



# AGENDA

## Ordinary Council meeting Monday, 24 February 2025

I hereby give notice that an Ordinary meeting of Council will be held on:

**Date:** Monday, 24 February 2025

**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](http://www.tauranga.govt.nz).*

**Marty Grenfell**  
Chief Executive

# Terms of reference – Council

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## Membership

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<b>Chairperson</b>	Mayor Mahé Drysdale
<b>Deputy Chairperson</b>	Deputy Mayor Jen Scoular
<b>Members</b>	Cr Hautapu Baker Cr Glen Crowther Cr Rick Curach Cr Steve Morris Cr Marten Rozeboom Cr Kevin Schuler Cr Rod Taylor
<b>Quorum</b>	<u>Half</u> of the members present, where the number of members (including vacancies) is <u>even</u> ; and a <u>majority</u> of the members present, where the number of members (including vacancies) is <u>odd</u> .
<b>Meeting frequency</b>	Three weekly or as required

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## Role

- To ensure the effective and efficient governance of the City.
- To enable leadership of the City including advocacy and facilitation on behalf of the community.
- To review and monitor the performance of the Chief Executive.

## Scope

- Oversee the work of all committees and subcommittees.
- Exercise all non-delegable and non-delegated functions and powers of the Council.
- The powers Council is legally prohibited from delegating include:
  - Power to make a rate.
  - Power to make a bylaw.
  - Power to borrow money, or purchase or dispose of assets, other than in accordance with the long-term plan.
  - Power to adopt a long-term plan, annual plan, or annual report.
  - Power to appoint a chief executive.
  - Power to adopt policies required to be adopted and consulted on under the Local Government Act 2002 in association with the long-term plan or developed for the purpose of the local governance statement.
  - All final decisions required to be made by resolution of the territorial authority/Council pursuant to relevant legislation (for example: the approval of the City Plan or City Plan changes as per section 34A Resource Management Act 1991).
- Council has chosen not to delegate the following:
  - Power to compulsorily acquire land under the Public Works Act 1981.
- Make those decisions which are required by legislation to be made by resolution of the local authority.

- Authorise all expenditure not delegated to officers, Committees or other subordinate decision-making bodies of Council.
- Make appointments of members to the council-controlled organisation Boards of Directors/Trustees and representatives of Council to external organisations.
- Undertake all statutory duties in regard to Council-controlled organisations, including reviewing statements of intent and receiving reporting, with the exception of the Local Government Funding Agency where such roles are delegated to the City Delivery Committee. This also includes Priority One reporting.
- Consider all matters related to Local Water Done Well.
- Consider any matters referred from any of the Standing or Special Committees, Joint Committees, Chief Executive or General Managers.
- Review and monitor the Chief Executive's performance.
- Develop Long Term Plans and Annual Plans including hearings, deliberations and adoption.
- For clarity the Council will develop, review, undertake hearings of and deliberations on community submissions to bylaws as well as the adoption of the final bylaw.

### **Procedural matters**

- Delegation of Council powers to Council's committees and other subordinate decision-making bodies.
- Adoption of Standing Orders.
- Receipt of Joint Committee minutes.
- Approval of Special Orders.
- Employment of Chief Executive.
- Other Delegations of Council's powers, duties and responsibilities.

### **Regulatory matters**

Administration, monitoring and enforcement of all regulatory matters that have not otherwise been delegated or that are referred to Council for determination (by a committee, subordinate decision-making body, Chief Executive or relevant General Manager).



## Order of Business

<b>1</b>	<b>Opening karakia</b> .....	<b>7</b>
<b>2</b>	<b>Apologies</b> .....	<b>7</b>
<b>3</b>	<b>Public forum</b> .....	<b>8</b>
3.1	Jan Jamieson on behalf of the Tauranga Harbour Protection Society - Te Hononga ki Te Awanui (Memorial Park to Elizabeth Recreation Connection) .....	8
3.2	Brian Scantlebury - Te Hononga ki Te Awanui (Memorial Park to Elizabeth Recreation Connection).....	8
<b>4</b>	<b>Acceptance of late items</b> .....	<b>9</b>
<b>5</b>	<b>Confidential business to be transferred into the open</b> .....	<b>9</b>
<b>6</b>	<b>Change to the order of business</b> .....	<b>9</b>
<b>7</b>	<b>Confirmation of minutes</b> .....	<b>9</b>
	Nil	
<b>8</b>	<b>Declaration of conflicts of interest</b> .....	<b>9</b>
<b>9</b>	<b>Deputations, presentations, petitions</b> .....	<b>9</b>
	Nil	
<b>10</b>	<b>Recommendations from other committees</b> .....	<b>10</b>
10.1	Recommendatory Report from the Accountability, Performance & Finance Committee - Rating Categories and Rating Policy .....	10
<b>11</b>	<b>Business</b> .....	<b>12</b>
11.1	Te Hononga ki Te Awanui (Memorial Park to Elizabeth Recreation Connection).....	12
11.2	2025/26 User Fees and Charges: Policy Alignment and Changes .....	20
11.3	Rating Policy Review 2025/2026 Annual Plan .....	35
11.4	Draft Annual Plan 2025/26 - Decision Making .....	46
<b>12</b>	<b>Discussion of late items</b> .....	<b>166</b>
<b>13</b>	<b>Public excluded session</b> .....	<b>167</b>
13.1	Asset Realisation Reserve - 376 No.1 Road, Te Puke (Orchard Block) Divestment Objectives and Disposal Classification .....	167
13.2	Asset Realisation Reserve - Kairua Road - Divestment Objectives and Disposal Classification .....	167
<b>14</b>	<b>Closing karakia</b> .....	<b>168</b>



**1 OPENING KARAKIA**

**2 APOLOGIES**

**3 PUBLIC FORUM**

- 3.1 Jan Jamieson on behalf of the Tauranga Harbour Protection Society - Te Hononga ki Te Awanui (Memorial Park to Elizabeth Recreation Connection)**

**ATTACHMENTS**

**Nil**

- 3.2 Brian Scantlebury - Te Hononga ki Te Awanui (Memorial Park to Elizabeth Recreation Connection)**

**ATTACHMENTS**

**Nil**



**4 ACCEPTANCE OF LATE ITEMS**

**5 CONFIDENTIAL BUSINESS TO BE TRANSFERRED INTO THE OPEN**

**6 CHANGE TO THE ORDER OF BUSINESS**

**7 CONFIRMATION OF MINUTES**

Nil

**8 DECLARATION OF CONFLICTS OF INTEREST**

**9 DEPUTATIONS, PRESENTATIONS, PETITIONS**

Nil

## 10 RECOMMENDATIONS FROM OTHER COMMITTEES

### 10.1 Recommendatory Report from the Accountability, Performance & Finance Committee - Rating Categories and Rating Policy

**File Number:** A17351721

**Author:** Caroline Irvin, Governance Advisor

**Authoriser:** Coral Hair, Manager: Democracy and Governance Services

#### PURPOSE OF THE REPORT

1. The purpose of this report is to bring a recommendation from the Accountability, Performance and Finance Committee to Council for consideration. At its meeting on 5 November 2024, the Committee passed the following resolution which includes a recommendation to Council.

#### COMMITTEE RESOLUTION APF3/24/3

Moved: Deputy Mayor Jen Scoular

Seconded: Mayor Mahé Drysdale

That the Accountability, Performance & Finance Committee:

- (a) Receives the report "Rating Categories and Rating Policy".
- (b) Notes that consideration of "who pays", including for transportation, is part of the annual planning process and Council will have the opportunity to further consider the level of general rates, and the impact on differential ratepayers through this process.
- (c) Recommends to Council that as part of the annual plan process, Council considers along with the draft budget in February, options regarding the industrial category including:
  - (i) Removing smaller operations from the industrial category.
  - (ii) Reviewing the level of differential.
  - (iii) Recombining commercial and industrial rating categories.
- (d) Recommends to Council that as part of the annual plan process, Council considers whether to continue to move toward general rates set at a fixed proportion of residential 65%, Commercial 15%, industrial 20% as included in the LTP.
- (e) Recommends that Council directs staff to bring back a brief business case to develop a rates estimator calculator on council's property search page for the first 3 years of the Long-Term Plan, to be ready before council's next Long-term Plan.

**CARRIED**

2. In accordance with the Committee recommendations (c), (d) and (e) Council are now asked to:

- Consider, along with the draft budget in February, options regarding the industrial category including:

- (i) Removing smaller operations from the industrial category.
- (ii) Reviewing the level of differential.
- (iii) Recombining commercial and industrial rating categories.
- As part of the annual plan process, consider whether to continue to move toward general rates set at a fixed proportion of residential 65%, Commercial 15%, industrial 20% as included in the LTP.

And

- Direct staff to bring back a brief business case to develop a rates estimator calculator on Council's property search page for the first 3 years of the Long-Term Plan, to be ready before Council's next Long-term Plan.

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## RECOMMENDATIONS

That the Council:

- (a) Receives the report "Recommendatory Report from the Accountability, Performance & Finance Committee - Rating Categories and Rating Policy".
- (b) Adopts the recommendations of the Accountability, Performance & Finance Committee and considers, along with the draft budget in February, options regarding the industrial category including:
  - (i) Removing smaller operations from the industrial category.
  - (ii) Reviewing the level of differential.
  - (iii) Recombining commercial and industrial rating categories.
- (c) Adopts the recommendations of the Accountability, Performance & Finance Committee and as part of the annual plan process, consider whether to continue to move toward general rates set at a fixed proportion of residential 65%, Commercial 15%, industrial 20% as included in the LTP.
- (d) Directs staff to bring back a brief business case to develop a rates estimator calculator on Council's property search page for the first 3 years of the Long-Term Plan, to be ready before Council's next Long-term Plan.

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## ATTACHMENTS

Nil

## 11 BUSINESS

### 11.1 Te Hononga ki Te Awanui (Memorial Park to Elizabeth Recreation Connection)

**File Number:** A16901783

**Author:** Amanda Davies, **Manager:** Spaces and Places Project Outcomes

**Authoriser:** Barbara Dempsey, **General Manager:** Community Services

#### PURPOSE OF THE REPORT

1. To seek Council direction on whether they wish staff to complete the preliminary design for Te Hononga ki Te Awanui (Memorial Park to Elizabeth Recreation Connection) to allow staff to seek a legal determination on its feasibility.

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#### RECOMMENDATIONS

That the Council:

- (a) Receives the report "Te Hononga ki Te Awanui (Memorial Park to Elizabeth Recreation Connection)".
- (b) Approves:
  - Option i – Suspends all non-committed work on the project; or
  - Option ii – Complete work required to get a legal determination on the proposed design for the full recreation connection; or
  - Option iii – Delivery of node enhancement only; or
  - Option iv – Delivery of node enhancement and completion of work required to get a legal determination.
- (c) (If Option i or Option ii or Option iii is approved under recommendation (b), rescinds parts (b), (c), and (d) of resolution CO14/23/5 made at the council meeting of 21 August 2023 meeting)

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#### EXECUTIVE SUMMARY

2. A coastal connection between Memorial Park and the city centre has been formally included in a variety of TCC strategy and policy documents since 2004.
3. In August 2023, a paper was presented to council around the options for progressing this work, with a resolution being made to progress Option C of the report, which included undertaking work to improve Harbour access/connectivity, and progressing the work required to test the legal position regarding property riparian rights for future development work.
4. As part of the reforecasting of budgets to deliver the current annual plan commitments, the scope of this project has been reviewed.
5. A reduced scope is proposed, that would see the work on the improvements for Harbour access/connectivity being put on hold, but the work required to undertake a legal determination regarding the property riparian rights for future development work is progressed.
6. Any legal determination would mean that the feasibility of the project could be tested bringing certainty to both TCC and Landowners around the future feasibility of the recreation connection.

7. If the outcome of the legal determination was favourable for the construction of the recreation connection, a full project costing (including completion of design, consenting and construction) could be undertaken for consideration as part of the next LTP.

## BACKGROUND

8. Council has formally considered providing a coastal connection between Memorial Park with the city centre several times over the last 20 years, commencing 2004. The primary benefit of this connection centres around improving the connection of people with the water/the coastal edge and providing a safer cycle route into the city centre as an alternative to Devonport Rd.
9. Further information on the project, including options and outcomes, was provided via Council report on 25 July 2022<sup>1</sup> and 21 August 2023<sup>2</sup>. In August 2023, the estimated cost of delivering the connection (from Elizabeth St to Memorial Park) was approximately \$28.2m. The decisions from the 21 August 2023 meeting are below.

### RESOLUTION CO14/23/5

*That the Council:*

*(a) Receives the report "Draft Long Term Plan 2024-2034 - Memorial to Elizabeth Waterfront Recreation Connection \ Te Hononga ki Te Awanui".*

*(b) Approves delivery of Option C, which is limited intervention of the city fringe and escarpment link zones from 1st to 7th Avenue, which may include some beach replenishment between 6th and 7th Avenues as an achievable short/medium-term outcome, acknowledging that it does not achieve the accessible linear connection along the shoreline but does however, improve public access at the road ends to the harbour edge.*

*(c) Approves consultancy costs of \$585,000 to progress the consenting, legal, planning and design work for short/medium-term Option C, acknowledging the construction costs of \$6M, which are currently included in the Draft Long-term Plan 2024-2034.*

*(d) Approves consultancy costs of \$1.65M to progress the consenting, legal, planning and design work for long-term Option B, including determination of the legal position regarding property right issues. Any construction costs to be considered as part of deliberations for the following long-term plan.*

*(e) Enters into a Memorandum of Understanding with Mana Whenua.*

10. Council decided to proceed with the delivery of Option C and B above, which would create harbour 'access' nodes between 1<sup>st</sup> to 7<sup>th</sup> Avenue together with the completion of design work to obtain a determination of the legal determination regarding property riparian right issues, to assess the feasibility of the project long term.
11. Option C also minimised some of the identified risks with the provision of the recreation connection, notably those relating to riparian rights, as whilst the project concept has been well received by the wider community, private landowners along the harbour's edge with riparian rights have largely opposed it.
12. The Tauranga Harbour Protection Society (THPS) have suggested a joint application to the High Court for a declaratory judgement (determination) to provide certainty before proceeding further with the any consent process. This would require completing a preliminary design for the proposed connection, so that the impacts, if any, of the design on harbour access and riparian rights could be accurately assessed.
13. Council resolved to making a joint application, and completing the work required for this was approved by Council at the 21 August 2023 meeting (see resolution CO14/23/5 (d) above).

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<sup>1</sup> Minutes from 25 July 2022 meeting  
[https://infocouncil.tauranga.govt.nz/Open/2022/07/CO\\_20220725\\_MIN\\_2430.PDF](https://infocouncil.tauranga.govt.nz/Open/2022/07/CO_20220725_MIN_2430.PDF)

<sup>2</sup> Minutes from 21 August 2023 meeting  
[https://infocouncil.tauranga.govt.nz/Open/2023/08/CO\\_20230821\\_MIN\\_2606.PDF](https://infocouncil.tauranga.govt.nz/Open/2023/08/CO_20230821_MIN_2606.PDF)

Note that Option B referred to above is the delivery of the full recreation connection from Memorial Park to Elizabeth Street in the city centre.

14. To date Council has completed the Draft Concept Design for Option C, and this is being progressed to Preliminary Concept Design (currently on hold). Landowners have provided feedback on the Draft Concept Design and this will be reflected in the Preliminary Concept Design. The Preliminary Concept Design can be finalised once Council has received and considered the findings of completed geotechnical surveys and resulting design elements and updated costings are completed.
15. Note that Stage 1 of Te Hononga ki Te Awanui has been completed. Stage 1 included the construction of a railway underpass next to the Harbourside Restaurant (completed) and a new section of boardwalk joining the underpass with the southern end of The Strand. This links the waterfront boardwalk from The Strand through to Tunks Reserve at the eastern end of Elizabeth Street.
16. The options discussed by this report refer to Stage 2 of Te Hononga ki Te Awanui.
17. This report presents a range of options to Council:
  - i. Suspend all non-committed work on this project, with no retention of budget for work in the future. This would result in delivering on current contractual commitments only.
  - ii. The completion of work required to get a legal determination on the proposed design for the full recreation connection (Option B) **only** with no implementation of Option C, and no retention of the associated \$6.5m capex budget.
  - iii. Delivery of Option C, node enhancement, only (no legal determination is sought regarding Option B).
  - iv. Delivery of Option C node enhancement, and the completion of work required to get a legal determination on the proposed design for the full recreation connection.
18. The options above are discussed in more detail under the options analysis section.

**OPTIONS ANALYSIS**

**Option i. – Suspend all non-committed work**

19. Suspend all non-committed work on this project, with no retention of budget for work in the future. This would result in delivering on current contractual commitments only.
20. Cost: \$964,000 (\$564,000 actual expenditure in 2023/2024 and \$400,000 for 2024/2025 to cover actual expenditure to date, and close out costs – all OPEX).
21. Key risks: no clarity is gained regarding the feasibility of the project, and the \$964,000 spent does not deliver any outcomes.

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• Council does not commit further funds to a project which is unlikely to be delivered in full at this time</li> </ul>	<ul style="list-style-type: none"> <li>• It remains unclear as to whether the project could be feasibly delivered from a legal standpoint.</li> <li>• No benefit is derived from the \$964,000 spent.</li> </ul>

**Option ii. – Complete work required to get a legal determination on the proposed design for the full recreation connection**

22. The completion of work required to get a legal determination on the proposed design for the full recreation connection *only*, with no development of ‘nodes’ on the coastal edge at the bottom of improved Avenue links (First Avenue through to Seventh Avenue) and no retention of the \$6.5m capex budget for this work. This would however, determine if the project is legally feasible for the future and provide certainty for landowners and private landowners.

- 23. Cost: \$1,681,701 (\$564,000 actual expenditure in 2023/2024 and \$400,000 for 2024/2025 to cover actual expenditure to date, and FY2025/2026 additional \$717,701 to undertake a legal determination - all OPEX ).
- 24. If the outcome of the legal determination is favourable for the construction of the recreation connection, a full project cost estimate would be undertaken for consideration as part of a future LTP process.
- 25. Key risks: Legal costs are estimated only, and dependent on length of process additional funding for legal fees may be required.

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• Provides clarity as to whether the project is legally feasible. As this project has been considered in various forms since 2004, but the legal viability of it has been in question for this period, this would provide needed certainty for both Council and private landowners.</li> </ul>	<ul style="list-style-type: none"> <li>• Requires additional investment beyond the current financial year to complete preliminary design work and legal fees.</li> <li>• Given Council’s current financial position, the project is unlikely to be delivered within the current LTP.</li> <li>• Legal costs are <b>estimated only</b>, and dependent on length of process additional funding for legal fees may be required</li> </ul>

**Option iii. – Delivery of node enhancement only**

- 26. The development of ‘nodes’ on the coastal edge at the bottom of improved Avenue links (First Avenue through to Seventh Avenue) only.
- 27. Cost: \$964,000 opex (\$564,000 actual expenditure in 2023/2024 and \$400,000 for 2024/2025 to cover actual expenditure to date – OPEX) plus \$6.5M Capex (2024/25 \$41,364 actual expenditure, 2025/26 \$1.5M construction costs, 2026/27 \$4M construction costs, 2027/28 \$1M construction costs)
- 28. Key risks: that the nodes are delivered but provide minimal community benefit in isolation (without delivery of the connection as a whole).

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• Provides additional community amenity and connection to harbour.</li> </ul>	<ul style="list-style-type: none"> <li>• Requires additional investment beyond the current financial year.</li> <li>• Will not resolve the issue of the legal status of the project, which would need to be provided if the project was to proceed in the future</li> </ul>

**Option iv. – Delivery of node enhancement and completion of work required to get a legal determination**

- 29. Delivery of node enhancement, and the completion of work required to get a legal determination on the proposed design for the full recreation connection. This is the current status quo option, as approved via the LTP 2024-2034.
- 30. Cost: The cost for delivery of this options would be broken into capex and opex as follows:
  - (a) Delivery of node enhancement - Cost: \$964,000 opex (\$564,000 actual expenditure in 2023/2024 and \$400,000 for 2024/2025 to cover actual expenditure to date – OPEX) plus \$6.5M Capex (2024/25 \$41,364 actual expenditure, 2025/26 \$1.5M construction costs, 2026/27 \$4M construction costs, 2027/28 \$1M construction costs)

- (b) Legal Determination - \$1,681,701 (\$564,000 actual expenditure in 2023/2024 and \$400,000 for 2024/2025 to cover actual expenditure to date, and FY2025/2026 additional \$717,701 to undertake a legal determination -OPEX ).

31. Key risks: that the nodes are delivered but the legal review of the proposed design for the connection (as a whole) finds it not legally viable.

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• Provides clarity as to whether the project is legally feasible.</li> <li>• Improves access and amenity to those walking to and along the foreshore at mid – low tide</li> <li>• Aligns with the wider redevelopment of Memorial Park</li> </ul>	<ul style="list-style-type: none"> <li>• Requires additional investment beyond the current financial year.</li> <li>• Access to the foreshore would not be provided to all physical abilities.</li> <li>• Legal costs are <b>estimated only</b>, and dependent on length of process additional funding for legal fees may be required</li> </ul>

**FINANCIAL CONSIDERATIONS**

32. Expenditure to date on this iteration of the project is as follows:

- 2023/2024 - \$564,000 Opex
- 2024/2025 - \$343,000 Opex costs at the end of November. A total Opex budget is required the current year of \$400,000 is required to close out current contracts (an additional \$40,000 Opex costs have been incurred at the end of November, post budget reforecast for FY 25. All project expenditure to date was spent in accordance with the council resolution CO14/23/5.

33. Any future expenditure on the project is outlined in the options above.

34. If the outcome of the legal determination was favourable for the construction of the recreation connection, a full project costing (including completion of design, consenting and construction) would be undertaken for consideration as part of the next LTP.

	Option i – Suspend Work	Option ii – Legal Determination Only	Option iii – Node enhancement Only	Option iv – Node enhancement plus Legal Determination
<b>OPEX</b>				
2023/24	564,000	564,000	564,000	564,000
2024/25	400,000	400,000	400,000	400,000
2025/26		717,701		717,701
<b>TOTAL</b>	<b>964,000</b>	<b>1,681,701</b>	<b>964,000</b>	<b>1,681,701</b>
<b>CAPEX</b>				
2023/24				
2024/25	41,364	41,364	41,364	41,364
2025/26			1,500,000	1,500,000
2026/27			4,000,000	4,000,000
2027/28			1,000,000	1,000,000
<b>TOTAL</b>	<b>41,364</b>	<b>41,364</b>	<b>6,541,364</b>	<b>6,541,364</b>



**STATUTORY CONTEXT**

- 35. Council allocated funds to this project via the LTP 2024-2034. This report revisits this decision and seeks confirmation of funding for the completion of work required to get a legal determination on the proposed design for the full recreation connection.

**STRATEGIC ALIGNMENT**

- 36. This contributes to the promotion or achievement of the following strategic community outcome(s):

	Contributes
We are an inclusive city	✓
We value, protect and enhance the environment	<input type="checkbox"/>
We are a well-planned city	<input type="checkbox"/>
We can move around our city easily	✓
We are a city that supports business and education	<input type="checkbox"/>

**LEGAL IMPLICATIONS / RISKS**

- 37. Sixteen properties along the coastal connection route have riparian rights.
- 38. The Tauranga Harbour Protection Society (THPS) have suggested a joint application to the High Court for a declaratory judgement to provide certainty around riparian rights before proceeding further with the any consent process. This would require completing a preliminary design for the proposed connection, so that the impacts, if any, of the design on harbour access and riparian rights could be accurately assessed.
- 39. Council has agreed to making a joint application, and completing the work required for this was approved by Council at the 21 August 2023 meeting (see resolution CO14/23/5 (d) above). Note that Option B referred to above is the delivery of the full recreation connection from Memorial Park to Elizabeth Street in the city centre.
- 40. It should be noted that any legal process does carry some risk around the duration and process involved could impact project costs.

**TE AO MĀORI APPROACH**

- 41. Modification of Te Awanui is generally opposed by iwi and hapu. In this case, the project is supported because of its restorative and public access focus.
- 42. The coastal connection was gifted the name or ingoa “Te Hononga ki Te Awanui” by mana whenua representatives on 10 May 2022. In te reo Māori, the kupu or word Hononga holds the meaning of union, connection, relationship or bond. Te Awanui is the traditional name for the Tauranga Harbour. In gifting the name, representatives said “*the essence of the journey from Taiparirua to Mareanui, the Matapihi Railway Bridge and the Waterfront is the connection with the harbour*”.
- 43. The ingoa *Te Awanui* in the project name is also a reference to the Te Awanui Waka, and the mana whenua aspiration to develop a Whare Waka and relocate the Te Awanui Waka to the waterfront.
- 44. It is important for mana whenua to continue to be closely involved in the project as the design and consenting process proceeds. A Memorandum of Understanding has been developed to ensure that expectations are clearly understood and met.

**CLIMATE IMPACT**

- 45. Te Hononga ki Te Awanui Recreation Connection directly supports the Climate Investment and Action plan as it supports Tauranga Residents to use a variety of public transport, walking, biking, and micro-mobility transport modes.

## CONSULTATION / ENGAGEMENT

46. Consultation on the concept of a connection between Memorial Park and the city centre has occurred a number of times over the years, since the project was first proposed in 2004.
47. As a generalisation, the project is well supported by the wider community but opposed by private landowners along the harbour's edge.
48. Submitters to the LTP 2024-2034 noted the long-standing plans to develop a walkway between Memorial Park and the city centre. They contended that construction of this path will bring more visitors into the city centre through the provision of an off-street walking and cycling pathway. Envirohub also noted that construction of a pathway will increase access to Tauranga's coastal and marine environment aligning with Council objectives of connecting people to nature.
49. Some submitters to the LTP 2024-2034 suggested that Council should redirect proposed funding for the stadium to enable this project.

## SIGNIFICANCE

50. The Local Government Act 2002 requires an assessment of the significance of matters, issues, proposals and decisions in this report against Council's Significance and Engagement Policy. Council acknowledges that in some instances a matter, issue, proposal or decision may have a high degree of importance to individuals, groups, or agencies affected by the report.
51. In making this assessment, consideration has been given to the likely impact, and likely consequences for:
  - (a) the current and future social, economic, environmental, or cultural well-being of the district or region
  - (b) any persons who are likely to be particularly affected by, or interested in, the decision.
  - (c) the capacity of the local authority to perform its role, and the financial and other costs of doing so.
52. In accordance with the considerations above, criteria and thresholds in the policy, it is considered that the decision is of medium significance.

## ENGAGEMENT

53. Taking into consideration the above assessment, that the decision is of medium significance, officers are of the opinion that the following consultation/engagement is suggested/required under the Local Government Act:
  - (a) Continue to work with Mana Whenua in accordance with the Memorandum of Understanding that is in place
  - (b) Individual and group engagement continue to take place with all affected property owners

## NEXT STEPS

54. The below next steps are based on the current options contained within this report, and subject to approval of council of the relevant option.
55. Close out the existing work programme, which included undertaking work to improve Harbour access/connectivity that the from 1<sup>st</sup> to 7<sup>th</sup> Avenue, and progressing the work required to test the legal position regarding property riparian rights for future development work (if option i approved),
56. Progress the completion of the preliminary design and engagement for the full recreation connection required for the legal determination (if option ii approved).

57. Progress design and engagement work on the development of the node enhancements, and close out work on the full recreation connection and legal determination (if option iii approved).
58. Progress design and engagement work on the node enhancement and to progress the legal determination for the full recreation connection (if option iv approved)

## **ATTACHMENTS**

**Nil**

## 11.2 2025/26 User Fees and Charges: Policy Alignment and Changes

**File Number:** A16895674

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### PURPOSE OF THE REPORT

1. This report presents the draft 2025/26 User Fees and Charges schedule for Council's consideration and amendment prior to final approval for public consultation in March.
2. It outlines the scope of fee adjustments permitted under the Revenue and Financing Policy and highlights key changes based on inflationary adjustments, cost recovery needs, and legislative requirements.
3. The report also recommends the revocation of the Funding Depreciation and Use of Depreciation Reserves Policy 2009, as its provisions have been incorporated into the Revenue and Financing Policy 2024 and are no longer required as a standalone document.

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### RECOMMENDATIONS

That the Council:

- (a) Receives the report "2025/26 User Fees and Charges: Policy Alignment and Changes".
- (b) Revokes the Funding Depreciation and Use of Depreciation Reserves Policy 2009.
- (c) Agrees the Draft User Fees and Charges schedule forms the basis of the schedule to be adopted at the 3 March 2025 Council meeting, subject to any updates agreed through reports to 3 March Council meeting or changes agreed by Council at this meeting.

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### EXECUTIVE SUMMARY

4. Each year, council reviews its user fees and charges to ensure they remain appropriate, align with cost recovery principles, and reflect changes in service delivery costs. The proposed 2025/26 User Fees and Charges Schedule has been developed based on:
  - Inflationary adjustments and cost recovery considerations
  - Benchmarking with other councils
  - Changes required due to legislative updates or operational adjustments.
5. Additionally, this report recommends revoking the Funding Depreciation and Use of Depreciation Reserves Policy 2009, as its principles have been fully integrated into the Revenue and Financing Policy 2024. The revocation is considered an administrative update with low significance.
6. Following council's consideration of this report, any required adjustments will be incorporated into the final draft User Fees and Charges Schedule for public consultation alongside the

2025/26 Annual Plan. The consultation period will run from 28 March – 28 April 2025, with hearings scheduled for May 2025 and final adoption in June 2025.

## BACKGROUND

7. Council's user fees and charges are updated each year. Updates reflect changing circumstances, Consumer Price Index (CPI) adjustments, new or removed fee requirements, or benchmarking with other councils.
8. The draft user fees and charges reflect the outcome of this review process and provides some certainty for the public on what they can expect to be charged for our services.

## STATUTORY CONTEXT

9. User fees and charges are set under various legislation, with different requirements for consultation and public notification.

## STRATEGIC ALIGNMENT

10. User fees and charges align with all of council's community outcomes, and the principles set out in council's Revenue and Financing Policy.

## OPTIONS ANALYSIS

### USER FEES AND CHARGES

11. A preliminary schedule of user fees and charges is included in **Attachment 1**, along with reason for changes outlined in **Attachment 2** (the Statement of Proposal summary). This reflects the annual process undertaken to review fees and charges, applying inflation and including changes identified by the business.
12. A number of items will be considered on 3 March:
  - (a) Airport carparking fees and charges will be considered further at the Council meeting on 3 March.
  - (b) The water supply activity is funded primarily by volumetric charging with a small portion of fixed rate charging. These charges are set under the Rating Act but included for information in the fees and charges schedule. They have not yet been updated in the schedule attached. Water cost per meter and fixed charge proposals will be confirmed in the report to 3 March council meeting.
13. The intention in reviewing charges and introducing new charges where appropriate is to reflect the cost to council of provision of these services. User fees and charges are proposed to cover the costs of services where it is efficient to identify and charge those who benefit directly from a service. The analysis underlying the use of fees and charges is covered in the Funding Needs Analysis in the 2024-34 Long-term Plan.
14. **Attachment 4** to this report contains an Analysis of User Fee Sufficiency by Activity. This summary shows in red those activities that are not sufficient to meet the requirements of the revenue and financing policy and include marine facilities and property management. Two other activities Animal Services and Building Services are currently in deficit, but increasing revenue over time.
15. Changes to the draft 2025/26 user fees and charges schedule as a result of this report can be incorporated into the schedule following the meeting. Confirmation of the changes can be presented as a late item at the council meeting of 3 March 2025, or approved by delegation prior to the adoption of the consultation document on 24 March 2025.

### FUNDING DEPRECIATION POLICY 2009

16. During a recent policy stocktake, it was identified that council's Funding Depreciation and Use of Deprecation Reserves Policy 2009 (**Attachment 3**) is no longer needed. This policy was developed as a supporting document to the Revenue and Financing Policy 2009.

17. Considering that the Revenue and Financing Policy has been through numerous reviews since then, staff consider that all matters within the 2009 policy have either been superseded by or are now included in the Revenue and Financing Policy 2024.
18. It's recommended that the Funding Depreciation and Use of Depreciation Reserves Policy 2009 be revoked. **Table 1** compares content in the 2009 policy with the current RFP.
19. This decision is considered to be an administrative change with low significance.

**Table 1: Comparison of content – 2009 policy vs 2024 policy**

Content	Funding Depreciation Policy 2009	Revenue and Financing Policy 2024
<p>Definition of Depreciation Reserves</p>	<p><i>Definition section</i></p> <p>the accumulated funds retained by each activity from the depreciation, which is funded each financial year, less any outgoings to pay for capital renewal of assets or debt repayment.</p> <p><i>Background section</i></p> <p>Within each of Council's activities, revenue is raised to fund the depreciation expense, and the money is transferred to a depreciation reserve for that activity. These reserves are used to fund the replacement of existing assets at the end of their useful lives. When an asset is replaced (that is, it is not a new asset), it is described as renewal capital expenditure. New capital is almost always funded by loans, but there are many instances where an asset purchase is a mixture of renewal and new capital expenditure.</p>	<p><i>Under depreciation heading</i></p> <p>the accumulated funds retained by each activity from the depreciation on all Council's fixed assets (excluding land) Within each of Council's activities, revenue is raised to fund the depreciation expense, and the money is transferred to a depreciation reserve for that activity. Renewals are funded through this reserve and activity debt is regularly retired based on a set % of the activity debt.</p>
<p>Depreciation - an operating expense</p>	<p><i>Under depreciation heading in background section</i></p> <p>Depreciation is calculated on all Council's fixed assets excluding land. Depreciation is an operating expense recorded in Council's financial statements</p>	<p><i>Under types of expenditure section and operating expenditure section</i></p> <p>Operating expenditure (Opex): is the money spent on the ongoing day to day activities and services of the Council. This includes contributions to the wear and tear on assets used (depreciation), interest charges on borrowing for capital projects and corporate overheads.</p>
<p>Balanced budget requirement</p>	<p><i>Under depreciation heading in background section</i></p> <p>Council raises revenue (from rates, user charges, or other sources) to fund its operating expenses including depreciation, as required under the Local</p>	<p><i>Under operating expenditure section</i></p> <p>Balanced budget – In accordance with section 100 of the LGA, Council will set each year's projected operating revenues at a sufficient level to</p>

Content	Funding Depreciation Policy 2009	Revenue and Financing Policy 2024
	Government Act (S.100).	meet the year’s projected OPEX, except in limited situations where Council considers it prudent not to do so.

**FINANCIAL CONSIDERATIONS**

- 20. Overall, the use of fees and charges to fund activities can reduce the reliance on rates to cover the costs of services. While some activities continue to set charges to maintain sufficient revenue to cover the costs of services, others such as Historic Village and Marine Facilities have increased reliance on rates over time. User fees are currently 17% of operating revenue while rates make up 78%.

**LEGAL IMPLICATIONS / RISKS**

- 21. The proposed changes to user fees and charges must comply with the relevant statutory requirements under the Local Government Act 2002 (LGA) and other applicable legislation governing specific services (e.g., Resource Management Act 1991, Building Act 2004, and Health Act 1956).
- 22. Key risks associated with the proposed user fee changes include:
  - (a) Potential public concern regarding increased fees, which will be mitigated through public consultation alongside the 2025/26 Annual Plan.
  - (b) Revenue shortfalls if fees do not adequately recover costs, requiring ongoing monitoring and potential adjustments in future reviews.
  - (c) Legal challenges if fees are perceived as inconsistent with statutory requirements, highlighting the importance of ensuring all changes align with council’s Revenue and Financing Policy and relevant legislation.
- 23. The revocation of the Funding Depreciation and Use of Depreciation Reserves Policy 2009 does not introduce any legal risk, as its provisions are now fully incorporated into the Revenue and Financing Policy 2024. The revocation is considered an administrative update and does not affect council’s financial management practices.

**SIGNIFICANCE**

- 24. The Local Government Act 2002 requires an assessment of the significance of matters, issues, proposals and decisions in this report against Council’s Significance and Engagement Policy. Council acknowledges that in some instances a matter, issue, proposal or decision may have a high degree of importance to individuals, groups, or agencies affected by the report.
- 25. In making this assessment, consideration has been given to the likely impact, and likely consequences for:
  - (a) the current and future social, economic, environmental, or cultural well-being of the district or region
  - (b) any persons who are likely to be particularly affected by, or interested in, the issue.
  - (c) the capacity of the local authority to perform its role, and the financial and other costs of doing so.
- 26. In accordance with the considerations above, criteria and thresholds in the policy, it is considered that the issue is of medium significance. Some of the proposed changes to user fees and charges will have varying impacts certain individuals and groups, the users of our services.

27. Subsequent decisions as a result of this report may be of higher significance.








### ENGAGEMENT

28. Consultation on the full user fees and charges schedule is proposed to be completed alongside the 2025/26 Annual Plan, with the public consultation period being 28 March – 28 April 2025.

### NEXT STEPS

29. Incorporation of changes to the user fees and charges as a result of council feedback and direction.
30. Council review of updated user fees and charges schedule on 3 March 2025 (if desired).
31. Adoption of draft 2025/26 user fees and charges schedule for public consultation on 24 March 2025.
32. Public consultation period – 28 March – 28 April 2025, followed by hearings in May 2025.
33. Adoption of the final 2025/26 User Fees and Charges is proposed for June, and these would come into force on 1 July 2025.

### ATTACHMENTS

1. **Draft 2025/26 User Fees and Charges - Tracked Changes - A17468068 (Separate Attachments 1)** 
2. **Draft 2025/26 User Fees and Charges - Statement of Proposal - A16879282**  
3. **Funding Depreciation and Use of Depreciation Reserves - A6029732**  
4. **Analysis of User Fee Revenue Sufficiency by Activity - A17520635**  





# Statement of Proposal

## 2025/26 User Fees and Charges

### Introduction

The Council's fees and charges are set under various legislation, including the:

- Local Government Act 2002
- Resource Management Act 1991
- Dog Control Act 1996
- Building Act 2004
- Reserves Act 1977
- Waste Minimisation Act 2008
- Local Government Official Information and Meetings Act 1987
- Food Act 2014
- Food Hygiene Regulations 2015
- Impounding Act 1955
- Health Act 1956
- Sale of Alcohol Act 2012.

Council's user fees and charges are updated each year. Updates reflect changing circumstances, Consumer Price Index (CPI) adjustments, new or removed fee requirements, or benchmarking with other Councils. The proposed fees and charges reflect the outcome of this review process.

This proposal summarises the key changes to user fees and charges proposed for the year beginning 1 July 2025.

**Under section 12 of the Local Government Act 2002, reasonable costs incurred may be charged based on the hourly rate of staff involved.**

**All fees are GST inclusive unless otherwise stated.**

### How can I make a submission?

The proposed 2025/26 User Fees and Charges will be open for public submissions from **28 March 2025** until **5:00pm 28 April 2025**.

A full schedule of Council's proposed user fees and charges not included in this proposal is available from <https://letstalk.tauranga.govt.nz/annualplan>.

Alternatively, full copies of the proposed fees and charges document and submission forms are available from He Puna Manawa (21 Devonport Road) or in any library.

If you also wish to present your submission in person, Council will hear verbal submissions at a number of hearings from 12 May 2025. You can indicate if you wish to speak to your submission on the submission form, and you will be contacted to arrange a time to speak.

## Inflation and rounding

In general, the fees and charges have been reviewed and adjusted in line with inflation of 3%. Where appropriate fees have been rounded to the nearest 50 cents.

## Changes to our user fees and charges

### Animal Services

#### Kennel Licences

Residents can only keep more than two dogs at a property if they have a kennel licence or live in a rural zoned area. A kennel licence is issued for a specific address and states the maximum number of dogs that can be kept at the property by an occupant and may include other conditions. We are proposing to introduce a new fee for a kennel licence and variation to kennel licence. The new fees reflect staff time to carry out inspections and the administrative costs of issuing licences. As part of the licence application, an animal service officer visits the property to check that it is appropriate for the number and type of dogs the applicant wishes to keep. They also check the dogs are registered, owner history such as previous complaints, the condition of the kennels, and that a business is not being operated. A kennel licence is valid for five years, however if there is a change of dogs or change of address a variation and reinspection is required.

Animal Services	New fees
Kennel Licences	2025/26
New application or renewal of kennel licence (keeping of more than two dogs)	\$100.00
Variation to licence (e.g. adding or removing a dog, change of address)	\$50.00

### Beachside Holiday Park

We are proposing to add a new half (\$150) and full day (\$300) fee for hire of the conference room.

### Building Services

Increases for building services include 3% inflation plus 5% increase in fees to cover costs of delivering the activity.

Detailed financial forecasting was carried out during the 2024-34 Long-term Plan (LTP) process on building services costs. A decision was made to increase fees 5% each year for the first five years of the LTP, rather than put the fees up significantly in year 1 of the LTP.

This will be reviewed each year to determine if increases are needed and only applied if the cost predictions are still accurate.

### Cemeteries

#### Animal cremations

We had intended to carry out animal cremations, however this service has not eventuated therefore the fees for this have been removed. We propose to remove the discount for prompt payment for funeral directors, as this is no longer affordable to provide.

### Rose garden plot and maintenance

The fee for plot and maintenance of the rose garden is proposed to increase from \$1201 to \$1500, due to the contractor costs of installation and maintenance.

### Burials

We are proposing to introduce two new fees for device hire (\$50) and self-backfill option (\$293). These fees are to reflect the costs to council for device hire and additional time to clean up the burial site.

### Public holiday surcharges

We are proposing to increase the public holiday surcharge from \$606 to \$1000. This is due to the staff required as well as the paid overtime required on public holidays.

### Administration fees

We propose to increase the fee for funerals without a funeral director from \$182 to \$500 as the process requires more staff involvement and therefore more cost to council. We are proposing to introduce a new \$250 fee for administration of seat donations, to cover staff time.

## Development Works

### Category 1 and 2 Geo-professional accreditations

We introduced the Category 1 and 2 Geo-professional accreditation system about 30 years ago for geo-professionals possessing the appropriate qualifications, skills and relevant experience in Tauranga City. This system was introduced to ensure that the risks associated with complex geotechnical hazards are appropriately managed when undertaking building or land development. The 2024/25 fee for accreditation is \$1,224.30 and \$735.64 for a renewal.

Every year we get between 6 and 15 new applications and 4 to 10 renewal applications. Accreditation typically applies for five years, at which point a renewal is required. The applications are reviewed by an external panel, with the external costs to Council for the initial accreditation being more than \$5,500 per applicant and \$3,300 per renewal. Geo-professionals also have to maintain their Engineering New Zealand Membership, which is \$620 annually.

We are proposing to increase the fees to \$3,000 and \$1,800 respectively, as well as finding additional savings in the application process to reduce further reliance on rates.

### Hourly rates

We propose to add hourly rates for development works to the fee schedule. These hourly rates are currently charged where applicable (in line with other hourly rates listed). For 25/26 these are being listed in the schedule for transparency.

## Food Premises

### Verifications

Previously we have charged a flat fee of \$536 for Food Control Plans and National Programme verifications (3 hours), however this does not cover the actual time spent. We are proposing to change the charging structure to an actual hourly charge of \$184 (time to be charged in 15 minute intervals).

### Domestic Food Business Levy (Ministry for Primary Industries levy)

We're required to collect a new fee of \$63.25 for Food Control Plans and National Programmes on behalf of Ministry for Primary Industries.

## Land Information

### LIM preparation

A new fee for preparation of LIMs that go beyond six hours of preparation is proposed. This is to cover the reasonable cost of providing this service.

### LIM and Property file combo

We're proposing to introduce a combined fee for property files and LIMs requested together. The proposed new fee for a 10 day LIM and property file is \$450, while the new fee for a 5 day LIM and property file is proposed at \$730.

## Libraries

### Research

The research fee is proposed to increase from \$65 per hour to \$75 per hour to meet the reasonable cost of the service.

### Community rate room hire

The per hour rate has been increased from \$24 per hour to \$26.40 per hour to align with Bay Venues rates.

## Parking

The paid parking areas in Dive Crescent and Cliff Road maximum daily charges are proposed to increase due to these carparks being heavily used. The lost ticket charge has been removed as we no longer issue tickets.

The open permit fees for Spring Street and Elizabeth Street parking buildings have been reduced from \$295 and \$280 respectively to \$276 to reflect market conditions.

Devonport and Dive Crescent lease rates have been removed as they are no longer to be leased. The Seaview off street lease has been added at a rate of \$240.

## McLaren Falls

We are proposing to increase the hostel fee during peak times and introduce off peak and shoulder season charges for both the hostel and camping to encourage winter usage and more camping during the historically quieter months.

## Other changes to fees

### As built information in paper form

We no longer receive paper as-builts, so the fee is no longer required.

### Library interloan requests

This fee has been reduced from \$10 to \$9. The library system blocks users from loans if their balance goes over \$10, so it is more practical to charge below the \$10 fee.

### Street naming, numbering notifications

These fees have been removed as the street naming and numbering notification service is no longer available.

### Duplication of photocopying and printing

Photocopying and printing charges are included under libraries/customer service centres.



**COUNCIL SUPPORTING POLICY 2009**

<b>POLICY TITLE:</b>	<b>Funding Depreciation And Use Of Depreciation Reserves</b>
<b>Lead Policy</b>	<b>Revenue and Financing</b>
<b>Minute Ref:</b>	<b>M09/50</b>
<b>Date Adopted:</b>	<b>23 June 2009</b>

**1. POLICY OBJECTIVES**

- To determine the extent to which Council funds depreciation expenditure.
- To determine the uses of depreciation reserves.

**2. PRINCIPLES**

Council must manage its financial dealings prudently and in a manner that promotes the current and future interests of the community.

Council needs to appropriately fund the economic use of its assets.

Council should match the cost of delivering its services with the appropriate revenue sources.

Council's funding of depreciation and its use of depreciation reserves must comply with Generally Accepted Accounting Practice (GAAP).

Those who benefit from the existence and/or use of an asset should contribute to the costs.

**3. DEFINITIONS**

**Depreciation** is the measure of the consumption of the economic benefits embodied in an asset whether arising from use, the passing of time or obsolescence.

**Depreciation Reserves** are the accumulated funds retained by each activity from the depreciation which is funded each financial year, less any outgoings to pay for capital renewal of assets or debt repayment.

**New Capital Expenditure** is the expenditure incurred to bring an asset to its working condition for its intended use. It also includes works which upgrade and enhance a significant expenditure component of an asset restoring it beyond its original design capacity and/or estimated life.

**Renewal Capital Expenditure** comprises of works which upgrade and enhance a significant component of the asset, restoring it to its original size, capacity and condition.

TCC Ref: 2134737

#### 4. **BACKGROUND**

##### **Depreciation**

Depreciation is calculated on all Council's fixed assets excluding land. Depreciation is an operating expense recorded in Council's financial statements. Council raises revenue (from rates, user charges, or other sources) to fund its operating expenses including depreciation, as required under the Local Government Act (S.100).

##### **Depreciation Reserves**

Within each of Council's activities, revenue is raised to fund the depreciation expense, and the money is transferred to a depreciation reserve for that activity.

These reserves are used to fund the replacement of existing assets at the end of their useful lives. When an asset is replaced (that is, it is not a new asset), it is described as renewal capital expenditure. New capital is almost always funded by loans, but there are many instances where an asset purchase is a mixture of renewal and new capital expenditure.

These reserves are also used to repay debt.

##### **Fully Funding Depreciation**

In certain circumstances the effect of fully funding depreciation may result in current ratepayers bearing a funding obligation that could be argued is not entirely fair and equitable. Such circumstances include:

- Where assets have a very long useful life,
- Where assets are relatively young and in good condition, and
- Where major draw-downs against depreciation reserves to fund the renewal of assets are not anticipated.

In these circumstances, fully funding the depreciation expense will result in depreciation reserves accumulating over time. The interest that is earned on the accumulated reserves can then be used to offset the need to fund depreciation in later years.

In order to mitigate this effect, policy has been designed to fund internal debt retirement from depreciation reserves. Further mitigation is also achieved by discounting depreciation for certain activities.

##### **Discounting of Depreciation Funding**

Discounting depreciation funding recognises the future interest revenue earned by the depreciation reserve balance that will accumulate under the above circumstances where assets have very long asset lives. The funding requirement in early years is adjusted downwards so that current ratepayers are not disadvantaged compared to future ratepayers. This results in improved inter-generational equity.

Discounting depreciation funding reduces the extent to which operational expenditure needs to be funded. However, the reduced revenue stream means that Council will have reduced internal funding sources and therefore will have increased external borrowing requirements.

##### **Vested Assets**

When a subdivision development is completed and a compliance certificate issued, infrastructure assets contained in the subdivision are vested to Council by the developer. Council owns the asset and hence must fund the depreciation on these assets.

TCC Ref: 2134737

## 5. POLICY STATEMENT

### 5.1. Funding Depreciation

Council will, in each financial year, fully fund depreciation to the extent of the LTCCP/Annual Plan and Budget to recognise the consumption of economic benefits embodied in the asset, except where discounting occurs.

Council may discount the funding of depreciation if the Group Manager: Business Services considers it appropriate having considered:

- The remaining asset lives;
- Condition of the assets;
- Extent of existing depreciation reserves.

Where the funding of depreciation is discounted, Council will make up the funding shortfall for the activity from future interest earned on depreciation reserves.

Council recognises that it will have to carefully manage depreciation reserves for activities where discounting has occurred to ensure that the level of discounting is appropriate.

The source of an asset is not relevant when considering the funding of depreciation. Vested assets will therefore be treated the same as any other Council-owned asset.

### 5.2. Use of Depreciation Reserves

Revenue collected to fund depreciation will be retained by the activity and utilised to

- fully fund the replacement of existing assets at the end of their useful lives, and/or
- repay debt (in accordance with the Debt Retirement Support Policy).

Council will **generally** maintain sufficient balance in each activity's depreciation reserve to allow the replacement of the activity's assets.

In determining what constitutes a 'sufficient balance' for an activity, Council will consider:

- the total value of the activity's fixed assets,
- the mix of assets held by the activity, and
- the projected useful lives of those assets.

Balances held in depreciation reserves will earn or pay interest which will be paid into or deducted from the reserve on a monthly basis.

Depreciation reserves may be permitted to become overdrawn, but only if:

- the depreciation reserves will be overdrawn for a short period (3 years); and
- there is strong evidence the reserve will be returned to and maintained at a positive position thereafter.

At any particular point in time, balances held in depreciation reserves do not need to be supported by actual cash reserves. Balances held in depreciation reserves may be loaned to other Council activities (refer to the Treasury Policy).

Where the depreciation reserves of an activity have been fully utilised, Council will use external borrowing to fund any remaining loan requirements for renewal capital expenditure.

TCC Ref: 2134737

**6. RELEVANT DELEGATIONS**

The Group Manager: Business Services has delegated authority to assess when discounting of depreciation funding should occur.

The Chief Executive has delegated authority to implement this policy, but may sub-delegate any aspect to the Group Manager: Business Services.

**7. REFERENCES AND RELEVANT LEGISLATION**

Treasury Lead Policy.

Debt Retirement Supporting Policy.

TCC Ref: 2134737



**User Fees Analysis off latest 2026 financials 5 Feb 2025 (Results exclude rates funding) for Council Workshop 10 Feb 2025**

Activity	Operating Surplus/ Deficit (\$M)			Year in surplus	User Fee Changes		2026%	RFP Range	Commentary
	2024	2025	2026		2025 Actual	2026 Proposed			
Airport	4.6	6.9	8.2	N/A	↑	↑	100%	70-100%	Revenue increases driven mostly by increased volumes
Animal Services	(0.4)	(0.4)	(0.4)	2027	↑	→	78%	70-100%	For 2024 and 2025 there is a surplus after rates funding. Large fee increase in 2025 fee has coincided with significantly fewer animals registered and reduced collection rate. No current resources to chase unregistered dogs.
BayCourt	(2.5)	(3.0)	(3.2)	N/A	→	→	22%	0-30%	Loss funded from rates.
Bay Venues	(10.5)	(9.5)	(9.1)	N/A	↑	→	58%		Significant increase to user fees in FY24, resetting to industry benchmark. Increased by CPI since then.
Beachside	0.1	0.5	0.6	2025	↑	→	100%	70-100%	Increase in 2025 fee looks to be improving financial position.
Building Services	(4.1)	(2.7)	(2.2)	2027	→	↑	89%	70-100%	Rates funding for specific functions within this activity reduces the size of the activity losses. Significant proposed increase in user proposed charges for 2026 has started improving budgeted financial position.
Cemetery	(0.3)	(0.2)	0.1	2026	↑	→	99%	70-100%	Large increase in 2025 fee looks to be changing financial position.
Environmental Planning	(4.7)	(5.5)	(3.6)	N/A	→	→	39%	30-70%	Loss funded from rates. Revenue increasing as a result of improved charging rather than increasing user fees.
Environmental Health & Licensing	(1.6)	(1.6)	(1.6)	N/A	→	→	34%	30-70%	Loss funded from rates. Surplus anticipated for 2025 as revenue expected to be over budget. Fees are currently set by legislation, however we are looking into implementing a bylaw to increase alcohol licensing fees in future. Some larger increases in user fees for food businesses to be implemented.
Regulation Monitoring	(0.6)	(0.7)	(0.8)	N/A	→	→	19%	0-30%	Loss funded from rates. Central Government increased parking infringement fees. MOJ also increased court costs for chasing up overdue infringements.
Historic Village	(2.9)	(2.9)	(3.8)	N/A	↑	→	18%	0-30%	Loss funded by rates. Revenue down in 2025 despite increased charges as many buildings closed while buildings brought up to standard. Losses increasing in 2026 as impact of building upgrades (depreciation and interest) comes into effect.
Regulatory Services	N/a	(1.4)	0.2	N/A	↑	→	100%	70-100%	Not previously separately reported. Small increase in fees for 2026 to cover costs.
Marine Facilities	(3.1)	(3.2)	(4.5)	N/A	↑	→	16%	0-30%	A significant portion of loss funded from rates. Financial position remains poor despite significant increase in rates funding. \$313K of revenue removed with removal of boat ramp fees.
Parking	(0.1)	0.4	1.5	N/A	→	→	92%	70-100%	Improving revenue based on expansion of parking zones and leasing revenue now included in activity (previously property). Street and building parking fees consistent.
Property Management	(0.7)	(1.8)	(1.4)	Not	↑	→	73%	0-30%	Losses partially rates funded (Fully in 2024). Decrease in revenue in 2026 as leased parking revenue transferred to parking activity. Higher than RFP ratio as RFP grouping (Support Services) includes other activities.
Wastewater	(56.4)	(53.2)	(58.3)	N/A	↑	↑	5%	0-30%	This is mainly a rates funded activity. Unfunded depreciation in 2024. Substantial increases in charges 2025 and 2026. Approx 5% of revenue from tradewaste, balance UAC (rates). Commercial revenue low compared to water revenue. Remaining deficit predominantly interest of growth debt not funded from operational revenue.
Water Supply	(9.8)	(9.5)	(9.1)	N/A	→	↑	0%	0-30%	Approx 95% of water revenue from volumetric charging, but charged as a rate (therefore rates included in this activity as revenue). There is further rates amount from fixed charges. Remaining deficit includes budget for transition to a CCO \$4.2m, new asset system \$3.5m and interest on growth debt not funded from operational revenue. There was unfunded depreciation in 2024. While revenue generation is strong, water demand (per customer) is reducing, particularly for

**Important Note**

Schedule relates to activities where fees charged as user fees as opposed to activities where fees charged by individual lease agreement (eg. licence to occupy, marine precinct etc).

**Key: Operating Surplus**

- Val Making an operating surplus
- (Val) Making an operating loss but balance of activity rates funded.
- (Val) Making a small operating loss, one off or recognising losses are reducing
- (Val) Operating losses not fully recovered from rates. Activity in worsening financial position

**Key: User Fee Changes**

- ↑ Significant increase in fees (well above inflation)
- Increase in user fees (around the level of inflation)
- No change in User fees (increase less than inflation)

**Key: 2026% User Fees as a percentage of expenditure**

- 100% User fees in upper margin of target. Little opportunity to increase within policy
- 22% User fees in target range but possible to increase within policy (may be practical implications to increasing).
- 0% Volumetric charging for water is technically a rate rather than a user fee.

**RFP Range**

- 0-30% **User Fee Limits as per Revenue and Financing Policy in LTP**

User Fee Limit per Policy

70-100%

User Fee Limit inferred from Policy (not directly specified)

### 11.3 Rating Policy Review 2025/2026 Annual Plan

**File Number:** A17410245

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**Authoriser:** Paul Davidson, Chief Financial Officer

#### PURPOSE OF THE REPORT

1. The purpose of this report is to confirm changes to Council's rating policy to be included in the 2025/2026 Annual Plan consultation.

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#### RECOMMENDATIONS

That the Council:

- (a) Receives the report "Rating Policy Review 2025/2026 Annual Plan".
- (b) Changes the definition of Industrial rating category to exclude any rating unit with a land area less than 250m<sup>2</sup>, (*or exclusive use area less than 250m<sup>2</sup> for cross lease or unit titles*), which will be classified in the commercial rating category.
- (c) Continues with the Long-term Plan decision to move to a fixed proportion of the general rates for each rating category and change the proportions for the residential rating category to 66%, the Commercial rating category to 15% and the industrial rating category to 19% by the 2027/28 rating year.

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#### EXECUTIVE SUMMARY

2. At the Council meeting of 5 November 2024, Council recommended reconsideration of decisions made as part of the 2024-34 Long-Term Plan (LTP), which established an industrial rating category, and the establishment of targeted proportions of rates that would be contributed to by each of residential, commercial and industrial rating categories.
3. This report considers the following:
  - removing smaller operations (under 250m<sup>2</sup>) from the industrial category.
  - reviewing the level of differential.
  - Considering recombining commercial and industrial rating categories.
  - The proportions of rates to be paid by each of the three rating categories.
4. This report recommends changes to the definition of industrial category to remove smaller operations, and making a small change to the proportions of rates to be paid by each category that maintains the current intentions regarding the existing differentials.
5. Changes that are agreed by Council will be included as part of the 2025/2026 Annual Plan.

#### BACKGROUND

6. Through the 2024-34 Long-Term Plan (LTP), the Financial Strategy and Revenue and Financing Policy were developed, which underpinned the funding and financing of the investments and services provided and planned for the city. As part of the LTP process, the

commercial rating category was further considered with respect to its impact on the costs of the city, particularly the impacts on transportation costs including safety and environmental impacts.

7. Recognising these impacts, industrial properties were separated from the commercial category and set at a higher differential of 2.6 times, an allocation of 20% of the general rates.
8. In November 2024, Report 9.2 to the Accountability, Performance & Risk Committee entitled Rating Categories and Rating Policy, discussed options for addressing Council concerns regarding the coverage of the Industrial rating category. The Committee requested a report back on the following matters which have now been redirected for Council consideration:
  - (a) Options regarding the industrial category including.
    - i. Removing smaller operations from the industrial category.
    - ii. Reviewing the level of differential.
    - iii. Recombining commercial and industrial rating categories.
  - (b) As part of the annual plan process, consider whether to continue to move toward general rates set at a fixed proportion of residential 65%, Commercial 15%, industrial 20% as included in the Long-Term Plan.
9. These matters are considered below.

#### **MOVING SMALL INDUSTRIAL RATING UNITS TO THE COMMERCIAL RATING CATEGORY**

10. In November Council had considered a range of options for defining which properties would apply to the industrial and commercial categories to enable certain smaller uses of industrial premises to not necessarily be caught within that category.
11. Council's current definition for the general rating categories is based on (a) the use to which the land is put and aligns with the land use designation in the District Valuation Roll. The Industrial Rating Category definition includes rating units with a primary land use beginning with 3- Transport, 6 – Utility services or 7 - Industrial services.
12. This existing categorisation is developed during the current rating valuation process. Using a separate local process which involved inspecting each rating unit to assess the use would be costly to implement, difficult to administer and would be likely to involve a more complex and subjective decision-making process.
13. Removing smaller businesses from the current industrial categorisation is an alternative option. This could be achieved by using the existing valuation processes and categorisation but introducing logic within Council's own SAP system to divert qualifying smaller industrial properties to the commercial category for the purpose of applying the differential. It could apply a logical limit on land area (or exclusive use area) to properties equal to or greater than 250m<sup>2</sup> land area for the Industrial rating category. Smaller areas would default to the commercial category for the differential application. This option would require some additional programming in the new rates module in SAP. However, it would be simple to administer and simple for ratepayers, and council staff, to understand.

#### **Financial Impact of removing smaller rating units from Industrial Category**

14. If the 682 smaller industrial use rating units (*landuse grp 7*), with a land area less than 250 m<sup>2</sup> (*or exclusive use area less than 250m<sup>2</sup> for cross lease or unit titles*) were included in the commercial rating category, the reduction in rates to these rating units would be \$119,000 because they would be at a lower rating differential of 2.1 times rather than 2.6 times.
15. Assuming the fixed proportion of rates for industrial continuing to apply at 20%, the lower number of Industrial ratepayers means rates paid by the remaining Industrial ratepayers would increase around \$450,000 (a rates increase for the median industrial ratepayer of

20.2% in 2025/26). This would equate to a differential of 2.82 times. The residential sector share would reduce by \$300,000.

- 16. This redistribution of rating burden to the remaining industrial category was not the intended consequence of the proposal to move smaller ratepayers to the commercial ratepayer.
- 17. Options for mitigating the impact on the remaining industrial rating units are discussed in the section below.

**REVIEWING THE LEVEL OF DIFFERENTIAL**

- 18. Allocation of the general rates is a section 101(3)(b) matter for council to decide, after considering “the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural well-being of the community”.
- 19. Tauranga City Councils commercial differential of 2.1:1 is the lowest differential in the New Zealand metro’s that we benchmark with. This is shown in table 1. below and for TCC was a Council decision arising from a review of the impacts of commercial and industrial activities.
- 20. As well as setting a differential, Council chose that future differentials would be based on a set proportion of the general rate to be paid by each of the rating categories. In the 2024-2034 Long Term Plan, Council resolved to apportion the general rates at residential 65%, commercial 15% and Industrial 20% by the 2027-2028 rating year.
- 21. This apportionment is close to the average apportionment of metro councils for residential and commercial (*including Industrial*) rating categories which is 34% commercial 66% residential. The summary by Metro Council is shown in the table below.

**22. Table 1: Summary of differential, portion of general rates and average rates**

	Differential	General rates for commercial/ Industrial categories (%)	Total Rates in 2024/25 estimate average residential \$	Uniform Annual General Charge (\$)
Tauranga	2.1/2.6	33% (LTP move to 35%)	5,055	298
Auckland	2.64	31%	5,091	567
Hamilton	2.9765	34%	4,276	749
Christchurch	2.22	34%	4,394	177
Dunedin	2.47	31%	\$4,159	0
Wellington	3.66	40%	6,371	0
Porirua	3.1	N/A	N/A	425
Hutt City	3.525	40%	N/A	0

- 23. There is no published source on comparative rates data for recent years. However, column 4 above is based on informal information shared between metro council officers in April 2024 when councils were deciding on the 2024/2025 rates (*updated where final information is available*). It is not published information from those councils.

The rates are for the “average” residential ratepayer. Tauranga City Council’s average residential property is around the 70% percentile zone and is different from our published median residential ratepayer where 50% of properties pay more and 50% pay less.

### REVIEWING THE PERCENTAGE ALLOCATION OF GENERAL RATES FOR EACH RATING CATEGORY

24. As discussed in paragraphs 14 and 15 above, moving the small industrial rating units into the commercial rating category has consequences for the remaining Industrial rating units, if the allocation remains at 20% they will end up paying a larger share. This can be mitigated by reducing the industrial rating category to 19% from 20%.
25. Moving the small industrial rating units to commercial increases the commercial rates collection to a 14.1% share of general rates, if the differential remains at 2.1. Under the LTP decision to move the commercial category gradually toward 15% they would have been moved to a differential of 2.23 times and a proportion of general rate of 13.8%.
26. Council could choose to set the Industrial rating category at 19% and continue to move the commercial rating category toward 15% over time. This would result in a combined Industrial /commercial allocation of 34%, which is consistent with the average metro allocation.

### RECOMBINING THE COMMERCIAL AND INDUSTRIAL RATING CATEGORIES.

27. Council could choose to recombine the commercial and industrial categories. Given the set proportion of general rates by the combined commercial and industrial categories at 34% of general rates there would be a significant redistribution impact within these categories with industrial ratepayers paying less and commercial ratepayers paying more.
28. Recombining the commercial and industrial categories in the 2025/2026 rating year would result in a significant increase for the commercial sector. The median commercial ratepayer increase would be 28.6% or \$74.01 per week.

### SUMMARY OF ANALYSIS

29. In summary Council has choices in the annual plan regarding rating structure including:
  - (a) whether or not to proceed toward the agreed proportions of rates paid by different categories with the following choices:
    - i. proceed with the resolution made by Council in the LTP to move the commercial rating category up from 13.3% to 15% by 2027/2028, or not (with the first step being a move for 2025/26 to 13.8%.
    - ii. maintain the level of contribution of industrial category (20%) or reduce to 19%.
  - (b) Recombine the Commercial and Industrial Rating Categories and set a new combined differential at an allocation of for example 34%.
30. The impact for the medium residential, medium commercial and medium industrial rating units are shown in Table 2 below based on a draft 12.5% rates increase and an indicative 10% option. **Note that the budget increase below shows 12.5% inclusive of water however the table shows rates excluding water. Including water will reduce the median rates in the table.**

	Status Quo 2024-34 LTP, move commercial from 13.3% to 13.8%	Status Quo 2024-34 LTP, move commercial from 13.3% to 13.8%	new Industrial definition, maintain industrial at 19%	new Industrial definition, maintain industrial at 19%	Same differentials as 2024/2025	Same differentials as 2024/2025
<b>Budget increase</b>	<b>12.50%</b>	<b>10%</b>	<b>12.50%</b>	<b>10%</b>	<b>12.50%</b>	<b>10%</b>
<b>% allocation of General rates and differentials</b>						
<b>Residential</b>	<b>66.3%</b>	<b>1.0</b>	<b>66.9%</b>	<b>1.0</b>	<b>67.0%</b>	<b>1.0</b>
<b>Commercial</b>	<b>13.8%</b>	<b>2.23</b>	<b>14.1%</b>	<b>2.10</b>	<b>13.1%</b>	<b>2.1</b>
<b>Industrial</b>	<b>20.0%</b>	<b>2.65</b>	<b>19.0%</b>	<b>2.65</b>	<b>19.8%</b>	<b>2.6</b>

<b>Residential</b>	<b>% change</b>					
Median (50%)	11.7%	9.8%	12.5%	9.9%	12.6%	10.7%
<b>Commercial</b>						
Median (50%)	18.0%	16.2%	13.6%	10.7%	13.7%	12.0%
<b>Industrial</b>						
Median (50%)	14.4%	12.7%	15.4%	12.4%	13.8%	12.1%
<b>Residential</b>	<b>\$/pw change</b>					
Median (50%)	\$7.86	\$6.60	\$8.37	\$6.61	\$8.43	\$7.16
<b>Commercial</b>						
Median (50%)	\$46.58	\$42.01	\$35.19	\$27.66	\$35.51	\$31.13
<b>Industrial</b>						
Median (50%)	\$34.75	\$30.56	\$37.11	\$29.87	\$33.31	\$29.15

31. If Council continues with the LTP decisions (status quo columns), continuing to move the allocation of the commercial rating category to 15% by 2027/2028 the median residential rates increase would be 11.7%, median commercial 18.0% and median industrial 14.4%. The smaller industrial rating units would continue to be categorised in the Industrial rating category. *(note that while overall rates are at 12.5% this analysis excludes the water rate components which are below the other rates increases)*
32. Assuming the commercial differential is not less than the current 2.1, if council redefined the Industrial rating category to exclude rating units under 250m<sup>2</sup> and maintained the industrial category allocation at the 2024/25 level of 19%<sup>3</sup>, the median residential rates increase would be 12.5%, median commercial 13.6% and median industrial 15.4%. This option would mean that the eventual allocation split would be residential 66%, commercial/industrial 34% which is the average split in other metro councils.
33. If Council decided to maintain the 2024/2025 general rates differentials *(without changing the definition of the Industrial rating category)* the median residential rates increase would be 12.6%, median commercial 13.7% and median industrial 13.8%.
34. If council recombined the commercial and industrial rating categories the median residential rates increase would be 11.4%, median commercial 28.6% and median industrial 9.0%.
35. Recombining the commercial and industrial categories in the 2025/2026 rating year would result in a significant increase for the commercial sector. The median commercial ratepayer increase would be 28.6% or \$74.01 per week. Alternatively, this option could be reconsidered as part of the next LTP, after the commercial differential is fully phased in so that the impacts on commercial and industrial would be less pronounced.

<sup>3</sup> Noting originally was 20% but the decision to move smaller rating units back to commercial category would move it to 19%.

- 36. If Council decides to reduce the kerbside waste by \$20 as part of rates reduction options to be considered on 3 March this would reduce the median residential rates by approximately 0.2%.
- 37. Council can also choose to remove any activity or part of activity, including Transportation, into a targeted rate calculated on capital value and set the proportions of the general rates plus the new targeted rate to be the same as the options above. Setting a targeted rates instead of a general rate provides increased transparency to some extent while somewhat restricting benchmarking and the flexibility to make choices with those funds. These options have not been modelled as part of this report.

**STATUTORY CONTEXT**

- 38. The decisions in this paper on rating policy will become part of the 2025-2026 Annual Plan.

**STRATEGIC ALIGNMENT**

- 39. This contributes to the promotion or achievement of the following strategic community outcome(s):

	Contributes
We are an inclusive city	✓
We value, protect and enhance the environment	✓
We are a well-planned city	✓
We can move around our city easily	✓
We are a city that supports business and education	✓

- 40. Fair and equitable funding of council’s investment in services and infrastructure through a proportional allocation of rates liability on the whole community will contribute to all of the above outcomes.

**OPTIONS ANALYSIS**

**OPTIONS (MOVING SMALL INDUSTRIAL RATING UNITS TO THE COMMERCIAL RATING CATEGORY)**

**Option 1** - Council does not change the definition of Industrial, aligns with the land use code in the District Valuation Roll. (Status Quo)

**Option 2** - Council changes the definition of Industrial to exclude any rating unit with a land area less than 250m2 (*or exclusive use are for cross lease and unit titles*), which will be classified as commercial rating category.

**OPTIONS ANALYSIS (MOVING SMALL INDUSTRIAL RATING UNITS TO THE COMMERCIAL RATING CATEGORY)**

**Option 1** - Council does not changes the definition of Industrial, aligns with the land use code in the District Valuation Roll. (Status Quo)

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• Provides clarity to the rating treatment and is consistent with council’s valuation service provider designation of use in the District Valuation Roll (DVR).</li> <li>• Simple to administer. Council’s new SAP will automatically assign, reducing</li> </ul>	<ul style="list-style-type: none"> <li>• Does not respond to council’s concerns around small to medium Industrial units, including private storage, and those ratepayers will be charged the higher industrial rating category general rate.</li> </ul>



human error and creating efficiencies.	
<b>Key risks</b>	
<b>Recommended?</b>	No (Section 101(3)(b) decision)

**Option 2** – Council changes the definition of Industrial to exclude any rating unit with a land area less than 250m2 (*or exclusive use are for cross lease and unit titles*), which will be classified as commercial rating category.

<b>Advantages</b>	<b>Disadvantages</b>
<ul style="list-style-type: none"> <li>• Reduces rates liability for smaller industrial rating units, including those used for private storage, which would have a lower general rate differential.</li> <li>• Addresses Council’s concerns that the new Industrial rating category should not include smaller industrial rating units.</li> </ul>	<ul style="list-style-type: none"> <li>• Changes to inclusion within industrial category could put higher apportionment on remaining industrial users.</li> <li>• Other industrial rating units, for example vacant industrial land waiting for infrastructure delivery, may feel that they should also be recategorized.</li> </ul>
<b>Key risks</b>	
<b>Recommended?</b>	Yes (Section 101(3)(b) decision)

**OPTIONS (ALLOCATION OF GENERAL RATES)**

**Option 1** –Council to continue with the Long-term Plan decision to move to a fixed proportion of the general rates for each rating category and change the proportions for the residential rating category to 65%, the Commercial rating category to 15% and the industrial rating category to 20% by the 2027/28 rating year (Status Quo).

**Option 2** – Council to continue with the Long-term Plan decision to move to a fixed proportion of the general rates for each rating category and change the proportions for the residential rating category to 66%, the Commercial rating category to 15% and the industrial rating category to 19% by the 2027/28 rating year.

**Option 3** – Council proposes to set the differential for each rating category, consulted with the community in the 2025/2026 Annual Plan.

**Option 4** – Council proposes to recombine the commercial and industrial rating units into a single rating category, consulted with the community in the 2025/2026 Annual Plan.

**OPTIONS ANALYSIS (ALLOCATION OF GENERAL RATES)**

**Option 1** - Council to continue with the Long-term Plan decision to move to a fixed proportion of the general rates for each rating category and change the proportions for the residential rating category to 65%, the Commercial rating category to 15% and the industrial rating category to 20% by the 2027/28 rating year (Status Quo).

<b>Advantages</b>	<b>Disadvantages</b>
<ul style="list-style-type: none"> <li>• Recognises the increasing volumes of heavy vehicle to Industrial related businesses in the city from journeys originating or finishing outside the city’s boundary.</li> <li>• Recognises the social and environmental</li> </ul>	<ul style="list-style-type: none"> <li>• Industrial rating units may think that they are paying more than is equitable and fair.</li> <li>• Increases for the commercial sector phased in over three years.</li> <li>• Local hospitality sector and Tauranga</li> </ul>

<p>impacts such as congestion, safety, and pollution on the city of heavy vehicles and industrial activity.</p> <ul style="list-style-type: none"> <li>• Provides certainty and mitigates future valuation swings between sectors and rating categories.</li> <li>• Does not require annual reviews.</li> </ul>	<p>CDB retail struggling due to construction and economic downturn (<i>partly mitigated by reduced rating valuations in those areas for some commercial properties</i>).</p>
<b>Key risks</b>	
<b>Recommended?</b>	No (Section 101(3)(b) decision)

**Option 2** - Council to continue with the Long-term Plan decision to move to a fixed proportion of the general rates for each rating category and change the proportions for the residential rating category to 66%, the Commercial rating category to 15% and the industrial rating category to 19% by the 2027/28 rating year.

<b>Advantages</b>	<b>Disadvantages</b>
<ul style="list-style-type: none"> <li>• Recognises the increasing volumes of heavy vehicle to Industrial related businesses in the city from journeys originating or finishing outside the city’s boundary.</li> <li>• Recognises the social and environmental impacts such as congestion, safety, and pollution on the city of heavy vehicles and industrial activity.</li> <li>• Provides certainty and mitigates future valuation swings between sectors and rating categories.</li> <li>• Does not require annual reviews.</li> <li>• Moderates a redefined (reduced) Industrial Rating Category and brings TCC general rate allocation into line with other NZ metros (34% commercial/ Industrial)</li> </ul>	<ul style="list-style-type: none"> <li>• Industrial rating units may think that they are paying more than is equitable and fair.</li> <li>• Increases for the commercial sector phased in over three years.</li> <li>• Local hospitality sector and Tauranga CDB retail struggling due to construction and economic downturn (<i>partly mitigated by reduced rating valuations in those areas for some commercial properties, and by an increased number of rating units in the commercial rating category</i>).</li> </ul>
<b>Key risks</b>	
<b>Recommended?</b>	Yes (Section 101(3)(b) decision)

**Option 3** - Council proposes to set the differential for each rating category, consulted with the community in the 2025/2026 Annual Plan.

<b>Advantages</b>	<b>Disadvantages</b>
<ul style="list-style-type: none"> <li>• Council can consider localised factors in the short term and set the differentials at each annual plan or long-term plan.</li> </ul>	<ul style="list-style-type: none"> <li>• Changing the proportions frequently creates uncertainty over the long term, particularly at each triennial revaluation.</li> <li>• May increase the rates liability on one of more sectors and rating categories.</li> <li>• Would not mitigate future valuation</li> </ul>

	<p>swings for rating categories.</p> <ul style="list-style-type: none"> <li>Residential ratepayers may pay more as a proportion than other similar growth New Zealand metros who set the allocation at a fixed percent.</li> </ul>
<b>Key risks</b>	
<b>Recommended?</b>	No (Section 101(3)(b) decision)

**Option 4** - Council proposes to recombine the commercial and industrial rating units into a single rating category, consulted with the community in the 2025/2026 Annual Plan.

<b>Advantages</b>	<b>Disadvantages</b>
<ul style="list-style-type: none"> <li>Is simple to administer and understand.</li> <li>Easier to benchmark with other NZ metropolitan cities.</li> </ul>	<ul style="list-style-type: none"> <li>Large increase the rates liability on the commercial rating category (can be mitigated by phasing in over a period of years)</li> <li>Does not recognise the relative impact on each sector or rating category on council's activities and services.</li> </ul>
<b>Key risks</b>	
<b>Recommended?</b>	No – potential to review at next LTP (Section 101(3)(b) decision)

### FINANCIAL CONSIDERATIONS

41. Changing the definition of rating category or allocation of the general rates will not impact council's finances directly as they change the allocation of rates liability over the whole community. If some ratepayers pay less others would pay a greater share of the total rates requirement set by Council.

### LEGAL IMPLICATIONS / RISKS

42. Council should follow due process, particularly the chronological order in section 101 Financial management of the Local Government Act (2002), when setting rating policy.

### TE AO MĀORI APPROACH

43. Fair and equitable allocation of rates ensures that the Industrial sector and other heavy vehicle users contribute to the costs of a safe transportation network. This aligns to the concept of Manaakitanga which is best practice and a strong duty of care and safety for our people.

### CLIMATE IMPACT

44. While Transportation Activity, in particular road traffic, is a key contributor to negative environmental impacts, the rating policy changes are unlikely to change any behaviour of heavy vehicle traffic to, or from, Industrial rating units. The Port of Tauranga is New Zealand's only deep water port and is unlikely to move from the centre of Tauranga.

### CONSULTATION / ENGAGEMENT

45. Changes to rating Policy or the Revenue and Financing Policy will be consulted with the whole community as part of the 2025-2026 Annual Plan.

### SIGNIFICANCE

46. The Local Government Act 2002 requires an assessment of the significance of matters, issues, proposals, and decisions in this report against Council's Significance and Engagement Policy. Council acknowledges that in some instances a matter, issue, proposal, or decision may have a high degree of importance to individuals, groups, or agencies affected by the report.
47. In making this assessment, consideration has been given to the likely impact, and likely consequences for:
- (a) the current and future social, economic, environmental, or cultural well-being of the district or region
  - (b) any persons who are likely to be particularly affected by, or interested in, the decision.
  - (c) the capacity of the local authority to perform its role, and the financial and other costs of doing so.
48. In accordance with the considerations above, criteria and thresholds in the policy, it is considered that the decision is of high significance.

### ENGAGEMENT

49. Taking into consideration the above assessment, that the decision is of high significance, officers are of the opinion that the following consultation/engagement is suggested/required under the Local Government Act 2002.
50. Any proposed changes to rating category definitions or general rate allocations will be consulted with the community as part of the 2025/2026 Annual Plan.

### NEXT STEPS

51. Decisions will be included in the 2025-2026 Annual Plan consultation and/or supporting documents. In the 10 March report on the draft Annual Plan, with final adjustments, the calculation will be based on rates budget movements across all general and targeted rates

### ATTACHMENTS

1. **Funding Impact on rates for rating categories under different rating policy options - A17515906** [↓](#) 

Examples of rating impact on residential, commercial and industrial properties with potential rating policy options

	Status Quo 2024-34 LTP, move commercial from 13.3% to 13.8%	Status Quo 2024-34 LTP, move commercial from 13.3% to 13.8%	new Industrial definition, maintain industrial at 19%	new Industrial definition, maintain industrial at 19%	Same differentials as 2024/2025	Same differentials as 2024/2025	Combine Industrial and Commercial	Combine Industrial and Commercial
<b>Budget increase</b>	<b>12.50%</b>	<b>10%</b>	<b>12.50%</b>	<b>10%</b>	<b>12.50%</b>	<b>10%</b>	<b>12.50%</b>	<b>10%</b>
<b>% allocation of General rates and differentials</b>								
<b>Residential</b>	<b>66.3%</b>	<b>1.0</b>	<b>66.9%</b>	<b>1.0</b>	<b>67.0%</b>	<b>1.0</b>	<b>66.0%</b>	<b>1.0</b>
<b>Commercial</b>	<b>13.8%</b>	<b>2.23</b>	<b>14.1%</b>	<b>2.10</b>	<b>13.1%</b>	<b>2.1</b>	<b>15.3%</b>	<b>2.50</b>
<b>Industrial</b>	<b>20.0%</b>	<b>2.65</b>	<b>19.0%</b>	<b>2.65</b>	<b>19.8%</b>	<b>2.6</b>	<b>18.8%</b>	<b>2.50</b>

<b>Residential</b>	<b>% change</b>							
Low Residential (1%)	10.4%	8.5%	10.9%	8.8%	11.0%	9.1%	10.2%	8.1%
Lower Quartile (25%)	11.4%	9.5%	12.1%	9.6%	12.2%	10.3%	11.1%	8.6%
Median (50%)	11.7%	9.8%	12.5%	9.9%	12.6%	10.7%	11.4%	8.8%
Upper Quartile (75%)	12.0%	10.2%	12.9%	10.1%	13.0%	11.1%	11.7%	8.9%
High residential (99%)	13.2%	11.3%	14.3%	11.0%	14.4%	12.5%	12.7%	9.5%
<b>Commercial</b>								
Lower Quartile (25%)	17.1%	15.4%	13.2%	10.5%	13.3%	11.6%	26.5%	23.4%
Median (50%)	18.0%	16.2%	13.6%	10.7%	13.7%	12.0%	28.6%	25.2%
Upper Quartile (75%)	18.5%	16.7%	13.8%	10.8%	13.9%	12.2%	29.7%	26.1%
High commercial (99%)	19.2%	17.3%	14.1%	10.9%	14.3%	12.5%	31.3%	27.5%
<b>Industrial</b>								
Lower Quartile (25%)	13.9%	12.2%	14.7%	12.0%	13.3%	11.7%	9.1%	6.5%
Median (50%)	14.4%	12.7%	15.4%	12.4%	13.8%	12.1%	9.0%	6.2%
Upper Quartile (75%)	14.8%	13.0%	15.8%	12.7%	14.1%	12.4%	8.9%	5.9%
High Industrial (99%)	15.1%	13.3%	16.3%	12.9%	14.5%	12.7%	8.8%	5.7%
<b>Residential</b>	<b>\$/pw change</b>							
Low Residential (1%)	\$4.36	\$3.57	\$4.56	\$3.69	\$4.58	\$3.80	\$4.26	\$3.40
Lower Quartile (25%)	\$6.74	\$5.63	\$7.15	\$5.67	\$7.20	\$6.08	\$6.55	\$5.09
Median (50%)	\$7.86	\$6.60	\$8.37	\$6.61	\$8.43	\$7.16	\$7.63	\$5.89
Upper Quartile (75%)	\$9.42	\$7.94	\$10.06	\$7.90	\$10.14	\$8.65	\$9.12	\$6.99
High residential (99%)	\$28.00	\$23.98	\$30.25	\$23.35	\$30.54	\$26.48	\$26.97	\$20.18
<b>Commercial</b>								
Lower Quartile (25%)	\$25.91	\$23.30	\$19.97	\$15.91	\$20.13	\$17.63	\$40.23	\$35.52
Median (50%)	\$46.58	\$42.01	\$35.19	\$27.66	\$35.51	\$31.13	\$74.01	\$65.23
Upper Quartile (75%)	\$79.91	\$72.16	\$59.74	\$46.61	\$60.30	\$52.90	\$128.48	\$113.14
High commercial (99%)	\$1,778.29	\$1,608.89	\$1,310.75	\$1,012.29	\$1,323.77	\$1,162.49	\$2,904.32	\$2,554.69
<b>Industrial</b>								
Lower Quartile (25%)	\$19.20	\$16.86	\$20.39	\$16.60	\$18.47	\$16.15	\$12.54	\$9.01
Median (50%)	\$34.75	\$30.56	\$37.11	\$29.87	\$33.31	\$29.15	\$21.57	\$14.82
Upper Quartile (75%)	\$67.56	\$59.48	\$72.40	\$57.87	\$64.63	\$56.60	\$40.61	\$27.10
High Industrial (99%)	\$681.35	\$600.40	\$732.41	\$581.54	\$650.37	\$570.04	\$396.75	\$256.67

## 11.4 Draft Annual Plan 2025/26 - Decision Making

**File Number:** A17099631

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### PURPOSE OF THE REPORT

1. To seek direction/approval of the Annual Plan 2025/26 draft baseline budget and provide an update on the development of the annual plan.

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### RECOMMENDATIONS

That the Council:

- (a) Receives the report "Draft Annual Plan 2025/26 - Decision Making".
- (b) Confirms the 2025/26 capital programme as agreed in December with the following adjustments which reduce the total programme to \$506m as detailed in Attachment 1:
  - (i) Deferral of \$6.8m of expenditure on Turret Road to later year
  - (ii) Bring forward \$1.5m of Taurikura Drive upgrade
  - (iii) Other minor timing adjustments
- (c) Approves an additional operational grant of \$338k to Bay Venues Limited to continue operation of Memorial Park Indoor Sports Centre in 2025/26, noting this has been included in the baseline budget.
- (d) Approves the baseline budget that achieves a maximum rates increase after growth of 12.5%, based on activity budgets as set out in Attachment 2 with further budget adjustments to be considered by Council on 3 March 2025.
- (e) Notes the revised net debt at year end June 2026 is \$1.65b, which is consistent with the Long Term Plan.

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### EXECUTIVE SUMMARY

2. In accordance with the Local Government Act 2002, Council is required to produce and adopt an annual plan by 30 June 2025.
3. This report provides the draft high-level financials for the 2025/26 Annual Plan following updates since the Long-Term Plan (LTP) and organisational reset adjustments to sit at 12.5% rates increase overall after growth. Further initiatives are proposed to be considered by Council at its 3 March meeting to bring the overall rates increase below 12.5%.
4. Council currently has a financial strategy rates limit of 12%. The removal of the Infrastructure Funding and Financing (IFF) levy impacted this strategy limit as previously this was outside the limit. Hence 12.5% whilst outside the limit remains less than the total amount of rates plus levy which as in the Long Term Plan. Any amount exceeding the rating limit will need to be noted in the final Annual Plan.

5. The capital programme draft budgets were agreed by Council on December 10, 2024, and there have been minor adjustments to the draft programme outlined in this report which bring the draft capital programme to \$506m. A comparison of project budgets for 2026 and total project costs in LTP is provided as Attachment 1.
6. The Whole of Council budget, broken down by activity is presented in Attachment 2 along with commentary on key deliverables, and activity issues and outlook.

## BACKGROUND

7. Following the reforecasting of capital budgets for 2024/25 by Council on 29 October 2024, a further report was presented to Council on 12 November 2024 outlining an approach and suggested capital project categorisation for the 2025/26 Annual Plan. Subsequently a Council workshop has been held on 4 December to consider the prioritised capital programme, key financials and borrowing covenants.
8. On 9 December, staff presented a paper titled "*2025/26 Annual Plan Key Financial Update, Draft Capital Programme and LGFA Bespoke Borrowing Covenant Option*" for Council's consideration. Council resolved that it:
  - (a) Receives the report "Annual Plan Key Financial Update, Draft Capital Programme and LGFA Bespoke Borrowing Covenant Option".
  - (b) *Directs staff to develop the draft 2025/26 Annual Plan for consideration in February 2025 with options to ensure that:*
    - (i) *The total rates increase does not overall exceed 12.5% net of growth.*
    - (ii) *The total rates increase does not overall exceed 10% net of growth*
    - (iii) *Depreciation is fully funded except for roading depreciation, where the funded depreciation should reflect only the TCC share of renewals.*
    - (iv) *Operational costs proposed to be loan funded are separately reported for specific council approval.*
    - (v) *The capital programme as prioritised in Attachment 1 forms the basis for the draft budget subject to any changes to projects or levels of service agreed by Council prior to adoption for consultation in March 2025.*
  - (c) *Agrees that Council should apply to Local Government Funding Agency for a bespoke covenant up to a limit of 350% debt to revenue ratio from June 2025, with a draft application to be considered by Council at its meeting on 10 February 2025.*

## Events since December 2024

### Changes to capital expenditure budgets

9. The draft capital budget for the annual plan was agreed by Council on 10 December 2024. There have been changes to timing of projects that have reduced the draft capital budget from \$515m to \$506m, including:
  - Deferral of \$6.8m from draft FY26 budget related to Turret Road, Welcome Bay, Fifteenth Avenue programme due to delays in NZTA business case review.
  - Bring forward of \$1.5m from FY26 to FY25 to progress construction of the Taurikura Drive upgrade (to coordinate with the opening of the next phase of Tauranga Crossing).
  - Other minor timing adjustments such as Mount Maunganui Holiday Park Master Plan and Awaiti Place Stormwater Upgrade.
10. Attachment 1 provides detail of the revised capital programme for the 2025/26 Annual Plan. Because inflation is applied to future years' budgets, when a project is deferred the total cost of the project will be increased by that inflation impact. Attachment 1 shows the revised annual project budgets for multi-year projects that have been rephased to later years

compared to the project budget in the LTP and therefore have slightly higher total project budgets.

### Proposed Changes to Operational Expenditure

11. The baseline operational budget results in an overall rate increase of 12.5%. This level equates to the increase in year 2 of the LTP after adding back the proposed new Infrastructure Funding and Financing levy (IFF) which had been proposed for that year and is now funded within TCC directly through rates.
12. To remain within the maximum 12.5% rate increase, Council has had to offset significant cost increases from the LTP budget for 2026, of \$29m that have occurred post LTP including:
  - (a) Council's direction to fund (through rates) all depreciation other than the portion of transport renewals covered by NZTA \$15.6m increase in rates.
  - (b) Additional rates funded depreciation from Transportation assets and spaces and places activity assets \$10m.
  - (c) Additional levy from the water regulator (Taumata Arowai) \$0.9m.
  - (d) The reduction in growth assumption from 1.5% to 0.25% noting the whole of council rates increase is shown after growth.
13. Activity managers have updated their budgets along with reset savings targets required to maintain the baseline budget within a 12.5% increase. The increase in city operations to cover more external contracts shows as an increase in employee costs offset by a reduction in other operating costs.
14. Savings have been achieved to reduce budgets to the 12.5% level through organisational changes and efficiencies without impacting on levels of service.
15. An area of additional level of service has been identified for which Council approval is sought, which is grant funding for Bay Venues associated with opening the new Cameron Road courts facility (Haumaru). In the draft numbers presented in December 2024, Bay Venues were intending to utilise their existing operational budget from QEYC/Memorial Hall to fund the running costs of the new Cameron Road courts. As the timeline delivery of the Memorial Park Aquatic Centre will be pushed out and options are now being revisited, QEYC/Memorial Hall is able to remain open until at least June 2026). If both venues remain in operation an additional operational grant of \$338k is sought by Bay Venues to cover these costs.
16. There are further opportunities to reduce costs which may take some time to implement or have an impact on the level of service provided to the community or on other councils and community groups. These will be considered on 3 March 2025 before finalising the draft budget annual plan.
17. The whole of council and by activity budget is compared against year 2 LTP budgets and 2025 budgets in the attachments.
18. The revised debt level at year end June 2026 is \$1.65b, which is consistent with the LTP.

### **FINANCIAL SUMMARY**

19. The draft Whole of Council Operating Budget is summarised in Table 1 below:



## Draft as at 5th February - Whole of Council

### Net of Tauriko West

	2024 Actuals	2025 LTP	2026 AP	Increase LTP 2025 to AP 2026	Increase LTP 2025 to AP 2026
	\$m	\$m	\$m	\$m	%
Rates Funding	296	333	375	42	12%
User Fees	64	71	80	9	13%
Grants & Subsidies	21	16	19	4	25%
Finance Revenue	11	5	6	1	26%
<b>Total Revenue</b>	<b>391</b>	<b>425</b>	<b>481</b>	<b>56</b>	<b>13%</b>
Employee Related Costs	107	118	128	10	9%
Depreciation	96	105	127	22	21%
Finance Costs	50	64	68	4	6%
Other Operating Expense	215	226	221	(5)	(2)%
<b>Total Expenses</b>	<b>468</b>	<b>513</b>	<b>544</b>	<b>31</b>	<b>6%</b>
<b>Surplus / (Deficit)</b>	<b>(77)</b>	<b>(88)</b>	<b>(63)</b>	<b>25</b>	<b>(28)%</b>

### STATUTORY CONTEXT

20. In accordance with the Local Government Act 2002 (LGA), Council is required to produce and adopt an annual plan, by 30 June 2025. The purpose is to identify variations from the financial statements of the second year of the current Long-term Plan.
21. Council must consult on changes that are significantly or materially different from the adopted LTP. The Rates increase limit in the LTP is 12 percent per annum and the limit on borrowing is the LGFA current borrowing limit (calculated including Bay Venues revenue) of 280%.

### STRATEGIC ALIGNMENT

22. This contributes to the promotion or achievement of the following strategic community outcomes:

	Contributes
We are an inclusive city	✓
We value, protect and enhance the environment	✓
We are a well-planned city	✓
We can move around our city easily	✓
We are a city that supports business and education	✓

The draft annual plan budget provides the resourcing to address each of the outcomes listed above.

### WOPTIONS ANALYSIS

23. Council has the option to accept the proposed budget and implications for rates and debt or to request further work to be undertaken on the draft budgets.
24. The extent of further work may affect timeframes for adoption and consultation of the draft annual plan.

### FINANCIAL CONSIDERATIONS

25. The draft budgets are consistent with the Long-term Plan. The levels of capital expenditure along with the operational budgets proposed are financially sustainable and continue to deliver on agreed levels of service. The rating structure decided in an earlier report of council along with decisions on user fees will affect how the budgets are paid for and by which ratepayers and users of council services.

### LEGAL IMPLICATIONS / RISKS

26. In accordance with the Local Government Act 2002, council must consult with the community if the annual plan includes significant or material differences from the content of the Long-term Plan for the financial year to which the proposed annual plan relates.

### CONSULTATION / ENGAGEMENT

27. Under the proposed approach, consultation on the annual plan will occur from 28 March to 28 April 2025 alongside consultation on the options for Local Waters Done Well, the Draft Development Contributions Policy (DC Policy) and draft Schedule of User Fees and Charges.
28. The DC Policy and Schedule User Fees and Charges form part of the annual plan. The draft documents have been presented as separate reports on this agenda.

### SIGNIFICANCE

29. The Local Government Act 2002 requires an assessment of the significance of matters, issues, proposals and decisions in this report against Council's Significance and Engagement Policy. Council acknowledges that in some instances a matter, issue, proposal or decision may have a high degree of importance to individuals, groups, or agencies affected by the report.
30. In making this assessment, consideration has been given to the likely impact, and likely consequences for:
  - (a) the current and future social, economic, environmental, or cultural well-being of the district or region
  - (b) any persons who are likely to be particularly affected by, or interested in, the proposal.
  - (c) the capacity of the local authority to perform its role, and the financial and other costs of doing so.
31. In accordance with the considerations above, criteria and thresholds in the policy, it is considered that the proposal is of high significance.

### ENGAGEMENT




32. Taking into consideration the above assessment, that the proposal is of high significance, officers are of the opinion that the following consultation/engagement is suggested/required under the Local Government Act 2002.

### NEXT STEPS

33. Following Council's decisions relating to this report, staff will prepare the following documentation for approval and adoption by Council on 24 March 2025:

- a) Draft Annual Plan including the financial supporting information.
- b) Consultation document for the Annual Plan.
- c) Statement of proposal for the User Fees and Charges.
- d) Statement of proposal for the Development Contributions policy.

## ATTACHMENTS

1. **Attachment 1 - Capital Budget Information for Draft 26 Annual Plan (as at February 2025) (A17517754) - A17519951** [↓](#) 
2. **Attachment 2a Whole of Council Annual Plan Operating Budgets Feb 2025 - A17519935** [↓](#) 
3. **Attachment 2b Feb 2025 Annual Plan Draft Activity Budgets - A17519919** [↓](#) 

Draft 2026 Annual Plan Capital Budgets - Variances to Projects Presented in December 2024							
Outcome Group	Revised Programme	Client Key	Name	FY26 Budget per Draft 26 AP as Presented in December 2024	Revised FY26 Budget per Draft 26 AP as at February 2025	Variance	Commentary
Community Infrastructure	Neighbourhood Reserves & Other Minor Capital Projects	N.000007.07	Mt Maunganui Holiday Park Master Plan	1,274,380	0	(1,274,380)	Phasing adjustment, deferred to FY27.
Community Infrastructure	Parks LOS Capital Development	N.000053.28	TRMP Implementation Projects Bulk Fund	0	576,440	576,440	Project removed in error in last iteration. Increase in FY26 offset by deferral of Mt Maunganui Holiday Park Master Plan.
Transport	Bus Infrastructure	N.000008.17	TSP028 Bus facility imp Tga Crossing	16,028,966	14,559,888	(1,469,078)	Bring forward to FY25 to progress construction in coordination with the opening of the next phase of Tauranga Crossing.
Transport	Welcome Bay, Turret Rd & 15th Ave Corridor	N.000001.02	TSP007 Turret Rd 15th Ave multimodal imp	13,728,254	8,155,602	(5,572,652)	Deferral due to delays in NZTA business case review.
Waters	Welcome Bay, Turret Rd & 15th Ave Corridor	N.000001.03	Turret Rd strategic watermain link	1,682,259	700,000	(982,259)	Deferral due to delays in NZTA business case review.
Waters	Welcome Bay, Turret Rd & 15th Ave Corridor	N.000001.04	15th Ave Main (roading)	289,801	50,000	(239,801)	Deferral due to delays in NZTA business case review.
Waters	Cameron Road Stage 2	N.000009.14	Cameron Rd. Upgrade - Stormwater Stage 2	154,725	0	(154,725)	Deferral to align with Transport budget phasing.
Waters	SW Bulk Fund & Reactive Reserve	N.000071.05	Awaiti Place stormwater upgrade	106,370	0	(106,370)	Phasing adjustment, deferred to FY29.
Waters	Waiari Water Treatment Plant Capital	N.000079.12	Waiari Environment Model-lwi engagement	506,125	496,575	(9,550)	Phasing adjustment, minor bring forward to FY25.
<b>Total Changes to FY26</b>						<b>(9,232,376)</b>	
<b>Total TCC Programme</b>				<b>514,855,792</b>	<b>505,623,417</b>	<b>(9,232,375)</b>	

**Draft 2026 Annual Plan Capital Budgets - Summary (as at February 2025)**

Outcome Group	FY25 Budget (\$m)	FY26 Budget (\$m)	FY27 Budget (\$m)	FY28 Budget (\$m)	FY29 Budget (\$m)	FY30 Budget (\$m)	FY31 Budget (\$m)	FY32 Budget (\$m)	FY33 Budget (\$m)	FY34 Budget (\$m)
Transport	179	184	177	218	220	138	132	163	102	134
Waters	109	111	174	190	193	180	201	230	341	343
Civic & City Centre	119	105	102	94	64	29	4	5	50	50
Community Infrastructure	56	57	78	77	75	60	68	61	58	66
CFO Group	13	25	10	6	6	6	6	6	6	8
Corporate & Digital Services	19	14	21	7	9	9	9	11	11	12
Sustainability & Waste	4	6	9	20	12	10	10	2	2	2
City Planning	3	3	2	1	1	1	1	1	1	1
<b>Grand Total</b>	<b>502</b>	<b>506</b>	<b>572</b>	<b>613</b>	<b>581</b>	<b>433</b>	<b>433</b>	<b>478</b>	<b>571</b>	<b>616</b>

As a result of the flow on impacts of capital project updates for the draft 2026 Annual Plan, there is a large value of projects flowing into the early years of the remaining LTP period (2026/27 to 2028/29). No decisions have been made regarding phasing of projects in those years - they are to be considered as part of 2027 Annual Plan/2027-37 Long-term plan processes.



Outcome Group	Client Key	Name	FY25 Reforecast Budget per Draft 26 AP	FY26 Budget per Draft 26 AP	FY27 Budget per Draft 26 AP	FY28 Budget per Draft 26 AP	FY29 Budget per Draft 26 AP	FY30 Budget per Draft 26 AP	FY31 Budget per Draft 26 AP	FY32 Budget per Draft 26 AP	FY33 Budget per Draft 26 AP	FY34 Budget per Draft 26 AP
Transport	N.000089.26	Gargan Rd Widening	-	77,749	-	-	-	-	-	-	-	-
	N.000008.04	Bus Shelter Renewals	59,170	60,942	63,774	66,518	67,986	71,879	73,171	87,554	104,728	107,131
	IBIS-238856	Ped/Cycle Counters maintenance/renewal and new installs	50,000	59,050	56,815	-	-	-	-	-	-	-
	N.000089.21	Taurikura Dr - Construction	-	55,863	-	-	173,059	-	-	-	-	-
	IBIS-238865	Ngatai Road early learning centres pedestrian crossing facility	-	50,000	464,850	-	-	-	-	-	-	-
	IBIS-238864	Ohauti Road safety and accessibility improvements	-	40,000	284,075	-	-	-	-	-	-	-
	N.000076.02	TTOC Renewals (ICT element)	10,576	33,217	34,114	34,931	64,345	36,416	37,070	37,448	38,010	70,257
	N.000058.04	Transportation Residential & Commercial Building Renewals	19,204	31,889	65,761	96,762	2,522	1,200	54,870	61,367	225,968	2,113
	N.000076.01	CCTV NVR Renewal	27,609	1,915	62,180	2,014	65,074	2,099	2,137	68,588	2,140	77,489
	N.000051.04	Park and Ride Trial	-	-	-	-	-	-	-	-	-	3,669,681
	N.000089.01	TBE - Roundabouts	-	-	-	-	343,721	-	-	-	-	-
	N.000008.11	TSP033 Active modes & PT City Centre	150,000	-	1,464,303	560,158	576,095	596,531	2,811,994	3,006,683	3,069,200	3,145,441
	N.000044.08	Matapihi Bridge Safety Improvements	-	-	540,756	-	-	-	-	-	-	-
	N.000091.04	TSP056 - Western Corridor Ring Road - TBE to SH36	-	-	423,454	-	-	-	-	-	-	-
	N.000001.01	TSP008 15th Ave & Fraser St upgrades	1,108,847	-	360,045	-	-	-	-	-	-	-
	N.000018.24	Grenada Street Cycleway	-	-	218,956	-	11,083,511	3,398,248	3,276,985	-	-	-
	IBIS-208470	Welcome Bay Road Pavement Rehabilitation (TCC Contribution)	-	-	-	1,003,616	1,062,030	1,128,240	-	-	-	-
	N.000076.13	Install red light running cameras	-	-	706,415	652,351	690,320	733,356	305,386	317,785	329,093	341,822
	N.000009.17	TSP019 Active modes & PT City Periphery	2,070,000	-	4,050,693	4,932,425	1,718,605	-	-	-	-	-
	N.000008.18	TSP036 Arataki Bus Facility Construction	4,377,127	-	-	-	-	-	-	-	-	-
	IBIS-123534	TSP016 - Park and Ride - Eastern Corridor (Domain Road area)	-	-	-	-	-	-	-	-	1,307,893	2,066,950
	IBIS-208465	Brookfield Road network improvements to support OSP outcomes	-	-	286,225	302,405	318,602	6,678,972	7,008,053	7,403,971	179,818	-
	IBIS-208471	Mount Maunganui Bus Facility	-	-	-	-	164,222	172,353	180,003	1,684,158	1,745,772	1,820,305
	N.000018.20	TSP034 Access St AreaA Mt/Byfair/Papamoa	-	-	163,394	2,475,925	2,186,484	-	-	-	-	-
	IBIS-208472	Papamoa bus facility	-	-	-	-	-	-	-	341,509	354,004	369,117
	IBIS-150206	Te Tumu Road Corridors x2	-	-	-	-	6,443,395	2,816,694	-	-	-	-
	N.000012.15	End of Trip Facilities and Bike Parking in the City Centre	-	-	598,042	495,596	559,730	583,073	498,230	520,867	542,394	989,610
	IBIS-122097	Ohauti Rd (Boscobel South)	-	-	-	-	-	563,750	-	-	-	-
	N.000033.03	Papamoa Roading - Backlog (LOAN)	-	-	2,599,602	-	-	-	-	-	-	-
	N.000008.14	TSP005 - New bus shelter installation	236,618	-	1,027,000	-	-	-	-	-	-	-
	IBIS-206256	Waahi Road Bridge Resilience	-	-	108,929	280,079	-	-	-	-	383,650	1,965,901
	N.000033.14	DC Backlog Transfer Pyes Pa West Transport	4,246,077	-	-	-	-	975,010	-	-	-	-
	N.000008.06	TSP040 - Brookfield Public Transport Improvements	-	-	-	-	3,437,210	-	-	-	-	-
	N.000090.11	Bethlehem Rd Sdg 3 Upgrading	-	-	2,571,750	-	-	-	-	-	-	-
	N.000008.10	TSP005 Optimise PT Infrastructure	393,612	-	2,069,297	840,755	-	-	-	-	-	-
	N.000046.43	TSP002 Hewletts Sub Area Business Case	627,832	-	-	-	-	-	-	-	-	-
	N.000018.01	Cycle Action Plan LCLR	1,291,958	-	4,431,987	4,896,007	5,080,619	4,765,885	4,984,454	2,722,621	5,217,159	4,489,707
	N.000051.02	Park & Ride Tauriko - Business Case and Design	-	-	-	-	-	-	-	-	-	1,030,891
	N.000018.14	TSP058 - Arataki Multi-modal Stage 1 (Links ave Trial)	67,193	-	-	-	-	-	-	-	-	-
	N.000018.17	TSP035 AreaB - Otumoetai Local Loop	-	-	2,157,652	5,107,521	-	-	-	-	-	-
	IBIS-208473	Burrows Street Boardwalk Renewal	-	-	-	-	-	-	343,830	367,885	380,612	-
	N.000018.22	Otumoetai / Matua Coastal Pathway	482,930	-	-	-	-	-	-	-	-	-
	N.000092.03	Redwood Lane Widening	-	-	-	191,574	-	-	-	-	-	-
	N.000052.15	Parking Strategy Implementation	216,270	-	-	-	-	-	-	-	-	-
	N.000033.04	Papamoa Roading - Backlog (PAPSIF)	-	-	2,599,602	-	-	-	-	-	-	-
	N.000064.03	TSP010 - Smiths Farm Access Costs	-	-	-	11,931,368	-	-	-	-	-	-
	IBIS-208467	Tara Road Cycleway	-	-	-	-	1,675,073	1,754,505	1,828,901	-	-	-
	N.000074.06	Traffic Signal Installation	-	-	-	-	-	852,841	-	-	-	-
	N.000018.25	Travel demand management (TDM) and behaviour change	-	-	1,378,066	1,462,804	1,543,448	2,369,931	2,445,344	3,131,409	3,238,005	-
	IBIS-143423	Matua Bridge Resilience	-	-	112,032	288,047	-	-	375,835	1,918,250	7,208,303	-
	N.000033.15	DC Backlog adjustment to Bethlehem West Transport	-	-	-	-	-	-	3,836,557	-	-	-
	N.000022.01	Domain Rd Upgrading	150,000	-	173,680	-	-	-	559,678	604,712	646,434	6,252,414
	N.000046.14	Papamoa Beach Rd Intersection Imprvmts	-	-	-	-	-	-	1,260,404	-	-	-
	N.000023.03	Right of Access Te Tumu Corridor	75,842	-	-	-	-	-	-	-	-	-
	N.000046.15	Truman Lane Reconstruction	-	-	1,075,930	9,093,025	6,610,121	702,836	-	-	-	-
	N.000023.04	TSP015 Te Tumu Internal Multi Modal BCSe	162,468	-	-	-	-	-	-	-	-	-
	N.000089.23	Tauriko to Kennedy Rd Link Construct	103,001	-	-	-	-	-	-	-	-	-
	N.000086.44	TSP030 - Keenan Road Access	120,132	-	-	-	-	-	-	-	-	-
	N.000033.13	DC Backlog adjustment to Pyes Pa West Transport	4,246,077	-	-	-	-	975,010	-	-	-	-
	IBIS-208476	Mount Maunganui to Arataki Spatial Plan (MSP) Movement Investment Bulk Fund	-	-	-	447,312	587,494	620,084	642,719	668,814	654,251	-
	IBIS-123710	TSP006 - Fraser Street MultiModal	-	-	-	-	-	-	-	-	2,429,784	2,490,141
	IBIS-210686	Marshall Ave Footpath upgrade	-	-	555,538	571,361	3,620,178	3,748,603	3,841,428	-	-	-
	N.000009.16	TSP020 Wayfinding	-	-	107,886	56,050	57,287	-	-	-	-	-
	N.000018.16	TSP011 - Welcome Bay Road multimodal improvements	-	-	-	-	15,001,160	-	-	-	-	-
	IBIS-208466	Rail Level Crossing Upgrades	-	-	1,951,646	2,065,303	2,179,173	-	-	-	-	-
	N.000046.27	Bauman's Boulevard Flood mitigation	3,293,862	-	-	-	-	-	-	-	-	-
	N.000027.03	TSP044 Gloucester St Extension	-	-	967,649	248,445	-	-	-	-	-	-

Outcome Group	Client Key	Name	FY25 Reforecast Budget per Draft 26 AP	FY26 Budget per Draft 26 AP	FY27 Budget per Draft 26 AP	FY28 Budget per Draft 26 AP	FY29 Budget per Draft 26 AP	FY30 Budget per Draft 26 AP	FY31 Budget per Draft 26 AP	FY32 Budget per Draft 26 AP	FY33 Budget per Draft 26 AP	FY34 Budget per Draft 26 AP
<b>Transport</b>	<b>N.000046.28</b>	Drainage Improvements	802,497	-	1,692,976	879,544	900,328	953,514	974,202	1,101,368	1,226,339	1,253,393
	<b>N.000089.37</b>	TBE Land Mark Entry Features	-	-	328,435	-	-	-	-	-	-	-
	<b>N.000046.30</b>	Maunganui Road Safety Improvements	3,969,169	-	-	-	-	-	-	-	-	-
	<b>N.000090.10</b>	Bethlehem Rd Stg 2 Reconstruction	1,747,301	-	-	-	-	-	-	-	-	-
	<b>N.000046.31</b>	Land Purchases - Widening District Wide	-	-	-	-	-	-	246,542	188,963	191,965	196,200
	<b>N.000008.19</b>	TSP039 Bethlehem Bus Infrastructure Imp	-	-	-	-	-	-	-	-	-	455,660
	<b>N.000046.36</b>	TSP042 - Safe Network Programme	4,832,040	-	1,056,144	2,258,390	2,773,464	2,898,442	2,417,029	3,944,590	4,045,548	4,175,044
	<b>IBIS-123832</b>	TSP044 - Arataki to Papamoa East Multimodal Stage 2	-	-	-	-	-	-	604,369	613,430	627,501	-
	<b>N.000046.39</b>	TSP002 Hewletts Sub Area	-	-	512,250	5,758,816	7,469,446	5,258,968	-	-	-	10,413,195
	<b>N.000009.03</b>	TSP018 - Cameron Road Stage 2	2,176,929	-	-	41,041,078	48,955,009	49,380,862	47,381,792	46,066,044	-	-
	<b>N.000046.08</b>	TSP052 - Te Marie/Newton Street Link Construction	-	-	-	-	393,634	1,902,342	-	-	-	-
	<b>N.000009.13</b>	TSP049 Nghbrhd active modes & PT upgrds	-	-	924,542	480,329	490,926	500,746	509,744	517,920	510,374	522,081
	<b>N.000046.09</b>	Maranui St Reconstruction	-	-	-	2,383,242	688,867	-	-	-	-	-
	<b>N.000033.16</b>	DC Backlog Transfer Bethlehem West Transport	-	-	-	-	-	-	3,836,557	-	-	-
	<b>N.000046.49</b>	Hairini Bus Lane Operational Change	90,000	-	-	-	-	-	-	-	-	-
	<b>N.000039.04</b>	Chapel Street Bridge resilience works	-	-	816,968	-	-	-	1,833,909	3,131,961	6,394,168	10,484,804
	<b>N.000044.01</b>	Minor Safety Improvements	1,736,826	-	5,491,190	3,897,127	4,034,809	4,233,627	4,367,592	4,502,870	4,610,863	4,747,898
<b>Waters</b>	<b>N.000028.07</b>	Opal Drive Pump Station	11,455,945	12,374,708	9,021,501	1,744,242	-	-	-	-	-	-
	<b>N.000073.06</b>	Te Maunga WWTP Growth Related Upgrades	5,157,500	12,029,400	4,576,474	5,839,512	-	-	-	-	-	-
	<b>N.000093.03</b>	WW Reticulation Renewals	8,004,642	9,465,050	11,293,555	11,892,865	11,972,503	12,315,540	13,655,887	14,779,943	15,515,735	15,499,736
	<b>N.000083.13</b>	Water Pipe Asset Renewals	6,685,850	6,275,380	6,930,347	7,257,156	7,848,610	8,233,807	8,838,245	9,086,634	9,445,534	9,978,890
	<b>N.000029.05</b>	Cambridge Rsv trunk main relocations	5,570,100	5,362,892	11,603,161	11,305,004	15,287,425	10,858,716	16,241,814	5,388,137	-	-
	<b>N.000028.06</b>	Main Wairakei Pump Station Papamoa East	1,511,720	3,831,938	14,518,666	14,532,571	5,544,084	-	-	-	-	-
	<b>N.000073.18</b>	Te Maunga WWTP Electrical Power Upgrade	172,375	3,635,000	-	875,317	759,232	-	-	-	-	-
	<b>N.000093.04</b>	WW Pumpstation Renewals	3,611,264	3,290,000	4,143,955	4,489,849	4,413,654	4,051,575	3,202,449	4,246,098	3,590,807	4,196,992
	<b>N.000092.01</b>	Tauriko West High Level Watermain	4,080,306	3,110,396	2,976,862	-	-	-	-	-	-	-
	<b>N.000028.02</b>	Wairakei Rising Main PHASE 1	777,748	2,775,000	3,946,370	4,084,697	-	-	-	-	-	-
	<b>N.000062.01</b>	Reservoir Seismic Upgrade	2,423,327	2,626,275	3,830,901	2,493,025	3,520,195	5,420,913	2,270,960	1,386,741	283,364	92,801
	<b>N.000086.05</b>	Pyes Pa West Dam 5 And Wetland 5	4,495,277	2,602,342	2,193,349	-	-	-	-	-	-	-
	<b>N.000092.05</b>	Tauriko West Temporary pump station rising main- initial stage	2,063,000	2,471,521	2,233,854	-	-	-	-	-	-	-
	<b>N.000071.02</b>	S2 Stormwater Levy - Reactive Reserve	1,100,000	2,000,000	2,259,150	2,328,831	3,368,653	3,482,159	3,580,326	3,680,946	6,738,008	2,770,581
	<b>N.000029.24</b>	WS Network Renewal & Upgrades- CBD	-	1,595,550	1,096,675	1,130,500	1,752,073	-	-	-	-	-
	<b>N.000062.02</b>	Water Supply Reservoir Renewals	1,040,784	1,562,575	1,788,642	2,226,418	2,574,892	2,843,268	2,024,756	1,553,704	1,280,875	1,301,903
	<b>N.000093.08</b>	Johnson Reserve Pipe Upgrade	2,768,058	1,507,300	160,344	-	-	-	-	-	-	-
	<b>IBIS-122955</b>	Te Maunga WWTP Aeration Upgrade Stage 1	630,000	1,500,000	-	1,988,399	552,404	-	-	-	-	-
	<b>N.000083.20</b>	Oropi Trunk Main Upgrade	548,415	1,464,694	3,289,921	6,783,002	-	-	-	-	8,610,000	7,716,445
	<b>N.000083.15</b>	Water Supply Meter Asset Renewals	740,618	1,323,329	1,318,159	1,606,396	1,500,943	1,148,243	1,837,338	1,701,353	1,880,101	1,779,358
	<b>N.000089.28</b>	WC WW Strategy Stage 1A	1,901,347	1,280,792	-	-	-	-	-	-	-	-
	<b>N.000083.10</b>	Chadwick/Poolers Rd - Cameron Rd & Fraser street Watermain link	887,090	1,275,000	5,636,469	3,524,968	3,077,251	1,812,712	-	-	-	-
	<b>N.000081.03</b>	Wairakei Corridor Landscaping	515,750	1,270,000	515,500	-	-	-	-	-	-	-
	<b>N.000093.19</b>	Mansels Road WW Construction & Renewal	2,897,803	1,220,000	677,853	-	-	-	-	-	-	-
	<b>N.000094.02</b>	WWTP Renewals	1,410,675	1,170,000	1,030,756	1,407,263	2,797,727	736,263	1,408,069	1,712,178	3,782,795	1,982,656
	<b>N.000072.02</b>	Stormwater Reticulation Renewals	1,531,500	1,063,700	1,208,535	1,904,894	2,248,495	2,633,353	2,793,250	3,139,561	4,410,452	5,070,432
	<b>N.000084.10</b>	Joyce Rd WSP Technology Renewal	424,978	1,000,000	6,481,073	1,265,819	-	-	-	-	-	-
	<b>N.000080.02</b>	Wairakei Stream Culvert Upgrade	206,300	929,674	3,290,024	2,955,128	-	-	-	-	-	-
	<b>N.000093.28</b>	Churchill Rd Foreshore Sewer (TAU02)	405,725	927,784	890,939	6,419,433	2,671,328	3,018,515	13,361,891	-	-	-
	<b>N.000073.11</b>	Te Maunga WWTP Headworks	1,948,121	887,406	5,598,846	18,914,652	14,118,993	9,616,588	12,537,966	15,785,337	-	-
	<b>N.000009.15</b>	Te Papa Inten SW Uppg Priority Dev Areas	515,750	851,004	1,096,675	1,431,505	15,709,960	16,238,604	16,696,392	17,165,625	17,596,232	18,088,354
	<b>N.000073.17</b>	Te Maunga WWTP Picket Fence Thickner	187,733	799,997	1,479,414	1,737,678	-	-	-	-	-	-
	<b>N.000009.35</b>	Third Ave Network Extension	86,702	753,180	854,231	-	-	-	-	-	-	-
	<b>N.000093.33</b>	Simpson Rd PS070 Upgrade (PAP02)	13,410	751,136	638,265	-	-	-	-	-	-	-
	<b>N.000001.03</b>	Turret Rd strategic watermain link	100,000	700,000	3,269,673	7,242,670	5,066,546	4,313,380	2,499,766	-	-	-
	<b>N.000103.03</b>	Western Corridor Wastewater Stage 1	337,613	685,780	-	-	233,610	1,811,109	1,309,683	12,004,286	13,999,356	14,390,882
	<b>N.000009.25</b>	WW Network Upgrade & Renewals- CBD	-	638,220	3,619,027	3,165,401	3,270,537	3,407,511	744,867	-	-	-
	<b>N.000023.01</b>	Wairakei Stream - Overflow to Kaituna	665,318	638,004	273,215	-	-	-	-	-	16,354,388	1,622,000
	<b>N.000084.05</b>	Water Supply M&E Asset Renewals	642,470	590,478	1,403,760	1,451,085	2,886,907	2,621,107	791,192	955,614	5,491,029	1,272,338
	<b>N.000083.01</b>	Water Supply Bulk Fund	590,121	552,819	548,337	565,250	350,415	241,481	124,144	-	-	-
	<b>N.000093.27</b>	Newton St & Hewletts Rd gravity main upgrades (MTM02) - planning (concept and feasibility design)	480,041	551,877	329,002	-	-	-	-	-	-	-
	<b>N.000079.07</b>	Coastal Water Trunk Mains 1: ex Waiari Stage 2 Watermain (to Mangatawa)	2,063,000	504,000	-	-	-	-	-	-	21,238,462	21,832,448
	<b>N.000072.05</b>	Stormwater Minor Works	488,725	500,000	515,500	531,400	549,050	567,550	583,550	599,950	615,000	632,200
	<b>N.000079.12</b>	Waiari Environment Model-Iwi engagement	9,550	496,575	41,882	42,763	43,660	44,574	45,512	46,467	47,443	48,438
	<b>N.000028.05</b>	Opal Drive to Te Maunga Rising Main	649,064	474,923	479,752	-	-	-	-	-	21,520,124	22,807,531
	<b>N.000093.32</b>	Maleme st upgrade	178,450	400,000	1,977,789	1,057,248	900,196	-	-	-	-	-
	<b>N.000039.02</b>	Oropi & Joyce WTP supply Trunks	515,750	395,696	1,229,430	-	-	-	-	33,327,223	24,067,410	3,799,200
	<b>N.000081.05</b>	Wairakei Stream Landscape Cultural Plan	-	370,000	-	-	-	-	-	-	-	-
	<b>N.000017.01</b>	CSC SW Treatment Dev & Imp	1,024,485	370,000	548,337	565,250	-	-	-	-	-	-























































































































































































































































**12 DISCUSSION OF LATE ITEMS**

**13 PUBLIC EXCLUDED SESSION**

**Resolution to exclude the public**

**RECOMMENDATIONS**

That the public be excluded from the following parts of the proceedings of this meeting.

The general subject matter of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48 of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

<b>General subject of each matter to be considered</b>	<b>Reason for passing this resolution in relation to each matter</b>	<b>Ground(s) under section 48 for the passing of this resolution</b>
<b>13.1 - Asset Realisation Reserve - 376 No.1 Road, Te Puke (Orchard Block) Divestment Objectives and Disposal Classification</b>	s7(2)(i) - The withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	s48(1)(a) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
<b>13.2 - Asset Realisation Reserve - Kairua Road - Divestment Objectives and Disposal Classification</b>	s7(2)(i) - The withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	s48(1)(a) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7

**14 CLOSING KARAKIA**