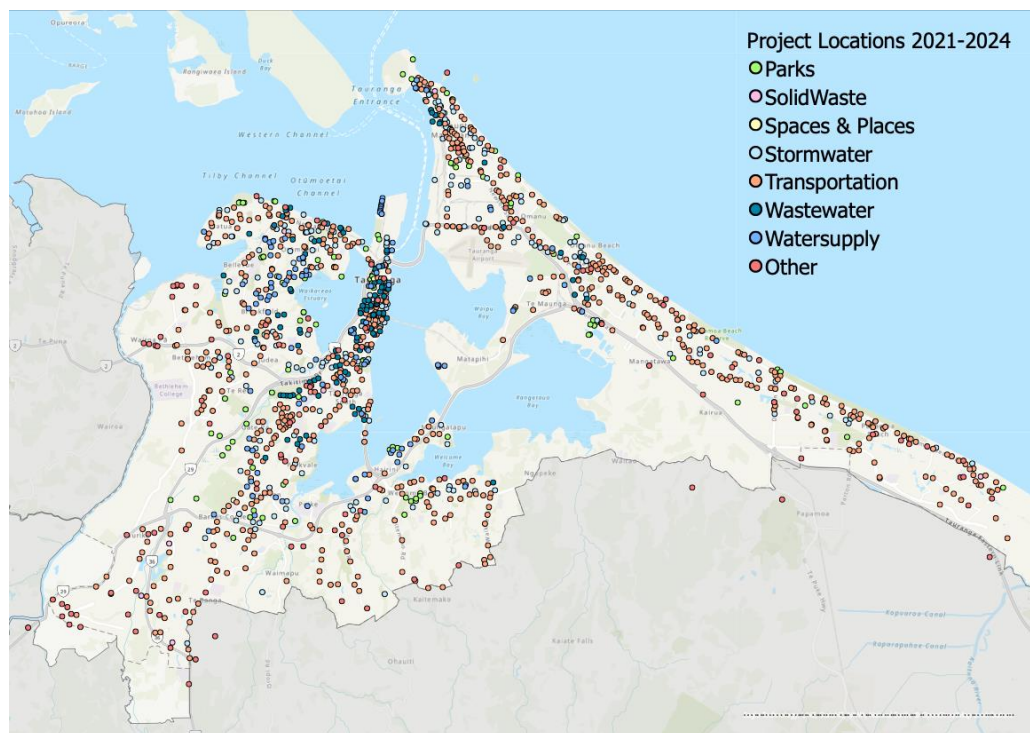
- A new Council, elected for a four-year term, provides an opportunity for future certainty, enhancing staff attraction and retention and organisational culture.

3. Issues faced by the council and actions to address these issues

As noted by the Review and Observer Team in 2020: "It is clear to the Team that successive councils have identified a large amount of critical infrastructure that is needed to support growth that is known about, planned for, and expected. Equally, successive councils have failed to fund the delivery of that infrastructure." Historic underinvestment has been addressed by the Commission, including significantly increasing the investment in the City, but also realistically planning and budgeting for necessary infrastructure investment required, through the Long-term Plan 2024-34.



Project delivery through the Commission term has been spread throughout the city and includes delivery of projects across the range of Council services and activities.



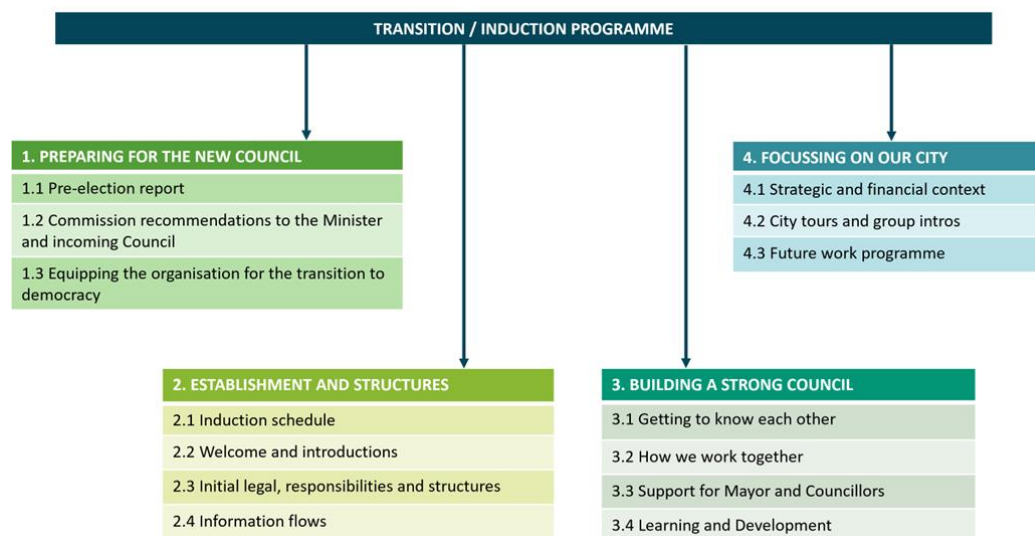
4. Work with the council's Chief Executive to build capability, capacity and resilience within the council organisation

- Organisational capacity and capability have increased with skills and expertise to align with the scale and complexity of the strategic challenges and LTP work programme. Specifically, capacity and capability has markedly increased in the Transportation projects delivery area.
- Investment in Executive and Senior Leadership Team leadership training.
- To ensure the timely and cost-effective delivery of Council's planned major capital expenditure programme, structures have been put in place to provide effective project governance. This involves oversight of project delivery and execution by people with the appropriate experience and expertise.

5. Return to democracy

The Commission has developed a 'Briefing to Incoming Council' to share key strategic and contextual information with the new Council. In addition, the Commission has worked with the organisation to develop a comprehensive transition-back-to-democracy plan, and induction for the new Council to help ensure a successful transition. The induction programme aims to provide a comprehensive foundation for the new Council, providing them the opportunity to form strong working relationships with each other and preparing them with the necessary skills and knowledge to effectively govern the city, in their role as elected members of Council.

The overall transition/induction programme is based around four workstreams:



Workstream 1: Preparing for the new Council

A primary purpose of this workstream is to ensure all candidates have access to relevant, accurate and up-to-date information about the city and the council's current position. In addition, that the newly elected Council has a clear overview from the Commissioners, regarding key priorities, opportunities and challenges for Tauranga.

Workstream 2: Establishment and Structures

This workstream addresses fundamental duties, functions, and structures required for the Council. It covers the delivery of essential knowledge and training, ensuring the Mayor and Councillors understand their legislative responsibilities and are ready to fulfil their duties.

Workstream 3: Building a strong Council

Mayor and Councillors will be provided the opportunity to form strong relationships with each other and the organisation. This includes the opportunity for team building and establishing agreed protocols, to ensure effective ongoing interactions with the organisation. This also includes the introduction of newly established roles to support elected members through a team of governance and communications advisors. More bespoke opportunities for tailored professional development and support will also be provided as options.

Workstream 4: Focussing on our City

Knowledge of the organisation, its strategic and financial context, combined with the overview of the city and its needs are crucial for the incoming Council to govern successful outcomes. This workstream will ensure the Mayor and Councillors are provided the information they need about the city and the council's critical forward work programme, in order to develop a good understanding of the scope and scale of council's operations and priorities.

6. Encouraging quality candidates to stand for election

Before the election period commenced, the Commission worked with the organisation to identify opportunities to encourage quality candidates to stand for election. This involved two key initiatives;

1. Identifying key attributes of a quality candidate, and
2. Delivering a roadshow to help inform the community about the key opportunities and challenges for the City, enabling more informed candidates and providing a platform for meaningful election debate.

The Commission has also endorsed an innovative and engaging election campaign to encourage a broad range of candidates to stand for election, and subsequently to encourage the community to vote.



This has resulted in 85 nominations being received from 75 candidates for 10 positions, with 15 candidates standing for the mayoralty. A full list of candidates is available on the Council's [election webpage](#).

A variety of initiatives are being used in the voting phase of the campaign to attract a wide range of voters, including our harder to reach communities and voting cohorts. This includes the use of social media, media releases, short videos, and targeted advertising throughout the campaign. To assist this, translations of key election messages are being made available in Te Reo, Punjabi, Korean, Hindi, Spanish, Chinese Mandarin, Samoan and Tongan.

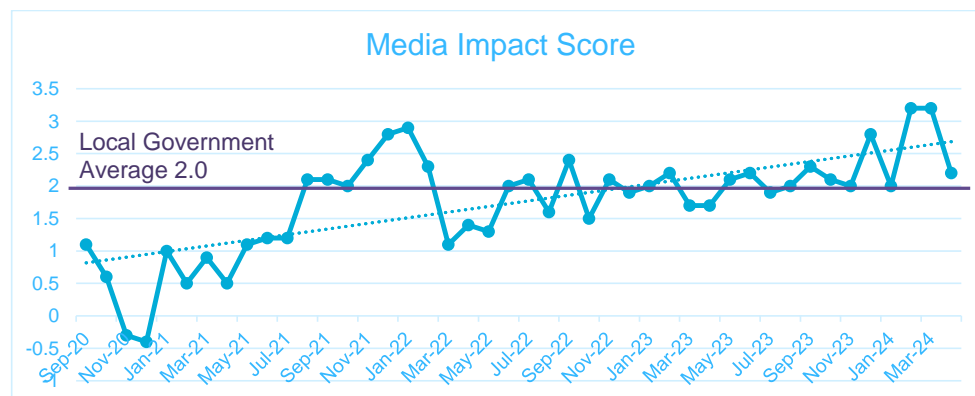
7. Maintain the trust and confidence of the community in the council

Improving and maintaining the trust and confidence of the community has been a major focus for the Commission. Focus areas have included improving external communications broadly, and a collaborative approach to engagement with a wide range of community partners and stakeholders.

The approach to identify key priorities across the community, improve consultation and ensure effective delivery, has been a key factor to the increased trust and confidence the community now has in the Council.

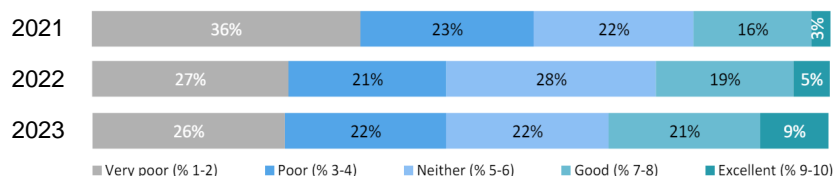
Media sentiment:

The Media Impact Score is a multivariate score based on the tone of media coverage, as well as the likely impact of that coverage on your key audiences and communities. It provides a consistent industry benchmark, used to compare and contrast media sentiment over time. The Local Government average score is 2.0. Tauranga City Council has seen a significant increase between the score when the Commission term commenced in February 2021 (0.5), and the latest score (2.2).



Community perception:

The Council also undertakes an Annual Resident Satisfaction Survey. One of the survey questions specifically asks the community about their thoughts regarding trust in the Council. As outlined below, there has been an overall improvement in the community's trust in Council, as rated by the community through this survey. Resident Satisfaction survey – Trust in Council



Final Report of the Commission to the Minister of Local Government

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