



AGENDA

Tabled Documents

Ordinary Council meeting

Monday, 24 March 2025

Date: Monday, 24 March 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.

Marty Grenfell
Chief Executive

Order of Business




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11 BUSINESS

11.7 Council Meeting 24 March 2025 - Tabled Documents

ATTACHMENTS

1. Operating Expenditure by Activity - A17764639 [↓](#) 
2. Annual Plan Consulting Document - A17764641 [↓](#) 
3. Separate Attachment to Item 11.3: Local Water Done Well - Adoption of Consultation Document and Update on Progress - Joint Water Services Organisation - A17877360 [↓](#) 

Operating Expenditure by Activity 2026 AP (\$000)

Activity	Employee Related Costs	Depreciation	Finance Costs	Other Operating Costs	Consultants	Administration Costs	Grants, Contributions and Sponsorship Expense	Other Operating Expense including recoveries	Repairs & Maintenance	Utilities & Occupancy Expenses	Allocations	Total Operating Costs	Internal Eliminations to balance to P&L
10 FINANCE	5,826	54	196	1,218	801	420	-	551	546	2	-	7,294	
101 CORPORATE TREASURY	210	-	67,692	1,042	-	85	-	958	-	-	-	68,944	96,432
102 HEAD OFFICE - TCC	-	-	3,480	37	-	-	-	-	-	37	-	3,517	
104 STRATEGIC PROPERTIES - TE TUMU	-	-	2,549	121	-	-	-	-	-	121	-	2,670	
11 HUMAN RESOURCES	4,705	85	22	803	183	69	-	550	-	-	-	5,614	
12 EXECUTIVE OFFICER	5,663	-	-	5,663	207	114	-	5,984	-	-	-	0	
13 DIGITAL SERVICES	9,499	6,380	3,657	28,488	10,778	13,280	-	4,288	82	61	-	48,024	
15 CIVIC COMPLEX	828	3,292	1,962	7,468	-	183	-	6,691	51	543	-	13,549	
16 DEMOCRACY SERVICES	2,625	11	2	628	128	313	40	148	-	-	-	3,266	
18 STRATEGY & CORPORATE PLANNING	1,957	-	0	148	140	119	-	111	-	-	-	2,105	
19 INSURANCE	-	-	-	712	11	-	-	702	-	-	-	712	
20 COMMUNICATIONS & ENGAGEMENT	3,320	4	2	65	22	80	-	167	-	-	-	3,261	
21 STRATEGIC MAORI ENGAGEMENT	869	-	-	1,117	51	7	1,040	18	-	-	-	1,986	
26 STORMWATER	930	10,180	8,291	11,160	1,406	8	-	4,864	4,677	204	3,477	34,037	
27 WASTEWATER	1,689	19,958	11,038	22,220	3,062	76	-	10,670	3,984	4,427	8,092	62,997	
29 WATER SUPPLY	2,901	15,736	13,078	20,501	1,583	134	-	11,190	5,145	2,450	6,001	58,217	
30 CITY WATERS SUPPORT SERVICES	3,961	1,531	342	3,285	4,224	4,891	-	5,863	26	8	-	9,119	
31 CITY OPERATIONS	12,800	1,299	370	1,608	1,403	53	-	476	379	249	2,553	18,630	
32 SUSTAINABILITY & WASTE	2,179	1,434	126	15,508	342	260	-	13,068	105	1,733	3,848	23,094	
38 TRANSPORTATION	7,521	42,267	10,786	85,045	4,344	313	60,761	6,752	10,724	2,151	22,988	168,607	
40 CITY CENTRE	-	0	-	-	-	-	-	-	-	-	-	0	
43 REGULATORY SERVICES	1,365	-	-	236	-	12	-	224	-	-	-	1,601	
44 EMERGENCY MANAGEMENT & CIVIL DEFENCE	624	5	83	534	207	10	32	280	4	-	331	1,576	
46 ENVIRONMENTAL PLANNING	5,748	1	0	1,391	1,023	59	-	309	-	-	2,610	9,751	
47 PERFORMANCE MONITORING & ASSURANCE	2,235	144	39	1,393	102	1,063	-	2,563	4	-	-	1,025	
48 ENVIRONMENTAL HEALTH & LICENSING	1,358	-	-	368	97	31	-	240	1	-	760	2,487	
50 ANIMAL SERVICES	890	49	42	486	34	18	-	389	14	31	854	2,321	
51 CITY & INFRASTRUCTURE PLANNING	4,764	-	391	3,784	3,502	92	-	190	-	-	2,049	10,989	
52 BUILDING SERVICES	9,928	5	660	2,448	1,158	61	-	1,209	20	0	4,702	17,743	
54 CITY EVENTS	1,981	-	23	2,423	270	262	-	1,891	-	-	906	5,287	
55 LEGAL	820	-	0	3,044	128	142	-	2,774	-	-	-	3,865	
56 COMMUNITY DEVELOPMENT	1,440	-	18	5,200	71	79	3,900	1,150	-	-	741	7,400	
57 MARINE PRECINCT	-	9	2,048	1,498	750	-	-	182	277	289	98	3,456	
58 BAY VENUES LTD & CCO's	-	507	3,873	16,705	99	32	16,054	30	133	356	-	21,085	
59 SPACES & PLACES	4,172	11,554	11,001	14,650	1,183	66	3,011	3,528	5,691	1,170	7,329	48,705	
61 CITY CTRE DEVELOPMNT & PARTNER	1,450	10	830	2,667	756	296	-	1,616	10	8	2,132	7,088	
64 BAYCOURT COMMUNITY & ARTS CENTRE	1,435	679	105	1,383	282	193	-	621	88	197	680	4,283	
65 ARTS & CULTURE	1,391	421	806	2,528	98	122	1,528	659	42	78	862	6,009	
67 MARINE FACILITIES	193	1,946	1,085	1,282	108	1	-	565	488	121	654	5,160	
68 BEACHSIDE	471	356	250	1,305	-	25	-	250	154	876	368	2,749	
69 ASSET SERVICES	3,139	32	9	2,041	481	1	-	2,549	25	-	-	1,139	
72 SMARTGROWTH IMPLEMENTATION	160	-	-	943	829	99	-	15	-	-	-	1,103	
74 REGULATION MONITORING	1,741	-	1	1,707	10	97	-	1,813	-	-	896	931	
75 CUSTOMER SERVICES	-	63	124	2,692	-	-	-	2,692	-	-	-	2,879	
76 ECONOMIC DEVELOPMENT	-	-	4	5,131	-	-	4,779	352	-	-	-	5,136	
77 LIBRARIES & COMMUNITY HUBS	9,497	1,719	3,019	711	52	600	-	644	78	625	4,156	19,101	
81 AIRPORT	322	4,082	1,055	4,908	67	30	-	2,432	1,107	1,272	672	11,039	
83 FLEET MANAGEMENT	6	-	-	6	-	-	-	9	3	-	-	0	
84 CEMETERIES	532	328	412	537	-	0	-	215	167	155	298	2,107	
85 PARKING MANAGEMENT	124	1,304	2,523	5,378	256	-	-	3,583	705	835	701	10,031	
90 PROPERTY MANAGEMENT	1,417	228	433	3,998	129	66	-	1,564	1,316	923	-	6,076	
92 HISTORIC VILLAGE	432	914	906	1,845	65	208	-	482	715	376	426	4,524	
94 ELDER HOUSING	-	-	575	28	-	-	-	-	-	28	-	548	
95 COMMERCIAL ADVISORY GROUP	2,450	-	667	1,436	227	55	-	1,719	-	1	872	2,553	
Total TCC	127,568	126,588	153,380	276,902	40,669	24,126	91,148	64,891	36,742	19,326	79,859	764,297	598,920

Operating Revenue by Activity (\$000)

Activity	Rates Funding	User Fees	Grants & Subsidies	Finance Revenue	Overheads (Allocations Recovery)	Total Operating Revenue	Internal Eliminations to balance to P&L
10 FINANCE	10	140	-	-	38	7,145	7,256
101 CORPORATE TREASURY	15,557	53	-	-	84,448	-	68,944
102 HEAD OFFICE - TCC	3,000	-	-	-	-	-	3,000
104 STRATEGIC PROPERTIES - TE TUMU	-	-	-	-	-	-	-
11 HUMAN RESOURCES	-	-	80	-	26	5,534	5,588
12 EXECUTIVE OFFICER	0	-	-	-	2	-	2
13 DIGITAL SERVICES	-	174	-	-	214	37,443	37,404
15 CIVIC COMPLEX	-	135	-	-	60	13,414	13,609
16 DEMOCRACY SERVICES	-	36	-	-	0	3,230	3,266
18 STRATEGY & CORPORATE PLANNING	-	-	-	-	4	2,105	2,109
19 INSURANCE	-	712	-	-	-	-	712
20 COMMUNICATIONS & ENGAGEMENT	-	-	-	-	2	3,261	3,263
21 STRATEGIC MAORI ENGAGEMENT	-	-	3	-	-	983	986
26 STORMWATER	33,664	4	-	-	1,393	-	35,061
27 WASTEWATER	53,258	3,215	-	-	1,361	-	57,834
29 WATER SUPPLY	46,359	1,346	-	-	1,622	-	49,328
30 CITY WATERS SUPPORT SERVICES	-	1,354	-	-	87	-	1,441
31 CITY OPERATIONS	18,630	-	-	-	63	-	18,693
32 SUSTAINABILITY & WASTE	23,734	434	1,380	-	118	-	25,666
38 TRANSPORTATION	73,820	566	73,429	-	68	-	147,747
40 CITY CENTRE	-	-	-	-	-	-	-
43 REGULATORY SERVICES	185	1,786	-	-	0	-	1,601
44 EMERGENCY MANAGEMENT & CIVIL DEFENCE	1,576	-	-	-	47	-	1,529
46 ENVIRONMENTAL PLANNING	3,678	6,073	-	-	0	-	9,751
47 PERFORMANCE MONITORING & ASSURANCE	-	-	-	-	4	-	4
48 ENVIRONMENTAL HEALTH & LICENSING	1,627	859	-	-	1	-	2,486
50 ANIMAL SERVICES	394	1,809	-	-	47	-	2,250
51 CITY & INFRASTRUCTURE PLANNING	10,668	-	-	-	6	-	10,674
52 BUILDING SERVICES	1,318	15,415	-	-	30	-	16,763
54 CITY EVENTS	5,288	23	-	-	0	-	5,311
55 LEGAL	-	-	-	-	0	3,865	3,865
56 COMMUNITY DEVELOPMENT	6,564	-	72	-	2	-	6,634
57 MARINE PRECINCT	-	1,234	-	-	12	-	1,246
58 BAY VENUES LTD & CCO's	16,886	382	-	-	1,205	-	18,473
59 SPACES & PLACES	48,704	568	3	-	160	-	49,115
61 CITY CTRE DEVELOPMNT & PARTNER	1,588	-	-	-	1	-	1,589
64 BAYCOURT COMMUNITY & ARTS CENTRE	3,353	930	-	-	114	-	4,397
65 ARTS & CULTURE	5,907	-	102	-	10	-	6,019
67 MARINE FACILITIES	2,300	572	-	-	42	-	2,915
68 BEACHSIDE	-	3,330	-	-	9	-	3,321
69 ASSET SERVICES	205	934	-	-	5	-	1,144
72 SMARTGROWTH IMPLEMENTATION	-	1,043	60	-	0	-	1,104
74 REGULATION MONITORING	779	152	-	-	5	-	936
75 CUSTOMER SERVICES	-	-	-	-	6	2,879	2,872
76 ECONOMIC DEVELOPMENT	5,138	-	-	-	0	-	5,138
77 LIBRARIES & COMMUNITY HUBS	14,634	225	-	-	37	-	14,822
81 AIRPORT	-	19,216	-	-	759	-	19,975
83 FLEET MANAGEMENT	-	-	-	-	134	-	134
84 CEMETERIES	-	2,183	-	-	11	-	2,194
85 PARKING MANAGEMENT	-	11,391	-	-	94	-	11,485
90 PROPERTY MANAGEMENT	1,250	4,381	-	-	284	-	5,915
92 HISTORIC VILLAGE	3,696	828	-	-	90	-	4,434
94 ELDER HOUSING	-	-	-	-	523	-	523
95 COMMERCIAL ADVISORY GROUP	2,553	-	-	-	23	-	2,530
Total TCC	374,840	81,505	75,129	91,724	79,859	703,057	537,680

Finding the right *balance*

Draft Annual Plan 2025/26 Consultation Document



Kōrero mai
Let's talk Tauranga

Tauranga City Council | ANNUAL PLAN 2025/26

About this document

The economic outlook for the coming financial year (1 July 2025 – 30 June 2026) remains challenging, and the city faces some important decisions on where to prioritise investment and spending.

At the same time, as the city's recently elected Council, fresh directives have been set to ensure every dollar spent delivers value – aiming to find the most efficient ways to deliver the best outcomes for the community.

Investment direction for Tauranga is currently guided by the 2024-34 Long-term Plan – the 10-year budget – adopted prior to the current Council taking office. The Long-term Plan (LTP) sets out the expected income and expenditure every year for the next decade.

Councils must formally consult with their communities every three years to develop a new LTP. In the years in between, councils develop annual plans and can decide whether to consult with their communities or not.

Due to the proposed budget changes, and to take the opportunity to speak directly with the community to understand what's most important for Tauranga, the Council has decided to publicly consult on the Annual Plan 2025/26.



Events schedule

→ Tuesday 1 April

7pm-8:30pm

- 📍 Matua Bowls Club
- Cr Glen Crowther and Mayor Mahé Drysdale
- Presentation

→ Wednesday 2 April

5pm-7pm

- 📍 Mount Surf Club
- Deputy Mayor Jen Scouler and Mayor Mahé Drysdale
- Presentation

→ Thursday 3 April

7:30am-9am

- 📍 Bosco at The Lakes
- Cr Marten Rozeboom
- Drop-in session

4:30pm-6:30pm

- 📍 Welcome Bay Baptist Church Hall
- Cr Hautapu Baker
- Drop-in session

5pm-8:30pm

- 📍 Pāpāmoa Pony Club
- Cr Steve Morris
- Drop-in session

→ Friday 4 April

9am-10am

- 📍 Bethlehem Hall
- Cr Kevin Schuler
- Drop-in session

→ Saturday 5 April

10:30am-12:30pm

- 📍 Customer Service Centre - He Puna Manawa, 21 Devonport Road
- Cr Rod Taylor
- Drop-in session

10:30am-12:30pm

- 📍 Baywave
- Cr Rick Curach
- Drop-in session

→ Tuesday 8 April

5pm-7pm

- 📍 Mount Golf Club
- Deputy Mayor Jen Scouler
- Presentation

4:30pm-6:30pm

- 📍 The Atrium Conference Centre
- Cr Glen Crowther
- Drop-in session

→ Wednesday 9 April

4:30pm-6:30pm

- 📍 Pāpāmoa Surf Club
- Cr Steve Morris and Mayor Mahé Drysdale
- Presentation

4:30pm-6:30pm

- 📍 Bethlehem Town Centre, outside Woolworths
- Cr Kevin Schuler
- Drop-in session

→ Thursday 10 April

4:30pm-6:30pm

- 📍 Arataki Community Centre
- Cr Rick Curach
- Presentation

5:30pm-7pm

- 📍 Waikato University, L2 Lecture Hall, 101 Durham Street
- Mayor Mahé Drysdale
- Public meeting

→ Saturday 12 April

10am-2pm

- 📍 The Crossing, outside 2 Degrees
- Cr Marten Rozeboom
- Drop-in session

10am-12:30pm

- 📍 Queen Elizabeth Youth Centre
- Cr Rod Taylor
- Drop-in session

→ Wednesday 16 April

11am-2pm

- 📍 Pippy's Pantry, Waipuna Park
- Cr Hautapu Baker
- Drop-in session

→ Saturday 26 April

9am-2pm

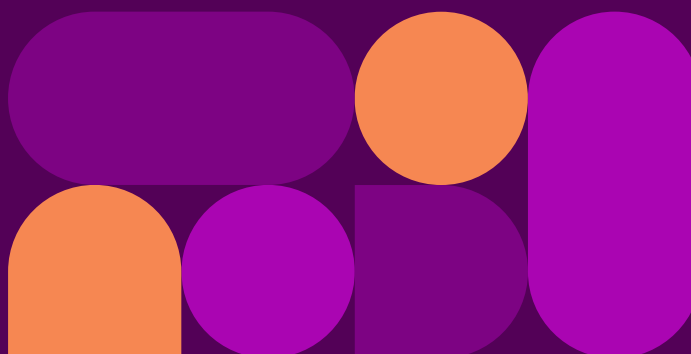
- 📍 Pāpāmoa Pony Club
- Cr Steve Morris
- Drop-in session

Tauranga City Council | ANNUAL PLAN 2025/26

Key dates

- **Draft Annual Plan adopted**
11 March
- **Consultation document adopted**
24 March
- **Feedback opens**
28 March
- **Community engagement events**
1 April - 26 April
- **Feedback closes**
28 April
- **Hearings: This is your chance to talk about your submission**
13-15 May
- **Deliberations: Council considers all feedback and makes decisions**
26-29 May and 5 June
- **Adoption of Annual Plan 2025/26**
26 June





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Part one:

A message from the Mayor

Tēnā koutou katoa.

Welcome to Tauranga City Council's Draft Annual Plan 2025/26 Consultation Document. This is your Council's first opportunity since last year's election to talk to the whole community and gain your feedback on the city's priorities, as well as the draft budget and programme of activities detailed in this document.

In that regard, it's important to note that this is just a draft – community feedback will play an important role in determining what the final plan and budget for 2025/26 looks like, so please make a submission setting out your or your organisation's views.

To help with that process, it may be helpful to talk about the context behind the draft plan. First-up, we do need to acknowledge that these are tough financial times, for Council and for many ratepayers. Our city has many pressing needs and we are playing catch-up. It's important to continue our infrastructure investment to adequately address Tauranga's housing shortage, allow people to get where they need to go in a timely fashion, and deliver community and sports facilities that are desperately needed.

We recognise that the investments required to deal with these issues can't all happen at once, because that would be unaffordable. We have already signalled that some projects will have to wait, because we need to have a balanced budget where our operational revenue covers our operating expenditure and keep rates and Council debt at prudent levels.

Anything we do invest in needs to provide real value for money, and provide clear economic, social and cultural benefits for our city.

We're also working with staff to get Council operating costs down and a number of options for cost reductions are set-out in the draft annual plan. Further cost reductions will continue as we look to do more for less, while not adversely affecting the quality of the services the Council delivers. In part, that will be achieved by ensuring that 'growth pays for growth' to the greatest possible extent, but we will also be looking closely at industry standards for capital projects and benchmarking our service costs against those of comparable councils and private enterprise, to ensure that we are delivering good value.

Council is moving towards a balanced budget, and is now fully funding depreciation on its assets, except in limited cases¹. It's important Council funds depreciation to avoid higher debt, higher interest charges and higher rates in the future. But higher costs resulting from increasing asset depreciation charges have made this difficult. This has meant Council faces an additional expense this year of \$25 million which, if not offset by savings, would have resulted in a rates increase of over 20%.

As a result of our focus on being more efficient and saving costs, we've managed to get Tauranga's potential average rates increase down to 12%, bearing in mind that the actual cost for residential ratepayers will usually be lower than the average, because our rates differentials mean commercial and industrial ratepayers pay a greater proportion of the total cost.

¹In limited cases, depreciation funding for replacing assets can come from other sources, such as the New Zealand Transport Agency – Waka Kotahi (NZTA).

Our decision to change how we finance the ratepayer funded portion of Te Manawataki o Te Papa – our new museum, community hub and library – is saving ratepayers \$1 - \$1.5 million per annum (depending on interest rate locked in at the time). **See page 24 for more.**

We know the proposed rates increase is still higher than ratepayers would like, but to continue much-needed investment in our city, with more than \$500 million of capital expenditure planned in 2025/26, this level of increase is needed.

Many submitters will probably want to see that the proposed rates increase is trimmed further and while that will be tough this year, as most projects are inherited and in progress, we would like to hear suggestions for immediate and future opportunities for savings in your feedback. We will have much more influence and an ability to make change in future years.

It's fair to say that there are no simple answers to the problems Tauranga and other growing cities face in Aotearoa New Zealand. We need to find a balanced way forward which applies workable and affordable solutions to those problems, and this is your opportunity to contribute to that process.

We look forward to considering your submissions, and to talking to as many people as possible during our draft annual plan consultation process.

Ngā mihi nui

Mahé Drysdale
Mayor of Tauranga



Part two: Overview

The Annual Plan 2025/26 is about finding the right balance – continuing to move our city forward for future generations, while keeping it fair and as affordable as possible today.

Tauranga is a growing city. We need to commit to a certain level of investment to maintain what we have now and to provide for our future growth. But like all councils in Aotearoa New Zealand, particularly in growth centres like ours, the Council is working under significant funding pressure.

centre, and museum, rather than using the Infrastructure Funding and Financing Levy (IFF).

→ Changes to the levels of salary savings targets to be incorporated into 2025/26 budgets to reflect updated estimates.²

The challenging economic outlook affects all our ratepayers, and we are conscious of the trade-off between investing in our city and what our ratepayers consider an affordable amount of rates to pay.

→ Tauranga's projected property growth rate for 2025/26 has slowed from 1.5% to 0.5%, meaning the rates funding required to run the city is now spread across fewer ratepayers.

Since the city's Long-term Plan 2024-34 (LTP) – our 10-year budget – was consulted on and signed off with the community in April last year, there have been significant changes to Council finances that now mean we have to adjust the budget this year and beyond. These include:

The Council has decided to take a financially prudent approach to the annual plan and balance the budget. This has meant fully funding depreciation, for example, so that we look after what we have. To do this we can either increase rates or spend less on other areas of our operations. Our approach in this annual budget has been to find savings through more efficient council operations to keep rates lower and to prioritise our capital spend to what is most important for the city.

- Significant drop in central government funding for roading projects.
- Increase in our rates-funded depreciation costs, driven by the increasing value of our new and existing assets.
- Decision to use Local Government Funding Agency (LGFA) borrowing to finance the ratepayer debt portion of Te Manawataki o Te Papa, our new civic precinct, including library, community

Despite needing to tightly control our spending, we remain committed to moving our city forward by investing in the infrastructure our city needs. We have made the decision to continue with most projects in progress where it delivers better value for money, rather than stopping and starting.

² We budget for savings that we might not be able to apportion in detail at the time of setting the LTP. The annual plan finds places to assign those expected savings.

In terms of our spending on the day-to-day running of council operations, we are committed to achieving value for money for every dollar we spend. The organisation has gone through its budgets and delivered significant savings, but we want to continue this. Councillors have resolved to establish a working group to continue to drive savings into this and future years budgets.

Together, we have some important decisions to make around both our capital programme, which influences how much we borrow, and the services we provide, which directly influences our rates. We want to listen to what the community has to say to help us decide what's important to invest in future years.

Guiding principles

We have identified key guiding principles for the development of the Annual Plan 2025/26 and our future direction:

- **Looking after what we've got**
Maintaining and improving the city's existing assets is often more cost-effective than building new assets and ensures they continue to serve the community effectively.
- **Robust and transparent financial analysis**
Ensuring all of our budget decisions are based on thorough financial analysis to make sure the best outcomes for the community are achieved.
- **Everyone pays a fair share**
Ensuring that the costs of services and infrastructure are distributed equitably among all beneficiaries to prevent any single group from bearing an undue financial burden.
- **Growth pays for growth**
Promoting sustainable urban development by ensuring that growth-related infrastructure costs are borne by developers and new residents who benefit, minimising the financial impact on current ratepayers.
- **Ongoing financial, economic, social, cultural, and environmental sustainability**
Working towards a balanced budget to support the long-term financial sustainability of Council so it can continue to provide essential services without compromising future financial health.
- **Value for money**
Deliver the best possible outcomes for the community through efficient, effective, and economical resource use to maximise benefits for the community.
- **Affordability**
Keeping rates and charges manageable for residents and businesses, ensuring access to essential services without undue financial pressure.

The top priority for this annual budget will be to ensure we deliver a budget that adheres to these principles, while still aiming to deliver the best possible outcomes for our city.

Our budget in brief

Changes to Council's finances in the past few months means we are facing an additional \$25 million of costs and a reduction in revenue of \$4 million this coming financial year which, if not offset by savings, would result in a rates increase of over 20%.

Through prudent financial management and making sure we get value for money in every dollar of ratepayers' money we spend, we have drafted a budget that limits average rates rises to 12%. We have achieved this by reducing our capital investment to what's needed most and we have worked hard to find greater efficiencies across Council's day-to-day operations to deliver more for less without compromising our delivery of service.

The job doesn't finish there though. Between now and when our annual plan is adopted in June, we have agreed to look for a further \$6.7 million in rates savings. We are committed to making Council as efficient and lean as possible, but this will take time.

While we don't have much room to move for this annual plan, we do want to hear from the community to understand what's most important for Tauranga to inform our decision-making throughout the remainder of our term.

Annual Plan 2025/26:

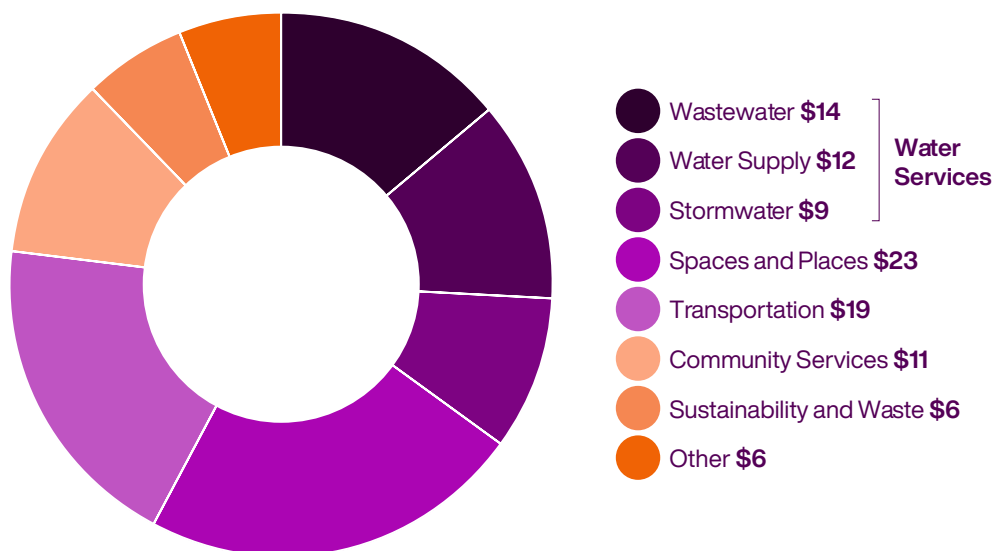
- Proposing an overall rates rise of 12% – slightly below what was forecast in the 2024-34 Long-term Plan³
- \$29 million in rates-funded savings across Council's day-to-day operational spending
- Reducing our capital spend from \$544⁴ million to \$505⁵ million
- Seeking community feedback on:
 - Tauranga's investment priorities going forward
 - Rates versus user fees – how should we fund council services in the future
 - Our budget and the savings we have made for next year
 - Options for further savings

³ In the Long-term Plan it was 10.3% rates plus IFF levy equating to 2.2%.

⁴ \$544m capital expenditure is made up of \$457m capital expenditure and \$87m of operational expenditure of a capital nature.

⁵ \$505m capital expenditure is made up of \$430m capital expenditure and \$75m of operational expenditure of a capital nature.

What do your rates pay for? (every \$100 of rates)



Activity breakdown

→ Water supply

Includes water by meter charges, collected as a targeted rate and covers the cost of water treatment and our supply network.

→ Wastewater

Includes the reticulation, treatment and disposal of liquid waste from households and businesses.

→ Stormwater

Covers rainwater collection, treatment and disposal facilities.

→ Spaces and Places

Activities include maintaining our parks, reserves, walkways and community facilities.

→ Transportation

Activities include the cost of maintaining and improving our roads and footpaths/ cycleways, plus safety initiatives.

→ Community Services

Include our libraries and community centres, arts & cultural activities, event facilitation and community development activities.

→ Sustainability and Waste

Includes kerbside collections and recycling/transfer station activities, plus climate change planning.

→ Other

Activities include **City & Infrastructure Planning** (\$2); **Regulatory** (resource and building consents & environmental planning) and **Compliance** (parking, noise control, etc.) activities (\$2); **Economic Development** activities (\$1); and **Emergency Management** activities (<\$1).

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Proposed Annual Plan 2025/26 at a glance

Highlighted below are some of the many exciting projects and activities we'll be working on throughout the next financial year, alongside the priorities identified in the Long-term Plan:

Priority	What we are working on in 2025/26:
Community spaces and facilities	<ul style="list-style-type: none"> → Enhancing our green spaces and walkways. → Delivering new community centres, providing homes for social services and places for connection at Merivale and Gate Pā. → Rebuilding Oropi Mountain Bike track after harvesting surrounding trees, facilitating sport and recreation. → Increasing sports field capacity, supporting community sport and wellbeing. → Collaboratively designing and delivering upgraded and new playgrounds. → Improving accessibility to our spaces and places, to enable everyone to experience Tauranga Moana. → Proposed Memorial Park Aquatic Centre will be further considered before committing funding to its development in later years.
Growth in existing urban areas	<ul style="list-style-type: none"> → Connecting Pāpāmoa East and the new Wairakei Urban Growth Areas to the Tauranga Eastern Link, while also supporting future development through the major Pāpāmoa East Interchange. → Preparing for future population growth by expanding capacity of services and infrastructure, including improvements to the transport network and bus infrastructure, public spaces, safety, and civic amenities.
Revitalising the city centre	<ul style="list-style-type: none"> → Continuing construction on the museum and library/community hub, key components of Te Manawataki o Te Papa - the transformative civic precinct in the heart of Tauranga. → Completing the upgrade of the waterfront and celebrating our special connection to Te Awanui Tauranga Harbour. → Continuing to bring people together, and create energy and excitement in the city centre through a wide variety of community events and activations. → Improving access to the city centre with safer and easier connections and encouraging active travel and public transport. → Reopening the upgraded Tauranga Art Gallery to the community.

Priority	What we are working on in 2025/26:
Transport network upgrades	<ul style="list-style-type: none"> → Planning improvements to reduce congestion for the 25,000+ commuter vehicles using the Fifteenth Avenue to Welcome Bay corridor each day. → Upgrading Taurikura Drive between SH36 and Whiore Avenue to support the growth of the Tauriko area. → Enhancing safety on our roads. → Upgrading and maintaining our shared pathways across the city. → Funding Travel Safe, teaching our children road safety skills. → Resurfacing and chip sealing 28km of roads across 109 locations around the city.
Growth in the West (Tauriko)	<ul style="list-style-type: none"> → Supporting regional growth and enabling a new community with up to 4,000 new homes at Tauriko West (with delivery of infrastructure through the on-going Tauriko Enabling Works).
Sustainability and resilience	<ul style="list-style-type: none"> → Supporting our city to send less to landfill by providing waste services and facilities, funding waste reduction initiatives, and providing community waste education and programmes. → Doing our part to help reduce our city's emissions in line with national net-zero commitments. → Working to understand our city's unique risks and helping our city prepare for a changing climate. → Increasing biodiversity by planting trees to increase canopy cover. → Increasing resilience of new and existing infrastructure, including Turret Road bridge.
Water Services projects	<ul style="list-style-type: none"> → Ensuring water infrastructure meets service demands of current and future generations. → Improving pipe network and treatment plant connectedness for optimal service delivery. → Upgrading wastewater systems and building new pipelines and pump stations for future growth.

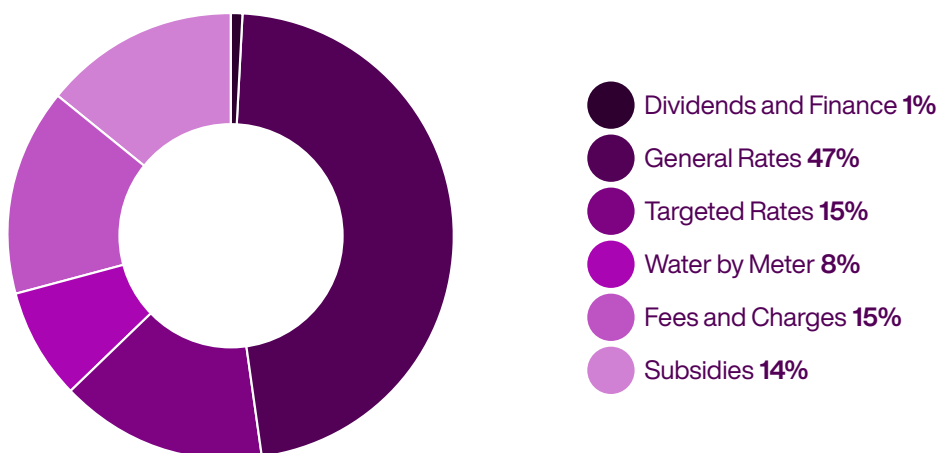
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Our budget challenge

Investment direction for Tauranga is currently guided by the 2024-34 Long-term Plan (LTP) - our 10-year budget. The LTP sets out our expected income and expenditure every year for the next decade.

Revenue that funds operating expenditure

Operating Revenue \$538m 2025/26 Annual Plan



There have been a number of significant changes to Council finances since the LTP's adoption in April 2024

Key changes to our finances:

1. Reduced funding

NZTA grant funding that was expected across the ten years of the LTP has reduced by a potential \$230 million. To respond to this, we have prioritised investment in roading projects we still receive funding for (e.g. Turret Road 15th Avenue, continuing with the Pāpāmoa East Interchange) and deferred a number of others. However, we have reduced our overall capital programme for the annual plan from \$544⁶ LTP to \$505⁷ million.

2. Upward pressure on expenditure, particularly depreciation

Our large investment in recent years into our roading network and upgrades, including Cameron Road, Maunganui Road, and some cycleways, and higher costs of delivering new assets has meant our depreciation costs, funded each year by rates, have increased significantly. Following the revaluation of our asset base, depreciation costs are higher⁸ than in the 2024/25 budget.

3. Debt changes

Last August, Council decided to change the funding mechanism for Te Manawataki o Te Papa – our civic precinct – saving ratepayers \$1–1.5 million a year in interest (depending on interest rate locked in at the time). The change means that \$151.5 million of required funding will now go onto Council's balance sheet as ratepayer-funded borrowing.

4. Balanced budget requirement

Council is ensuring its ongoing financial sustainability by requiring a balanced budget. This simply means Council will require that revenue covers operating costs. The first change is that the costs to cover depreciation of our assets will be fully covered through rates.⁹ In the longer term, achieving a balanced budget lowers our debt levels, helping us to remain financially sustainable.

To ensure we retain debt headroom in the case of unforeseen events and to give Council the ability to consider options for delivering capital investment in the future, we have extended our borrowing covenant with the Local Government Funding Agency. Their support of a higher level of borrowing comes with a requirement that we retain a balanced budget each year and limit our new roading investment to areas supported by NZTA subsidy.

5. Slower growth

Tauranga's rate of overall property growth projected for 2025/26 in the LTP has reduced from 1.5% to 0.5%. In response, we have reconsidered our growth programme and aligned it to updated growth assumptions. This means that the cost of running the city has to be funded by fewer ratepayers, increasing average rates by 1%.

⁶ \$544 m capital expenditure is made up of \$457m capital expenditure and \$87m of operational expenditure of a capital nature

⁷ \$505 capital expenditure is made up of \$430m capital expenditure and \$75m of operational expenditure of a capital nature

⁸ \$22m is the year-on-year increase (2025/26 annual plan compared to year one of the LTP 2024/25).

⁹ This adds \$15.6 million (4–5%) to council's required rates revenue.

