ATTACHMENTS

Ordinary Council meeting
Separate Attachments 1

Monday, 24 March 2025

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Tauranga City

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. Take a look at the attached schedule to see all changes proposed to the user fees and charges.

Changes to our user fees and charges

Airport Parking

We're proposing to update parking charges at Tauranga Airport to keep things fair and competitive with other regional airports. The annual licence per taxi fee is proposed to increase from $20 to $28.75. We have increased some of our long-term parking hourly rates. and short-term parking will increase from $20 to $25 per day. For long-term parking, the first day will stay at $20, then $15 per day up to day 8, and just $5 per day after that, with no maximum charge.

These proposed changes will help make sure the airport continues to run smoothly while keeping parking options affordable for travellers. The airport is entirely funded by user fees, meaning any additional revenue from parking will directly support its operations without affecting rates. Council has carefully considered these changes to strike a balance between affordability and making sure the airport remains a great option for locals and visitors alike.

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.

Water Supply

To ensure we can continue providing a reliable and high-quality water supply, our charges are set to cover the actual costs of operation. As these costs increase due to factors like maintenance, infrastructure upgrades, and rising service expenses, we need to adjust our charges accordingly.

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.

Tauranga City

2025/26 Fees and Charges

in effect from 1 July 2025

DRAFT FOR CONSULTATION

Contents

User fees and charges are used to assist the operation and maintenance of a variety of services provided to the community. User fee revenue reduces the rate revenue required to be collected from ratepayers.

Council wants to minimise rate increases wherever possible and has indicated that it will continue to review all user fees and charges on an ongoing basis.

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.

Airport

Landing C~~c~~harges for Non Regular Passenger Transport Aircraft	2025/26	Changes
Helicopters and all aircraft < 800kgs	$13.80 ~~$12.65~~	Landing charges set in consultation with Air NZ.
All Aircraft 800 - 1,650kgs	$19.55 ~~$18.40~~	
All Aircraft 1,650 - 2,500kgs	$27.60 ~~$24.72~~	
All Aircraft 2,500 - 4,000kgs	$34.50 ~~$31.05~~	
All Aircraft 4,000 - 5,000kgs	$55.20 ~~$51.75~~	
All Aircraft 5,000 - 10,000kgs	$78.20 ~~$74.75~~	
All Aircraft 10,000 - 15,000kgs	$174.80 ~~$138.00~~	
All Aircraft 15,000 - 25,000kgs	$230.00 ~~$218.50~~	
All Aircraft > 25,000kgs	$540.00 ~~$506.00~~	

Landing Charges for Regular Passenger Transport Aircraft above 5,000kg	2025/26	Changes
Base Terminal Charge (per passenger)	$15.00 ~~$10.77~~	The per passenger charges were agreed with Air NZ in 2024.
Terminal Development Charge (per passenger)	$4.15 ~~$3.02~~	

Landing charges will be invoiced to the registered aircraft owner monthly, unless paid on the day of landing.

Weights are based on maximum certified take-off weight (MCTOW) of the aircraft.

All powered aircraft carrying out circuits and local training will be charged for one landing per training session.

These charges are set in accordance with section 9 of the Airport Authorities Act.

Airport Carpark Charges (Short Term)	2025/26	Changes
Up to 1hr	$3.00	
1-2hr	$6.00	
2-3hr	$9.00	
3-4hr	$12.00	
4-5hr	$15.00	
5-6hr	$18.00	

Airport Carpark Charges (Short Term)	2025/26	Changes
6-7hr	$20.00	
7-8hr	$20.00	
1 day	$25.00 ~~$20.00~~	Increases are proposed to ensure fees are fair and reasonably aligned with other airport parking services.
2 days or part thereof	$50.00 ~~$40.00~~	
3 days or part thereof	$75.00 ~~$60.00~~	
4 days or part thereof	$100.00 ~~$80.00~~	
5 days or part thereof	$125.00 ~~$100.00~~	
6 days or part thereof	$150.00 ~~$120.00~~	
7 days or part thereof	$175.00 ~~$140.00~~	
8 days or part thereof	$200.00	
8+ days – additional per day (no maximum)	$25.00	
~~**Maximum**~~	~~$160.00~~	
Lost Ticket	~~$160.00~~ $192.00	
First 20 minutes are free in each car park to allow for drop off and pick up of passengers.		

Airport Carpark Charges (Long Term)	2025/26	Changes
Up to 1hr	$3.00	
1-2hr	$6.00	
2-3hr	$9.00	
3-4hr	$12.00	
4-5hr	$15.00	
5-6hr	$18.00 ~~$15.00~~	Increases are proposed to ensure fees are fair and reasonably aligned with other airport parking services.
6-7hr	$20.00 ~~$15.00~~	
7-8hr	$20.00	
1 day	$20.00	
2 days or part thereof	$35.00	
3 days or part thereof	$50.00	
4 days or part thereof	$65.00	
5 days or part thereof	$80.00	

Airport Carpark Charges (Long Term)	2025/26	Changes
6 days or part thereof	$95.00	
7 days or part thereof	$110.00 ~~$95.00~~	
8 days or part thereof	$115.00	
9 days or part thereof	$120.00	
10 days or part thereof	$125.00	
10 + days - additional per day (no maximum)	$5.00	
~~**Maximum**~~		
Lost Ticket	~~$95.00~~ $120.00	

Airport Taxi Fees	2025/26	Changes
Annual Licence per taxi	$28.75 ~~$20.00~~	Increases aligned with industry standard; last increase was in 2022.
Per use of rank	$3.00	
Bulk billing arrangements available.		

Alcohol Licensing

The Sale and Supply of Alcohol Act 2012 sets licensing fees for on, off, and club licences. The default fees vary depending on the 'cost/risk rating' of each premises. The default fees consist of:

- an application fee, which licensees will have to pay when they apply for a new, renewed, or variation to a licence, and
- an annual fee, which must be paid by licensees each year.

A premises' cost/risk rating will be determined by a combination of factors including opening hours, type of premises, and whether they have had any enforcement issues. A framework is available for determining cost/risk rating. Use the calculator to work out how much you will pay for your alcohol licence. Fees are set as of 1 July 2020.

Alcohol licencing	2025/26	Changes
Website public notification of liquor application	$195.00 ~~$189.00~~	Inflation and rounding.
Miscellaneous	**2025/26**	
Extract of any record or register	$72.00 ~~$70.00~~	Inflation and rounding.

Liquor Licensing Applications (as set by legislation)	2025/26
On Licence	Fees calculated according to the type of application and the premise's risk score.
- Variation or Cancellation of Conditions of On Licence	
- Renewal of On Licence	
On Licence (BYO)	
- Variation or Cancellation of Conditions of On Licence (BYO)	
- Renewal of On Licence (BYO)	
Off Licence	
- Variation or Cancellation of Conditions of Off Licence	
- Renewal of Off Licence	
Off Licence (Caterer or Auctioneers)	
- Variation or Cancellation of Conditions of Off Licence (Caterer or Auctioneer)	
- Renewal of Off Licence (Caterer or Auctioneer)	
Club Licence	
- Variation or Cancellation of Conditions of Club Licence	
- Renewal of Club Licence	
Special Licence	
Temporary Authority	

Liquor Licensing Applications (as set by legislation)	2025/26
Temporary Licence during repairs from other than licenced premises	
Manager's Certificates	
Renewal of Manager's Certificate	
These fees are all set by parliament and will vary depending on the circumstances. Please contact Tauranga City Council's liquor licensing team for further information.	

Gambling Venue Consent	2025/26	Changes
New Application	$1,285.00 ~~$1,248.00~~	Inflation and rounding.
Relocation Application	$1,223.00 ~~$1,187.00~~	
Subsequent or increase in number	$969.00 ~~$941.00~~	

Animal Services

Please note: Any dog over the age of three months and not registered or re-registered by 30 June of each year is an unregistered dog (even though the discount period continues to 31 July your dog's registration expires on the 30 June of each year).

Dog owner Classification	2025/26		Change
	Registration Fee (if paid before 1 August)	**Penalty Fee**	Registration Fees covering the 2025/26 year will be set by decision in Council in April.
Normal	$125.00	$187.50	
Dangerous Dogs (classified)	$187.50	$281.30	
	Voluntary	**Impounded Dog**	
Microchip fee	$~~32~~33.00	$3~~2~~3.00	Inflation.
Pro-rata fees apply for dogs that turn three months old on or after 1 July, dogs that are imported into New Zealand or dogs adopted from the SPCA. Dog registration fees must be set annually by resolution of Council (as per the Dog Control Act) and therefore will be formally set in June 2025. PDF LINK TO PRO RATA FEES WHEN AVAILABLE			

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

Exemptions (no fee)
Any certified disability assist dog (s75 Dog Control Act 1955)
Dogs owned by:
Aviation Security Services
Department of Conservation
Department of Corrections
Ministry of Agriculture and forestry
Ministry of Defence
Ministry of Fisheries
New Zealand Customs Service

Exemptions (no fee)
New Zealand Defence Force
New Zealand Police
Director of Civil Defence and Emergency Management (whilst those dogs are on active duty)

Impounding	2025/26		Change
	Non Registered	**Registered**	
First impounding	$107.00 ~~$104.00~~	$72.00 ~~$70.00~~	Inflation and rounding
Second impounding	$153.00 ~~$149.00~~		Inflation and rounding
Third impounding	$221.00 ~~$214.00~~		Inflation and rounding
Fourth and subsequent impounding	$307.00 ~~$298.00~~		Inflation and rounding
Sustenance fee (per day or part of)	$14.00 ~~$13.00~~		Inflation and rounding
Dogs released after hours	$70.00 ~~$56.00~~		This increase reflects the current costs of the security provider attending after hours release.

Infringement Offences (as set by legislation)	2025/26
Wilful obstruction of a Dog Control Officer	$750.00
Failure or refusal to supply information or wilfully providing false particulars	$750.00
Failure to supply information or wilfully providing false particulars about a dog	$750.00
Failure to comply with any Dog Control Bylaw	$300.00
Failure to comply with effects of disqualification	$300.00
Failure to comply with requirements of dangerous dog classification	$300.00
Fraudulent sale or transfer of a dangerous dog	$500.00
Failure to comply with requirements of menacing classification	$300.00
Failure to implant a microchip transponder in dog	$300.00
False statement relating to dog registration	$750.00
Failure to register dog	$300.00
Fraudulent procurement or attempt to procure replacement dog registration label or disc	$500.00
Failure to advise change of dog ownership	$100.00

Infringement Offences (as set by legislation)	2025/26
Failure to advise change of address	$100.00
Removal, swapping or counterfeiting of registration label/disc	$500.00
Failure to keep dog controlled or confined on private land	$200.00
Failure to keep dog under control	$200.00
Failure to provide proper care and attention, to supply proper or sufficient food, water, shelter, or adequate exercise	$300.00
Failure to carry leash in public	$100.00
Failure to undertake dog owner education programme or dog obedience course (or both)	$300.00
Failure to comply with obligations of probationary owner	$750.00
Failure to comply with barking dog abatement notice	$200.00
Failure to advise of muzzle and leashing requirements	$100.00
Falsely notifying death of dog	$750.00
Allowing dog known to be dangerous to be at large unmuzzled or unleashed	$300.00
Releasing dog from custody	$750.00

Other dog fees	2025/26	Change
Surrender fee	$115.00 ~~$106.00~~	Surrender and seizure fees are similar and equate to the actual cost.
Seizure fee	$115.00 ~~$112.00~~	
Replacement Registration Tag	$12.00 ~~$11.00~~	Inflation and rounding

Adoption Fees	2025/26	Change
Male dogs	$382.00 ~~$371.00~~	Inflation and rounding
Female dogs	$437.00 ~~$424.00~~	Inflation and rounding

Stock control fees	2025/26	Change
For every: Horse, cattle, deer, ass or mule		
Impounding	$164.00 ~~$159.00~~	Inflation and rounding
Conveying	Actual cost	

Stock control fees	2025/26	Change
Sustenance (per day or part thereof)	Actual cost	
Sheep, goat or pig		
Impounding	$67.00 ~~$65.00~~	Inflation and rounding
Conveying	Actual cost	
Sustenance (per day or part thereof)	Actual cost	
Service of Notices		
Service of Notices	$17.50 ~~$17.00~~	Inflation and rounding
Insertion of Notice in Newspaper (plus actual cost of insertion)	$17.50 ~~$17.00~~	Inflation and rounding
Call Out Fee	$157.00 ~~$152.00~~	Inflation and rounding
Mileage (kms)	$1.04 ~~$0.88~~	Aligned with IRD kilometre rate.

Asset Protection Bond and Service Connection Fees

1. Asset protection bonds are deposits only.
2. Where Council incurs additional cost in administering the asset protection bond then additional fees will be charged. Examples of incurring additional cost include undertaking additional inspections over and above those stated below, arranging for sub-standard works or damaged assets/infrastructure to be brought up to the required standards, re-inspections of work etc.
3. Where additional fees are charged, the fees will be charged on a time and cost basis with a minimum fee of 1 hour plus disbursements and deducted from the bond amount prior to refund
4. For item 3 above if the value of the additional fees exceeds the value of the bond then Council will invoice the Bond Holder for the balance outstanding.

Refundable Asset Protection Bond	2025/26	Changes
Refundable asset protection bond (where double check value or RPZ not required) - residential	$1,238.00 ~~$1,202.00~~	Inflation and rounding.
Refundable asset protection bond - 3 or more dwelling units	$1,238.00 ~~$1,202.00~~ per dwelling unit (up to a maximum of $20,000)	
Refundable asset protection bond (where double check valve or RPZ required) - residential	$2,604.00 ~~$2,528.00~~	
Refundable asset protection bond (where double check value or RPZ not required) - commercial	$2,372.00 ~~$2,303.00~~	
Refundable asset protection bond (where double check valve or RPZ) - commercial	$5,902.00 ~~$5,730.00~~	

Bond Processing and Inspection Fees	2025/26	Changes
Bond processing and inspection fee ~~(no vehicle crossing)~~	$307.00 ~~$298.00~~	Simplified these fees by listing separately the vehicle crossing pre-pour inspection fee. Inflation and rounding have been applied. Currently, we charge $298 for the bond processing and inspection fee (no vehicle crossing), and $410 for the bond processing and inspection fee (with a vehicle crossing). The $410 consists of the $298 processing inspection fee and a $112 vehicle crossing inspection fee. To avoid confusion, we would like these fees listed separately.
~~Bond processing and inspection fee (with a vehicle crossing)~~ Vehicle crossing pre-pour inspection fee	~~$410.00~~ $115.00	
Water, wastewater and stormwater connection inspection fee (one inspection)	$179.00 ~~$174.00~~	
Water, wastewater and stormwater connection inspection fee (two or more inspections)	$358.00	New fee.

Service Connection Fees	2025/26	Changes
Service connection application fee	$282.00 ~~$274.00~~	Inflation and rounding.
Streetlight relocation fee	$588.00 ~~$571.00~~	

Service Connection Fees	2025/26	Changes
Services that may require a Service Connection Approval are Water / Wastewater / Stormwater Connections, Streetlight Relocation and Vehicle Crossings. All Service Connection Applications require the payment of a refundable Asset Protection Bond.		

Other Fees	2025/26	Changes
Removal and replacement of juvenile street trees - per tree	$916.00 ~~$889.00~~	Inflation and rounding.
Hourly rates under Development Works may also apply - reasonable costs incurred will be charged based on the hourly rate of staff involved.		

Baycourt

	2025/26					
Venue hire fees - Commercial	Complex	Auditorium	X Space	Terrace Room	Greenroom	Terraces
Live p~~P~~erformance~~s~~* or exhibitions	$4,600.00~~$4,370.00~~	$3,105.00~~$2,875.00~~	$1,265.00~~$1,035.00~~	$276.00~~$264.50~~	$276.00~~$264.50~~	$483.00~~$460.00~~
Non-performance e.g. meetings / conference / private function - full day rate	$4,945.00~~$4,600.00~~	$3,450.00~~$3,220.00~~	$1,380.00~~$1,150.00~~	$402.50~~$368.00~~	$402.50~~$368.00~~	$713.00~~$690.00~~
Non-performance e.g. meetings / conference / private function - half day rate (60% of full day rate) - 5 hours or less	$2,990.00~~$2,760.00~~	$2,070.00~~$1,932.00~~	$747.50~~$690.00~~	$230.00~~$220.80~~	$230.00~~$220.80~~	$437.00~~$414.00~~
~~Exhibitions~~	~~$4,370.00~~	~~$2,875.00~~	~~$713.00~~	~~$264.50~~	~~$264.50~~	~~$460.00~~
~~Pre/post show function~~	~~N/A~~	~~N/A~~	~~$460.00~~	~~$264.50~~	~~$264.50~~	~~$460.00~~

* or 12% of net box office, whichever is greater.

Venue hire fees have increased above inflation to cover direct costs and maintain positive margin.

Exhibition and pre/post show function hire rates are very rarely used so can be removed altogether.

2025/26							Changes
Venue hire fees – Community	Complex	Auditorium	X Space	Terrace Room	Greenroom	Terraces	
Live ~~P~~pPerformance* or exhibitions*	$2,300.00 ~~$2,185.00~~	$1,552.50 ~~$1,437.50~~	$632.50 ~~$517.50~~	$138.00 ~~$132.25~~	$138.00 ~~$132.25~~	$241.50 ~~$230.00~~	50% discount on commercial hire fees as per standard.
~~**Non-performance e.g. meetings / conference / private function - full day rate**~~	~~N/A~~	~~N/A~~	~~N/A~~	~~N/A~~	~~N/A~~	~~N/A~~	Remove as not applicable.
~~**Non-performance e.g. meetings / conference / private function - 5 hours or less**~~	~~N/A~~	~~N/A~~	~~N/A~~	~~N/A~~	~~N/A~~	~~N/A~~	
~~**Exhibitions**~~	~~$2,185.00~~	~~$1,437.50~~	~~$356.50~~	~~$132.25~~	~~$132.25~~	~~$230.00~~	
~~**Pre/post show function**~~	~~N/A~~	~~N/A~~	~~N/A~~	~~N/A~~	~~N/A~~	~~N/A~~	

* or 12% of net box office, whichever is greater.

~~Community rate applies to performances and exhibitions only.~~

Surcharges	2025/26
Statutory Days	50%
Additional Performance per Day	50%

Cargo Shed	2025/26	Changes
Venue hire per day (~~regardless of event type~~excluding weddings)^	~~$672.75~~ $747.50	Increased above inflation to cover direct costs and retain positive profit margin.
Venue hire half day rate - 4 hours or less (excluding weddings)	~~$402.50~~ $437.00	
Wedding package (full day hire)	$1,725.00	Introducing a new rental rate to reflect market needs.

Bay Venues Limited

These fees are an indicative snapshot of Bay Venues Limited (BVL) fees and charges. Council's Enduring Statement of Expectations states that fee increases can unilaterally be implemented by BVL unless these fees are increasing by more than inflation.

Information on User Fees is available on www.bayvenues.co.nz under each venue.

Aquatics General Entry	2025/26	Changes
Baywave		
Adult	$9.70 ~~$9.50~~	Inflation and rounding. Some of the 2024/25 prices set by Bay Venues Limited are lower than what was published in our 2024/25 schedule. While some changes may look like reductions, they are slight increases. Information on User Fees is available on www.bayvenues.co.nz under each venue.
Senior	$6.20 ~~$6.00~~	
Child	$6.10 ~~$6.00~~	
Child 2-4	$4.60 ~~$4.60~~	
Family	$26.50 ~~$26.70~~	
Hydroslide	$7.00 ~~$6.80~~	
Greerton		
Adult	$7.10 ~~$7.00~~	
Senior	$4.90 ~~$4.90~~	
Child	$4.30 ~~$4.20~~	
Child 2-4	$3.60 ~~$3.50~~	
Family	$18.50 ~~$20.80~~	
Memorial/Ōtūmoetai		
Adult	$7.10 ~~$7.00~~	
Senior	$4.90 ~~$4.90~~	
Child	$4.30 ~~$4.20~~	
Child 2-4	$3.60 ~~$3.50~~	
Family	$18.50 ~~$20.80~~	

Aquatics Lane Hire ~~– effective 1 January 2026~~	2025/26	Changes
Standard Lane Hire	$14.00 ~~$13.80~~	
Standard Off Peak Lane Hire	$12.60	New fees
Regular Users Lane Hire	$12.60	

~~Aquatics Squad Entry - effective 1 July 2025~~ ~~Aquatics Lane Hire~~	2025/26	Changes
Adult Squad Baywave	$4.70	
Adult Squad Greerton/Memorial/Ōtūmoetai	$4.60 ~~$2.80~~	
Child Squad Baywave	$2.80 ~~$4.60~~	
Child Squad Greerton/Memorial/Ōtūmoetai	$2.40 ~~$2.10~~	

Aquatics Memberships	2025/26	Changes
Baywave	$631.40 ~~$620.10~~	
Greerton/Memorial/Ōtūmoetai	$404.70 ~~$397.50~~	

Definitions for the indoor venue fees

See bayvenues.co.nz for more information on each venue and fees applicable. The fees below are for exclusive use of the venue.

Standard Hire

Groups from outside of Tauranga City Council area, casual or one-off hirers or any group/individual hiring space for profit (eg any class where instructor retains fees/profit). Includes non-ticketed regional and national sporting tournaments or events.

Community Regular Hire

Local not-for-profit Tauranga groups (sporting and recreation groups, churches, play centre, support groups, etc) who hire the facility regularly (eg re-occurring weekly bookings for a minimum of 10-wks or 10 re-occurring monthly bookings per year). Excludes regional and national tournaments or events.

Commercial Hire

Includes concerts, corporate, gala dinners, conferences, expos, professional sporting events and ticketed events. Also includes commercial entities hiring space for meetings, etc.

Youth/Senior

Youth and senior rates apply when 75% of participants are under 18 years of age or 65 years of age and over.

Indoor Sports	2025/26	Changes
Mercury Arena		
Adult - Standard	$64.30 ~~$63.20~~	Inflation and rounding.
Adult - Community Regular	$54.70 ~~$53.70~~	
Youth/Senior - Standard	$54.70 ~~$53.70~~	
Youth/Senior - Community Regular	$45.00 ~~$44.20~~	

Indoor Sports	2025/26	Changes
QEYC		
Adult - Standard	$51.40 ~~$50.60~~	Inflation and rounding.
Adult - Community Regular	$43.70 ~~$42.90~~	
Youth/Senior - Standard	$43.70 ~~$42.90~~	
Youth/Senior - Community Regular	$36.10 ~~$35.40~~	
Haumaru		New fees.
Adult - Standard	$51.40	
Adult - Community Regular	$43.70	
Youth/Senior - Standard	$43.70	
Youth/Senior - Community Regular	$36.10	
Aquinas Action Centre		
Adult - Standard	$45.00 ~~$44.20~~	Inflation and rounding.
Adult - Community Regular	$38.30 ~~$37.60~~	
Youth/Senior - Standard	$38.30 ~~$37.60~~	
Youth/Senior - Community Regular	$31.50 ~~$31.00~~	
Merivale Action Centre		
Adult - Standard	$45.00 ~~$44.20~~	Inflation and rounding.
Adult - Community Regular	$38.30 ~~$37.60~~	
Youth/Senior - Standard	$38.30 ~~$37.60~~	
Youth/Senior - Community Regular	$31.50 ~~$31.00~~	
Mount Sports Centre		
Adult - Standard	$45.00 ~~$44.20~~	
Adult - Community Regular	$38.30 ~~$37.60~~	
Youth/Senior - Standard	$38.30 ~~$37.60~~	
Youth/Senior - Community Regular	$31.50 ~~$31.00~~	

Indoor Sports Additional Charges	2025/26	Changes
Mercury Baypark (community use only)		New fees.
Tournament Room (free to groups hiring all courts)	$20.50	
Rangataua Room	$20.50	
Suites (per suite)	$37.70	
QEYC		

Stage	$14.90	
Tournament Room (free to groups hiring all courts)	$14.90	
Haumaru		
Tournament Room (free to groups hiring all courts)	$14.90	
Kitchen Hire QEYC & Mount Sports Centre		
Standard	$14.80	
Community Regular	$8.70	

Community Halls	2025/26	Changes
Bethlehem / Greerton / Matua / Welcome Bay		
Adult - Standard	$35.60 ~~$35.00~~	Inflation and rounding.
Adult - Community Regular	$30.20 ~~$29.70~~	
Youth/Senior - Standard	$30.20 ~~$29.70~~	
Youth/Senior - Community Regular	$24.90 ~~$24.50~~	
Cliff Rd / Elizabeth Street		
Adult - Standard	$24.90 ~~$24.50~~	
Adult - Community Regular	$21.10 ~~$20.80~~	
Youth/Senior - Standard	$21.10 ~~$20.80~~	
Youth/Senior - Community Regular	$17.50 ~~$17.20~~	
Tauriko Settlers Hall / Waipuna		
Adult - Standard	$28.40 ~~$28.00~~	
Adult - Community Regular	$24.20 ~~$23.70~~	
Youth/Senior - Standard	$24.20 ~~$23.70~~	
Youth/Senior - Community Regular	$20.00 ~~$19.60~~	

Arataki / Papamoa Sport & Recreation Centre	2025/26	Changes
XL Room (Heron/Dotterel or Surfbreaker/Dunes Rooms Combined)		
Adult - Standard	$56.80 ~~$55.80~~	Inflation and rounding.
Adult - Community Regular	$45.40 ~~$44.60~~	
Youth/Senior - Standard	$45.40 ~~$44.60~~	
Youth/Senior - Community Regular	$36.90 ~~$36.30~~	

Arataki / Papamoa Sport & Recreation Centre	2025/26	Changes
Large Room (Heron, Dotterel, Surfbreaker, Dunes, Beachside)		
Adult - Standard	$45.40 ~~$44.60~~	
Adult - Community Regular	$36.40 ~~$35.70~~	
Youth/Senior - Standard	$36.40 ~~$35.70~~	
Youth/Senior - Community Regular	$29.60 ~~$29.00~~	
Medium Room (Kingfisher, Penguin, Driftwood)		
Adult - Standard	$36.40 ~~$35.70~~	
Adult - Community Regular	$29.10 ~~$28.60~~	
Youth/Senior - Standard	$29.10 ~~$28.60~~	
Youth/Senior - Community Regular	$23.60 ~~$23.20~~	
Small Room (Sandpiper, Oystercatcher, Seashell, Shoreline)		
Adult - Standard	$25.60 ~~$25.20~~	
Adult - Community Regular	$20.50 ~~$20.10~~	
Youth/Senior - Standard	$20.50 ~~$20.10~~	
Youth/Senior - Community Regular	$16.70 ~~$16.40~~	

Papamoa Community Centre	2025/26	Changes
Large Room (Tohora, Aihe)		
Adult - Standard	$45.40 ~~$44.60~~	Inflation and rounding.
Adult - Community Regular	$36.40 ~~$35.70~~	
Youth/Senior - Standard	$36.40 ~~$35.70~~	
Youth/Senior - Community Regular	$29.60 ~~$29.00~~	
Medium Room (Mako)		
Adult - Standard	$36.40 ~~$35.70~~	
Adult - Community Regular	$29.10 ~~$28.60~~	
Youth/Senior - Standard	$29.10 ~~$28.60~~	
Youth/Senior - Community Regular	$23.60 ~~$23.20~~	

Papamoa Community Centre	2025/26	Changes
Small Room (Tamure, Tarakihi, Patiki, Atrium)		
Adult - Standard	$25.60 ~~$25.20~~	
Adult - Community Regular	$20.50 ~~$20.10~~	
Youth/Senior - Standard	$20.50 ~~$20.10~~	
Youth/Senior - Community Regular	$16.70 ~~$16.40~~	

Building Services

Fees for building services can be paid in person at our customer service centre, or online through internet banking, debit cards or credit cards. You'll need your invoice number and customer number as shown on your invoice.

Any functions or services that are provided but are not specifically detailed in this schedule will be charged at the relevant officer charge out rate. All charges by Council must be paid as soon as practicable Applications that are not accepted at the time that they are submitted will incur administration costs.

Where this document refers to Residential 1, 2, 3 or Commercial 1, 2, 3 this is the complexity of work according to the National BCA Competency Assessment System Levels.

A deposit may be charged for applications where it is considered necessary.

Standard Building Consent Fees	2025/26	Changes
Staff hourly rates (including GST)	**Per hour**	
Administration	$142.00 ~~$131.25~~	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 was and will be reviewed each year to determine if
Code Compliance Assessors	$198.00 ~~$183.75~~	
Building Control Officer (Residential 1 and 2 projects)	$248.00 ~~$229.95~~	
Building Compliance Officers	$248.00 ~~$229.95~~	
Building Control Officers (Residential 3 and Commercial projects)	$263.00 ~~$243.60~~	
Specialists - Development Engineers	$289.00 ~~$267.75~~	
Senior Specialists - Structural Engineer and Senior Development Engineer	$323.00 ~~$299.25~~	
Team Leader/Manager/Project Manager/ Lead Technical Specialist	$339.00 ~~$313.95~~	

Standard Building Consent Fees	2025/26	Changes
		increases are needed and only applied if the predictions are still accurate.
External Specialists fees are charged out if they exceed the staff hourly rates at actual costs plus TCC admin time.	Actual costs plus TCC admin time	

Online System Fee - charged on all new Building Consent, Certificate of Acceptance and Exemption applications	2025/26	Changes
Project value up to $124,999	$98.00 ~~$90.30~~	See above.
Project value $125,000 to $499,999	$294.00 ~~$271.95~~	
Project value $500,000 to $999,999	$489.00 ~~$452.55~~	
Project value over $999,999	$1,021.00 ~~$945.00~~	

Administration charges - charged on Building Consent applications where required	2025/26	Changes
Administering a new Section 72, Section 75, Section 124 notice. (Note: Solicitor time and LINZ registration cost will be charged directly to the applicant by Council's solicitors at the time)	$268.00 ~~$247.80~~	See above.
Building Act Section 37 (planning) Certificate fee	$271.00 ~~$250.95~~	
Exemption Fee (application for exemption from the building consent requirements). For project value up to $19,999 - fixed rate, plus hourly charge fees as applicable.	$271.00 ~~$250.95~~	
Exemption Fee (application for exemption from the building consent requirements). For project value $20,000 to $499,999 - fixed rate, plus hourly charge fees as applicable.	$645.00 ~~$597.45~~	
Exemption Fee (application for exemption from the building consent requirements). For project value $500,000 and over - fixed rate, plus hourly charge fees as applicable.	$1,270.00 ~~$1,176.00~~	
Report Filing Fee* - for receiving third party specialist building reports or other information to place on the property file at owner's request.	$289.00 ~~$267.75~~	
Waiver or Modification of the building code	$167.00 ~~$154.35~~	
Notice to Fix - residential	$248.00 ~~$229.95~~	

Administration charges - charged on Building Consent applications where required	2025/26	Changes
Notice to Fix - commercial	$263.00 ~~$243.60~~	
Notice to Fix extension of time	$248.00 ~~$229.95~~	
Obtaining a Certificate of Title	$43.00 ~~$39.90~~	
Fire Emergency NZ (FENZ) Review when charged to TCC	Actual cost	

Building Consent Levies	2025/26	Changes
Building Consent lodgement Checking Fee (per hour)	$142.00 ~~$131.25~~	See above.
Building Consent Authority Accreditation and Assessment Levy. Charged for meeting the standards and criteria under the Building Accreditation Regulations of 2006	$1.25 per $1,000 (or part there-after of building works $20,000 or more)	No change.
Building research levy ($1 per $1,000 or part there-after of building works $20,000 or more). The BA04 requires the Council to collect a levy to be paid to the Building Research Association of NZ (BRANZ).	$1 per $1,000 (or part there-after of building works $20,000 or more)	
Building levy ($1.75 per $1,000 or part there-after of building works $65,000 or more). The BA04 requires Council to collect a levy to be paid to MBIE.	$1.75 per $1,000 (or part there-after of building works $65,000 or more)	

Site Inspections	2025/26	Changes
Residential - per hour	$248.00 ~~$229.95~~	See above.
Commercial - per hour	$263.00 ~~$243.60~~	
Residential Building Inspections same day cancellation (fixed fee) - applicable where inspection is cancelled within 24 hours of booked inspection	$248.00 ~~$229.95~~	
Commercial Building Inspections same day cancellation (fixed fee) - applicable where inspection is cancelled within 24 hours of booked inspection	$263.00 ~~$243.60~~	
Inspection charges include booking time, travel time, time on site and time spent assessing and completing associated inspection documentation		

Code Compliance Certificate (CCC) - fixed fee plus hourly charge as applicable	2025/26	Changes
Project value up to $19,999	$184.00 ~~$170.10~~	See above.
Project value $20,000 to $99,999	$474.00	

	~~$438.90~~	
Project value $100,000 to $499,999	$696.00 ~~$644.70~~	
Project value $500,000 and over	$1,273.00 ~~$1,179.15~~	
CCC reactivation fee	$310.00 ~~$286.65~~	

Historic CCCs	2025/26	Changes
Historic code compliance certificate (over 5 years old) for drainage, solid fuel heaters, solar, retaining walls - fixed fee	$474.00 ~~$438.90~~	See above.
Historic Residential code compliance certificate (over 5 years old) - fixed fee	$951.00 ~~$880.95~~	
Historic Commercial code compliance certificate (over 5 years old) - fixed fee	$1,873.00 ~~$1,734.60~~	
Fixed fee covers the initial desktop review. Standard inspection charges, CCC project value fees and further review time charges are additional (if applicable).		

Earthworks Monitoring	2025/26	Changes
Monitoring Fee - this provides for one hour of monitoring. If non-compliance is identified further hourly rates may apply	$263.00 ~~$243.60~~	See above.

Pre- Application Advice	2025/26
Pre- Application and Project concept development meetings (based on the charge out rates of the officers in attendance)	Refer to hourly charge out rates. First 0.5 hour free, then charge applies
Pre- Application - Commercial Quality Assurance Projects (based on the charge out rates of the officers in attendance)	Refer to hourly charge out rates. First 0.5 hour free, then charge applies

Amendments and Minor Variations - Fixed fee plus hourly charge as applicable	2025/26	Changes
Amended building consent applications – project value (amendment) up to $9,999	$88.00 ~~$81.90~~	See above.
Amended building consent applications – project value (amendment) - $10,000 to $19,999	$180.00 ~~$166.95~~	

Amendments and Minor Variations - Fixed fee plus hourly charge as applicable	2025/26	Changes
Amended building consent applications – project value (amendment) - $20,000 to $99,999	$259.00 ~~$239.40~~	
Amended building consent applications – project value (amendment) - $100,000 and over	$454.00 ~~$420.00~~	
On-site minor variation (residential) - per hour	$248.00 ~~$229.95~~	
On-site minor variation (commercial) - per hour	$263.00 ~~$243.60~~	

Building Consent Extension of time (to extend the period to commence building work)	2025/26	Changes
Residential	$187.00 ~~$173.25~~	See above.
Commercial	$235.00 ~~$217.35~~	

PIM only fixed fees	2025/26	Changes
Residential	$782.00 ~~$724.50~~	See above.
Commercial	$988.00 ~~$914.55~~	
Where a PIM is included with a Building Consent application the PIM will be charged at the officers' hourly rate.		

Fireplaces, Solar water heaters and Insulation fixed fees	2025/26	Changes
Solid or liquid fuel heaters (freestanding one inspection)	$567.00 ~~$525.00~~	See above.
Solid or liquid fuel heaters (Inbuilt two inspections)	$794.00 ~~$735.00~~	
Solid or liquid fuel heaters (residential pre-approved models only). The fixed fee includes processing, inspections, administration and a Code Compliance Certificate. Additional fees may apply if requests for further information or additional inspections are required.		

Retrofit rainwater tank	2025/26
Solar water heater - processing costs covered by rates	$0.00
Retrofit insulation in exterior walls (exemption application)	$0.00

Certificate of Acceptance (COA) Application	2025/26	Changes
Residential Fixed Fee	$940.00 ~~$870.45~~	See above.
Commercial Fixed Fee	$1,230.00 ~~$1,139.25~~	
COA Administration Fee	$234.00 ~~$216.30~~	
Residential Site Visit (COA) - per hour	$248.00 ~~$229.95~~	
Commercial Site Visit (COA) - per hour	$263.00 ~~$243.60~~	
Fixed fee covers Building Officer time and administration fees. System fees are additional. Additional time charges may be applicable. Fixed fee is non-refundable (even if the application is withdrawn or refused). Building consent fees that would have been payable if consent had been sought before completing the work may be payable in addition to the COA fees as per s.97(e) of the Building Act 2004.		

Compliance Schedule - fixed fee plus hourly charge as applicable	2025/26	Changes
Schedule Application Base Fee	$160.00 ~~$148.05~~	See above.
Amendment to Compliance Schedule	$145.00 ~~$134.40~~	
Additional fee per feature identified in schedule	$39.00 ~~$35.70~~	
Building Warrant of Fitness Site Audit per hour	$263.00 ~~$243.60~~	
Expired BWOF charge	$238.00 ~~$220.50~~	
Process Building Warrant of Fitness	$133.00 ~~$122.85~~	

Certificate of Public use - fixed fee plus hourly charge as applicable	2025/26	Changes
CPU - Commercial 1 & 2	$835.00 ~~$772.80~~	See above.
CPU - Commercial 3	$1,285.00 ~~$1,189.65~~	
Certificate of Public Use extension of time	$374.00 ~~$346.50~~	

Building Reports	2025/26	Changes
Subscription of Building Consent Approval Information - Weekly service - fee per week	$31.00 ~~$28.35~~	See above.
Subscription of Building Consent Approval Information - Monthly service - fee per month	$62.00 ~~$57.75~~	
Each document placed on Council's property file must have a disclaimer in favour of, acceptable to, & indemnifying Council in all respects, put on the document and signed by the applicant.		

Swimming Pool	2025/26	Changes
Swimming pool barrier inspection fee (each inspection)	$189.00 ~~$174.90~~	See above.
The first inspection is included in property rates as a targeted rate.		

Cemetery Parks and Crematorium

Cremations	2025/26	Changes
Adults 13 years and over - standard size casket	$979.00 ~~$950.00~~	Inflation and rounding.
Children 5 - 12 years	$473.00 ~~$459.00~~	
Children under 5 years	$213.00 ~~$207.00~~	
Children under 6 months	$0.00	
Ashes Urn small - each	$19.00 ~~$18.00~~	
Ashes Urn large - each	$36.00 ~~$35.00~~	
~~**Animal Cremations up to 30kg**~~	~~$350.00~~	We do not provide this service.
~~**Animal Cremations over 31kg**~~	~~$500.00~~	
Adults weighing more than 150kg (additional to above)	$207.00 ~~$201.00~~	Inflation and rounding.
~~**Oversized Casket (additional to standard size casket fee and weight fee above)**~~	~~$150.00~~	Proposed to be removed as this is covered by the above fee (over 150kg)
Same day cremation and processing	$200.00	New fee to cover staffing costs.

Burial of Ashes		2025/26	Changes
Rose garden area	Plot and Maintenance	$1,500.00 ~~$1,201.00~~	Increased to meet contractor prices for installation and maintenance.
Ashes berm area	Plot and Maintenance	$527.00 ~~$512.00~~	Inflation and rounding.
Memorial Garden 14 and 15	Plot and Maintenance	$661.00 ~~$642.00~~	
Memorial Garden 16, 17, and 18	Plot and Maintenance	$1,024.00 ~~$994.00~~	
Scatter ashes in Tauranga Cemetery Park	Plot and Maintenance	$101.00 ~~$98.00~~	
Ashes burial	Plot and Maintenance	$142.00 ~~$138.00~~	
Ashes Plot Catholic & Presbyterian	Plot and Maintenance	$730.00 ~~$708.00~~	

Burials		2025/26	Changes
Pyes Pa Cemetery - Adults 13 years and over[1]	Plot and Maintenance	$4,256.00 ~~$4,132.00~~	Inflation and rounding.
Pyes Pa Cemetery - Specialised burial	Plot and Maintenance	$4,846.00 ~~$4,705.00~~	
City Cemeteries Plot (Presbyterian)[2]	Plot and Maintenance	$4,256.00 ~~$4,132.00~~	
Standard Casket	Burial Fee	$1,358.00 ~~$1,318.00~~	
Pyes Pa RSA burial	Burial Fee	$1,358.00 ~~$1,318.00~~	
Specialised burial (including materials)	Burial Fee	$2,123.00 ~~$2,061.00~~	
Oversize Casket - any casket longer than 208cm x 72cm (6'10" x 28") or rectangular is considered oversize and extra depth.	Additional	$370.00 ~~$359.00~~	
Pyes Pa children's Row 5 - 12 years	Plot and Maintenance	$1,282.00 ~~$1,245.00~~	
	Burial Fee	$232.00 ~~$225.00~~	
Pyes Pa children's Row under 5 years	Plot and Maintenance	$953.00 ~~$925.00~~	
	Burial Fee	$157.00 ~~$152.00~~	
Second burial - Adult (includes reopen fee)		$1,760.00 ~~$1,708.00~~	
Second burial - Child under 13 years (includes reopen fee)		$499.00 ~~$484.00~~	
Fee to disinterment in addition to burial fees		$6,397.00 ~~$6,211.00~~	
Late fee[3]		$447.00 ~~$434.00~~	
Additional charge for burial on Saturday or after 5pm Monday-Friday		$600.00 ~~$405.00~~	
Travel Fee for burials at City Cemeteries		$963.00 ~~$935.00~~	
Non Resident Fee (additional to plot, maintenance, and burial fees above)		$1,030.00 ~~$1,000.00~~	
Lowering Device Hire		$50.00	New fees required to cover costs and meet customer needs.
Self-Backfill Option (additional cleanup required)		$293.00	

[1] Plot maintenance in perpetuity and memorial permit included in plot purchase
[2] Cost includes purchase, maintenance and memorial permit for a plot in the Presbyterian Cemetery located in 18th Avenue

[3] Late fee for burials and cremations. Applies when services arrive later than time booked. See Cemetery rules for grace periods that apply.

Memorial Only	2025/26	Changes
Granite Book of Memory and Plaque	$1,127.00 ~~$1,094.00~~	Inflation and rounding.
Book of Memory Inscription (Chapel Display)	$132.00 ~~$128.00~~	

Chapel and Lounge	2025/26	Changes
Chapel hire - 1 hour Chapel time plus 30 mins set up	$357.00 ~~$347.00~~	Inflation and rounding.
Chapel hire - Maximum 30 mins Chapel time plus 10 mins set up	$187.00 ~~$182.00~~	
Tui Lounge[4]	$337.00 ~~$327.00~~	

Funeral Directors	2025/26	Changes
~~**Discount for the processing of customer invoices and prompt payment**~~	~~10%~~	Removing the discount as this is no longer affordable for council to provide.

Additional charges	2025/26	~~Changes~~
Public Holiday Surcharge	$1,000.00 ~~$606.00~~	Requires two staff to be paid overtime on Public Holidays.
Couriering ashes, national (international by negotiation)	$111.00 ~~$108.00~~	Inflation and rounding.
Administration Fee (For funerals without a Funeral Director)	$500.00 ~~$182.00~~	This process requires a lot of staff time. The increase matches actual staff costs involved.
Administration Fee (Seat Donation Site)	$250.00	New fee to cover costs associated.

[4] Cost is for use of the Lounge for a booking time of one hour. Additional time will be charged in 30-minute increments (minimum charge is $3~~2~~37)

Burial Service Package - Based on 1 hour use of Chapel and Lounge[5]	2025/26	Changes
Burial Service Package for First casket interment - based on 1 Hour Use of chapel and lounge	$1,900.00 ~~$1,845.00~~	Inflation and rounding.
Burial Service Package for Second casket interment - based on 1 Hour Use of chapel and lounge	$2,340.00 ~~$2,271.50~~	

Cremation Service Package - Based on 1 hour use of Chapel and Lounge[5]	2025/26
(Includes - Cremation - Adult, Large Urn, Chapel Hire and Function Facility)	$1,612.00

[5] Burial and Cremation service packages fees based on 1 hour booking for Chapel and 1 hour booking for Lounge. Any additional time will be charged in 30-minute increments.

Development Contributions

Fees can be found in the Development Contributions Policy on Council's website.

Development Contribution Objections

If a person objects to Council's requirement that a development contribution be made, in accordance with section 199C of the Local Government Act, then Council may recover from the person its actual and reasonable costs in respect of the objection (section 150A of the Local Government Act).

- Costs relating to staff time will be charged at the rates specified for the relevant staff member as set out in the user fees and charges
- Other costs may include photocopying and printing, actual and administration costs incurred in holding and managing the objection, planning and specialist reports and actual costs incurred for external consultants and/or specialists
- Council may also recover costs incurred in respect of the selection and engagement of the development contributions commissioners

Development Works

The Development Works Approval fee is to be paid at the time of application for Development Works Approval. The fee is a non-refundable deposit. The costs associated with reviewing the engineering plans, observation/testing and monitoring of the development works will be deducted from the deposit fee. Where the costs incurred exceed the deposit fee the consent holder will be invoiced for the outstanding balance.

Periodic observations will be carried out weekly during construction. A minimum monthly charge will apply for all active Development Works Approval applications.

	2025/26	Changes
Minimum monthly charge for active Development Works Approval application	$243.00 ~~$236.38~~	Inflation and rounding.
Project value less than $10,000	$1,892.00 ~~$1,836.98~~	
Project value between $10,000 and $100,000	$1,806~~$1,753~~ plus 1.5% of the value of the development works and professional fees	
Project value greater than $100,000	$4,211~~$4,088~~ plus 0.7% of the value of the development works and professional fees	

CCTV Inspections of gravity drainage lines	2025/26	Changes
CCTV Inspections of Gravity Drainage Lines	Actual Cost plus 10% administration fee	
CCTV technical review and data conversion (approximately $2.40 per metre plus GST)	Actual costs charged	

CCTV Inspections of gravity drainage lines	2025/26	Changes
CCTV processing fee	$111.00 ~~$108.16~~	Inflation and rounding.

Category 1 and 2 Geo-professional ~~Pre-Qualification~~accreditation	2025/26	Changes
Application for Category 1 or 2 accreditation	$3,000.00 ~~$1,224.30~~	Fee is increasing to reduce reliance on rates.
Application for renewal - continuance at same level	$1,800.00 ~~$735.64~~	

Subdivision Reserves, Stormwater Reserves and Streetscape Maintenance Fee (in Lieu of Developer Maintenance) Tauranga City Council will determine which fee is appropriate for the development	2025/26	Changes
Type 7 Mowing - Grass Height 30mm-60mm	$0.73 ~~$0.13~~	Increased to the new City Operations rates for 2024/25 year, plus 3% inflation.
Type 8 Mowing - Grass Height 30mm-100mm	$0.37 ~~$0.07~~	
G2 Gardens	$0.87 ~~$0.65~~	
G3 Gardens	$0.28 ~~$0.26~~	
G4 Gardens	$0.83 ~~$0.16~~	
H1 Hedges - below 600mm high	$2.86 ~~$2.62~~	
H2 Hedges - below 1800mm high	$2.86 ~~$2.62~~	
E1 Reveg - year 0-2	$0.89 ~~$0.39~~	
E2 Reveg - year 2-4	$0.68 ~~$0.26~~	
E3 Reveg - year 4-6	$0.38 ~~$0.07~~	
E4 Reveg - over mature site	$0.20 ~~$0.09~~	
Tree Maintenance	$303.00 ~~$100.79~~	Adjusted to allow for replacement trees.

Incomplete Works and Landscaping Bonds (see infrastructure development code section QA7)	2025/26	Changes
Minimum bond amount	$5,000.00	
Landscape maintenance bond	Plus 25% for Engineering supervision/Escalation, Plus GST Allowance	

Incomplete Works and Landscaping Bonds (see infrastructure development code section QA7)	2025/26	Changes
Incomplete works bond	Plus 25% for Engineering supervision/Escalation, Plus GST	
Administration fee (non-refundable)	$625.00 ~~$606.96~~	
Bond ~~registration/~~deregistration fee (non-refundable)	$772.50 ~~$750.00~~	Amended wording, as this is a deregistration – the registration is instructed to a solicitor. Deregistration is initiated by staff after the bond is refunded.

Potentially refundable components	2025/26
Landscape maintenance bond	Cost plus 25% contingency plus GST
Incomplete works bond	Cost plus 25% contingency plus GST

Hourly Rates	2025/26	Changes
Land Development Information Advisor	$134.93	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.
Development Monitoring Advisor	$236.90	
Land Development Engineer	$276.04	
Note that reasonable costs incurred will be charged based on the hourly rate of staff involved.		

As-Built Information received in Paper Form	2025/26	Change
~~**Base Fee**~~	~~$246.43~~	We no longer receive paper as-builts so the fee is not required.
~~**Cost per allotment**~~	~~$129.82~~	
~~**Digital Conversion Fee - applied per allotment when a PDF of the as-built information is not provided with the electronic record as-builts**~~	~~$73.42~~	

As-Built Information received in Electronic Form	2025/26	Changes
Base Fee	$254.00 ~~$246.43~~	Inflation and rounding.
Cost per allotment	$83.00 ~~$80.55~~	
Digital Conversion Fee - applied per allotment when a PDF of the as-built information is not provided with the electronic record as-builts	$76.00 ~~$73.42~~	
The electronic version must comply with the Infrastructure Development Code (IDC)		

In-fill Subdivision As-Built Fee - 2 lot Subdivision Only	2025/26	Changes
Fixed fee	$366.00 ~~$355.78~~	Inflation and rounding.

Incorrect As-built Information	2025/26
When as-built information provided to Council is found to contain incorrect service information (i.e. incorrect service connections, data, dimensions, co-ordinates, references, or does not match what is found or observed out in the field), then Council will charge the Consultant responsible for the costs incurred in following up the incorrect information or co-ordinating the finding of incorrect as-built information.	Actual cost with a minimum charge of one hour plus disbursements. Thereafter on an actual cost basis.
Where incorrect as-built information is found by Council and the consultant concerned does not assist in rectifying the incorrect as-builts or finding the incorrectly shown service connections, then Council will no longer accept as-built information.	

Digital Services

No changes proposed – the cost of this technology has actually gone down therefore fees are proposed to remain the same for 2025/26.

Dark Fibre	2025/26	2025/26
	Term: 2-4 years	**Term: > 5 years**
Per pair per month	$1,145.11	$912.73
Per core per month	$799.36	$566.89
Rack Lease	**2025/26**	**2025/26**
1 Rack in Cameron Road Data Centre per month (Local Government/Government)	$1,700.65	$1,700.65
1 Rack in Cameron Road Data Centre per month (Commercial)	$2,040.78	$2,040.78
1 Rack Unit in Spring Street per month (Local Government/Government)	$45.35	$45.35
1 Rack Unit in Spring Street per month (Commercial)	$51.07	$51.07

Food Premises

Registration	2025/26	Changes
New Single site Registration - Food Control Plan or National Programme	$373.00 ~~$362.00~~	Inflation and rounding.
New Multisite Registration - Food Control Plan or National Programme		
initial site	$373.00 ~~$362.00~~	
subsequent sites (for each additional site)	$186.00 ~~$181.00~~	

Renewal of Registration	2025/26	
Processing renewal of an existing single site registration for Food Control Plan or National Programme	$196.00 ~~$190.00~~	Inflation and rounding.
Processing renewal of an existing multi-site registration for Food Control Plan or National Programme		
initial site	$196.00 ~~$190.00~~	
subsequent sites (for each additional site)	$186.00 ~~$181.00~~	

Amendment to Registration	2025/26	Changes
Processing a significant amendment to registration of a single or multisite Food Control Plan or National Programme	$206.00 ~~$200.00~~	Inflation and rounding.
Processing a minor amendment to registration of a single or multisite Food Control Plan or National Programme	$124.00 ~~$120.00~~	
Significant amendment means change to location, or scope of operations. Minor amendment means change to trading name or legal name of operator.		

Verification - Food Control Plans or National programmes	2025/26	Changes
Verification fee (per hour)~~for up to 3 hrs of staff time~~	$184.00 ~~$536.00~~	The previous flat fee does not cover the actual time spent. We are proposing to change to an actual hourly charge, with time to be charged in 15 minute intervals.
~~**Fee (per hour) for additional verification time exceeding 3 hours**~~	~~$179.00~~	
Follow up site visit subsequent to verification (per hour)	$184.00 ~~$179.00~~	Wording changes for clarification, and inflation and rounding applied.
~~Overdue~~ Corrective Action Follow up. Charges include time spent on email, phone, site visits, assessment, outcome changes and administration (per hour of officer time)	$184.00 ~~$179.00~~	
Cancelling a verification less than ~~24~~ 48 hours of the scheduled date and time or non-attendance by essential personnel preventing completion of verification.	$184.00 ~~$179.00~~	Extending time for cancellation fee, due to costs involved.
Technical specialist required	At cost	
Verification c~~C~~harges can include time spent on scheduling, preparation, on site or remote verification, reporting, administration and up to 30 minutes of Corrective Action follow up.		Text added for clarification.

Compliance and monitoring	2025/26	Changes
Unregistered food business warnings and enforcement	$184.00 ~~$179.00~~	Inflation and rounding, wording clarifications.
Conduct complaint driven investigation resulting in the issue of a warning letter, improvement notice or notice of direction.	$184.00 ~~$179.00~~	

Compliance and monitoring	2025/26	Changes
Conduct investigation of a critical non-compliance assigned during a verification, resulting in the issue of a warning letter, an improvement notice or notice of direction.	$184.00 ~~$179.00~~	
Storage costs related to seized food or food related accessories	At cost	
Disposal costs related to seized food or food related accessories	At cost	
Per hour of Food Safety Officer time which can include investigation, site visits, emails, phone calls, issue of letters or notices, withdrawal of notices, and administration.		

Domestic Food Business Levy (Ministry for Primary Industries levy)	2025/26	Changes
A yearly levy in addition to any new registration or renewal of registration fee for a Food Control Plan or National Programme business.	$63.25	New fee mandated to collect on behalf of Ministry for Primary Industries.
Collection fee for MPI levy	$12.65	Maximum collection fee, set by Ministry for Primary Industries.

Health Act functions

Hairdressers	2025/26	Changes
New	$307.00 ~~$298.00~~	Inflation and rounding.
Annual Registration	$152.00 ~~$148.00~~	

Camping Grounds	2025/26	Changes
Annual Registration	$404.00 ~~$392.00~~	Inflation and rounding

Funeral Directors (funeral services only)	2025/26	Changes
Annual Registration	$152.00 ~~$148.00~~	Inflation and rounding.

Mortuary	2025/26	Changes
Annual Registration	$307.00 ~~$298.00~~	Inflation and rounding.

Swimming Pools	2025/26	Changes
Bacteriological Test if required - per test	Base on time & cost incurred	Inflation and rounding.
Transfer of registration (premises registered under the Health Act)	$91.00 ~~$88.00~~	
Health Act - Monitoring and enforcement (per hour) follow up and investigation related to a Health Act Notice	$183.00 ~~$178.00~~	

Other Health Act Fees	2025/26	Changes
Offensive Trades		
Annual registration	$285.00 ~~$277.00~~	Inflation and rounding.
Inspection fee relating to any matter not provided for in this schedule (per hour)	$185.00 ~~$180.00~~	

Inspection and Enforcement Fees	2025/26	Changes
Request for health inspection and report prior to transfer, or any other reason	$195.00 ~~$189.00~~	Inflation and rounding.
Inspections as a result of non-compliance with any regulations under the Health Act 1956	$195.00 ~~$189.00~~	

Historic Village

All fees increased by inflation and rounded to the nearest dollar where appropriate.

Indoor Venue Hire Rates	2025/26	
	Half Day	Full day
Village Hall	$577.00 ~~$560.00~~	$1,154.00 ~~$1,120.00~~
Village Cinema	$443.00 ~~$430.00~~	$875.00 ~~$850.00~~
Balcony Room	$628.00 ~~$610.00~~	$1,257.00 ~~$1,220.00~~
Durham Barracks	$330.00 ~~$320.00~~	$644.00 ~~$625.00~~
Schoolhouse	$320.00 ~~$310.00~~	$634.00 ~~$615.00~~
Chapel	$350.00 ~~$340.00~~	$700.00 ~~$680.00~~
Chapel Amphitheatre	$350.00 ~~$340.00~~	$700.00 ~~$680.00~~
Outdoor Venue Hire Rates		
Village Square	$335.00 ~~$325.00~~	$670.00 ~~$650.00~~
Forresters Lawn	$335.00 ~~$325.00~~	$670.00 ~~$650.00~~
Front Lawn	$335.00 ~~$325.00~~	$670.00 ~~$650.00~~
Hard surfaces	$335.00 ~~$325.00~~	$670.00 ~~$650.00~~
Village Grounds A - Main Street, Market Street, Village Square, Forresters Lawn, Front Lawn	$634.00 ~~$615.00~~	$1,267.00 ~~$1,230.00~~
Village Grounds B - Village Green	$891.00 ~~$865.00~~	$1,930.00 ~~$1,875.00~~
Colonial Greers Cottage (stand alone)	$294.00 ~~$285.00~~	$479.00 ~~$465.00~~
Full Village (A+B)	$1,076.00 ~~$1,045.00~~	$2,163.00 ~~$2,100.00~~
Registered Charitable Organisations and Historic Village Tenants receive a 20% discount. Half day = 4 hours, Full day = 8 hours. Fee includes duty manager on site.		

The Historic Village Commercial and Community user fees and charge for leases are charged at the greater of:

(i) ~~Current charges (~~Charges as at 2023/24~~)~~; or
(ii) At the bands identified below.

Historic Village Licence to Occupy (LTO) Rates*	2025/26		
	Per square metre per annum		
Licence to Occupy Rates	**Rate Band 1**	**Rate Band 2**	**Rate Band 3**
Retail	$236.90 ~~$230.00~~	$213.21 ~~$207.00~~	$207.29 ~~$201.25~~

Historic Village Licence to Occupy (LTO) Rates*	2025/26		
Retail Community*	$153.99 ~~$149.50~~	$138.59 ~~$134.55~~	$134.73 ~~$130.81~~
Office	$201.37 ~~$195.50~~	$177.68 ~~$172.50~~	$165.83 ~~$161.00~~
Office Community*	$171.67 ~~$127.08~~	$115.49 ~~$112.13~~	$107.79 ~~$104.65~~
Warehouse	$171.75 ~~$166.67~~	$153.99 ~~$149.50~~	$139.18 ~~$135.13~~
Warehouse Community*	$111.59 ~~$108.34~~	$100.10 ~~$97.18~~	$90.46 ~~$87.83~~
Venue (leased)	$171.67 ~~$166.67~~	$153.99 ~~$149.50~~	N/A
Venue (leased) Community*	$111.59 ~~$108.34~~	$100.10 ~~$97.18~~	N/A

* Tenant spaces are capped at 100sqm per building space for community tenants.

Rate 1 = High quality space located in high traffic area
Rate 2 = Mid quality space located in moderate traffic area
Rate 3~~2~~ = Low quality space located in low traffic area

Historic Village Community Operating Charges	2025/26
Water charge for basins in each tenanted space per annum	$51.50 ~~$50 per annum~~
Water charge for toilets in each tenanted space per annum	$103.00 ~~$100 per annum~~
Electricity charge	On consumption

Land Information

Property Files	2025/26	Changes
Property file request via email~~/USB picked up from Service Centre~~	$92.00	
Courier charges within NZ (property files on USB and paper copy LIMs)	$11.50 ~~$7.50~~	Increase to align with courier costs.
~~**As-Built Plan - single plan printed**~~	~~$15.00~~	Moved below.
~~**Code of compliance certificate - single page printed**~~	~~$15.00~~	
~~**Resource consent decisions - single decision document printed**~~	~~$15.00~~	

Rates and Valuation Products
Any request for rating or valuation reports will be considered an official information request and charged on that basis.

Land Information Memoranda (LIM) Fees	2025/26	Changes
Residential - 10 day email service	$395.00	
Residential - 5 day email service	$680.00	
Commercial and Industrial - 10 day email service	$760.14 ~~$738.00~~	
Paper copy of electronic LIM	$45 + cost of electronic LIM	
LIM preparation longer than 6 hours (hourly rate)	$131.00	This is to cover the reasonable cost of providing this service.

Multiple product offering - LIM and Property files	2025/26	Changes
Request for LIM and Property File - 10 day service	$450.00	New fees.
Request for LIM and Property File - 5 day service	$730.00	

Cancellation Fees	2025/26
Property Files	$20.00
Land Information Memoranda	$50.00

Legal Services

Legal Services fees	2025/26	Changes
Legal Services - hourly rate	$376.38 ~~$365.42~~	Inflation and rounding.

Libraries

Loans	Term	Renewal	2025/26
Majority of items for loan	3 weeks	Renewable twice	Free
Majority of magazines for loan	2 weeks	Renewable twice	Free
Top titles – Books	2 weeks	Renewable twice	$3.00
Note: General Manager has discretion to set promotional special pricing from time to time.			

	2025/26
Reserves (holds) - Adult	Free
Reserves (holds) - Child or Teen	Free
Unreturned items	Replacement cost + debt recovery charges
Cancelled or Donated Items	As marked
No charge for overdue items.	

Memberships		2025/26
Replacement Card - Adult	Permanent	$5.00
Replacement Card - Child or Teen	Permanent	$2.00

Other charges		2025/26	Changes
Interloan requests **Extra charges may be incurred for urgent or international interloans**	Term as stipulated by lending Library	$9.00 ~~$10.00~~ per item	The library system blocks users from loans if their balance goes over $10, so it is more practical to charge below the $10 fee.
Research		$75.00 ~~$65.00~~ per hour	Has not been

Other charges	2025/26	Changes
		increased for several years.
Learning Centre Classes	As advertised	

Printing		2025/26	Changes
Printing from Library PCs	A4 black and white copies	$0.30	
Black and White Photocopies	A4	$0.30	
	A3	$0.70	
Colour Photocopies	A4	$1.90	
	A3	$2.50	
As-Built Plan - single plan printed	(moved from Land Information)	$15.45 ~~$15.00~~	Inflation and rounding.
Code of compliance certificate - single page printed	(moved from Land Information)	$15.45 ~~$15.00~~	
Resource consent decisions - single decision document printed	(moved from Land Information)	$15.45 ~~$15.00~~	

Room Bookings		2025/26	Changes
Community Rate Room hire	Per hour	$26.40 ~~$24.00~~	Increased to align with Bay Venues rates.
Commercial Rate Room hire	Per hour	$48.00	

Marine Facilities

Wharf Licences Charges	2025/26	Changes
All wharf berthage charges are calculated on a per metre of vessel length (overall vessel length not waterline).	Daily Rate (or part day)	
Fisherman's wharf	$2.14 ~~$2.08~~ plus GST	Inflation.
Railway Wharf	$2.23 ~~$2.17~~ plus GST	
Wharfage Fees are adjusted from time to time and published on the www.vesselworks.co.nz website. Rates for single occupancy and single hull vessels. Wider vessels priced upon application.		

Cross Road Boat Park	2025/26 ~~Monthly~~	Changes
10 metre spaces $2,~~568~~640.00 per annum ~~or monthly $214.00~~	$220.00 ~~$214.00~~	Clarified wording, increased by inflation and rounding applied.
9 metre spaces $2,~~448~~520.00 per annum ~~or monthly $204.00~~	$210.00 ~~$204.00~~	
8 metre spaces $2,~~304~~376.00 per annum ~~or monthly $192.00~~	$198.00 ~~$192.00~~	
7 metre spaces $2,~~184~~244.00 per annum ~~or monthly $182.00~~	$187.00 ~~$182.00~~	
Tractor Park $1484.00 per annum ~~or monthly $12.00~~	$12.33 ~~$12.00~~	
Commercial use of the Cross Road Boat Ramp is based upon rates published on the Vessel Works website.		

~~Marine Precinct Services (Vessel Works)~~
~~The schedule of charges is published on the www.vesselworks.co.nz website and updated from time to time as required.~~

Miscellaneous

Consultancy Fee	2025/26	Changes
Hourly rate - minimum charge of one hour, then charged per 1/2 hour	$157.24 ~~$152.66~~	Inflation.

~~Street Naming and Numbering Service~~	~~2025/26~~
~~**Street Numbering Notification - Annual Subscription**~~	~~$560.08~~
~~**Street Naming Notification - Annual Subscription**~~	~~$250.00~~

~~Photocopying/Printing~~	~~2025/26~~
~~**Black and White**~~	
~~A4 - original - per copy~~	~~$0.30~~
~~A3 - original - per copy~~	~~$0.70~~
~~**Colour**~~	
~~A4~~	~~$1.90~~
~~A3~~	~~$2.50~~
~~Deposited Plans~~	~~$6.20~~
~~Aerial Photographs~~	~~$6.20~~
~~Printing and data extraction will incur effort at the list hourly rate. Provision of data is subject to TCC data policy.~~	

Strategic Property Fees	2025/26	Changes
Road stopping application - non-refundable deposit	$631.30 ~~$612.91~~	Inflation.
Property - Professional Services Staff Time (per hour)	$281.89 ~~$273.68~~	

Ōmokoroa Wastewater Volumetric Charge	2025/26	Changes
Conveyance, treatment and disposal fee (per cubic metre)	$3.18 ~~$3.00~~	This increase is to meet the costs of providing the service.

Mount Maunganui Beachside Holiday Park

Caravan and Tent Sites	2025/26				Changes
	Peak season*	Shoulder 1	Off Peak	Shoulder 2	
Premium site	$96.00 ~~$94.00~~	N/A	N/A	N/A	Inflation and rounding.
Site (standard)	$88.50 ~~$86.00~~	$74.00 ~~$72.00~~	$61.00 ~~$60.00~~	$68.00 ~~$66.00~~	
Additional Person - adult	$35.00 ~~$34.00~~	$32.00 ~~$31.00~~	$32.00 ~~$31.00~~	$32.00 ~~$31.00~~	
Additional Person - child	$19.50 ~~$19.00~~	$13.50 ~~$13.00~~	$13.50 ~~$13.00~~	$13.50 ~~$13.00~~	
Single rate	N/A	$38.00 ~~$37.00~~	$38.00 ~~$37.00~~	$38.00 ~~$37.00~~	
Day stay - per person	N/A	$38.00 ~~$37.00~~	$38.00 ~~$37.00~~	$38.00 ~~$37.00~~	
Onsite caravans	$117.00 ~~$113.00~~	$98.00 ~~$95.00~~	$85.50 ~~$83.00~~	$98.00 ~~$95.00~~	
Cabins - Twin share	$184.00 ~~$178.00~~	$160.00 ~~$155.00~~	$130.00 ~~$125.00~~	$155.00 ~~$150.00~~	
Ensuite cabins	$247.00 ~~$240.00~~	$210.00 ~~$200.00~~	$170.00 ~~$165.00~~	$195.00 ~~$190.00~~	
Studio cabins	$135.00	$125.00	$105.00	$115.00	New fee introduced in 24/25.
*** Peak season is between 20 December through to 6 February**					

Conference room	2025/26	Changes
Half day hire	$150.00	New service and associated fees.
Full day hire	$300.00	

Other charges	2025/26	Changes
Washing machine	$7.00	
Dryers	$7.00	
Storage (per day)	$21.00 ~~$20.00~~	Inflation and rounding.
Deposits		
For one night stay	50%	
For two night stay	50%	
For more than two night stay	$200.00 ~~$110.00~~	Increased to reflect the length of stay and secure some cost recovery for no shows.

Maximum Refund	50%

~~Annual Licence to Occupy (per annum)~~	~~2025/26~~
~~**All Sites**~~	~~$10,000.00~~
~~Minimum Site Fee 25 Dec - 2nd Sunday in January $90.00 (Includes 2 Adults and 2 Children)~~	

Information Centre Fees	2025/26
Brochure Display	$220.00 ~~$214.00~~
Poster Display in Amenity Facilities	
A1	$710.00 ~~$691.00~~
A3	$450.00 ~~$440.00~~
A4	$255.00 ~~$252.00~~
Digital Advertising	
Advertising in the info centre for 3 months	$775.00 ~~$754.00~~
Advertising in the info centre for 6 months	$1,165.00 ~~$1,131.00~~
Advertising in the info centre for 12 months	$2,070.00 ~~$2,012.00~~

Official Information Requests

Staff time	2025/26
Time spent by staff searching for relevant material, abstracting, collating, copying, transcribing and supervising access, where the total time involved is in excess of one hour.	$76.80 per hour for each chargeable hour or part thereof after the first hour.

Photocopying	2025/26
Copying or printing on standard A4 or foolscap paper where the total number of pages is in excess of 20 pages.	$0.30 per page after the first 20 pages.

All other charges	2025/26
Shall be fixed at an amount which recovers the actual cost incurred. This includes:	Actual cost
- the provision of documents on computer disks;	
- the retrieval of information off-site	
- reproducing a film, video or audio recording	
- arranging for the requester to hear or view an audio or visual recording; and	
- providing a copy of any map, plan or other document larger than foolscap size.	
The above charges are consistent with the Ministry of Justice Charging Guidelines endorsed by the Office of the Ombudsman	

Parking

Off Street Paid Parking Area	2025/26	Changes
Paid Parking Area - Dive Crescent – maximum daily charge	$10.00 ~~$8.00~~	Increased due to carpark being heavily utilised.
Paid Parking Area - Cliff Road – maximum daily charge	$8.00 ~~$6.50~~	
Paid Parking Area – TV3, Wharf Street – maximum daily charge	$12.50	No change. Not practical to make the small inflation increase.
Paid Parking Area - per hour (off street)	$3.50	
Off street parking areas are free after 5pm on weekdays and free all weekend		
On Street Paid Parking Area	**2025/26**	
0-1 hours	$2.00	

1-2 hours	$2.00	
3+ hours - per hour	$5.00	
On street parking areas are free after 5pm on weekdays and free all weekend		
Contractors Only	**2025/26**	
Daily permit in paid parking area	$35.00 ~~$34.00~~	Inflation and rounding.
Daily permit in time-restricted parking space	$35.00 ~~$34.00~~	

Parking Buildings - Casual	2025/26
0-1 hours	$2.00
1-2 hours	$4.00
2-3 hours	$6.50
3-4 hours	$9.00
4-5 hours	$11.00
5-6 hours	$13.00
6-7 hours	$15.00
7-8 hours	$17.50
8+ hours	$17.50
Overnight: 5pm-6am	Free
~~**Lost ticket**~~	~~$25.00~~
Parking buildings are open 24/7. Both parking buildings (Elizabeth Street and Spring Street) are free on weekends (6am Saturday – 6am Monday) and free on public holidays. It is now free to use the parking buildings from 5pm – 6am on weekdays.	
General Manager: Infrastructure and Director of Transport are authorised to vary carparking charges by +/- 50% to react to demand/change in economic activity within the city.	

Parking Buildings - Leased	2025/26	Changes
Spring Street Lease ~~-~~ – Reserved Permit ~~Covered (monthly)~~	$350.00	
Spring Street Lease ~~-~~ – Open Permit~~Uncovered (monthly)~~	$276.00 ~~$295.00~~	Reduced to reflect market conditions.
Spring Street Lease - Basement (monthly)	$400.00	
Elizabeth Street Lease ~~-~~ – Reserved Permit~~Covered (monthly)~~	$350.00	
Elizabeth Street Lease ~~-~~ – Open Permit~~Uncovered (monthly)~~	$276.00 ~~$280.00~~	Reduced to reflect market conditions.
Off-street leased carparks	**2025/26**	

TV 3 Lease	$350.00 ~~$276.00~~	Increased to align with other rates.
Seaview Lease	$240.00	
~~**Devonport - Lease**~~	~~$295.00~~	Lease rates removed as these are not to be leased.
~~**Dive Crescent - Lease**~~	~~$320.00~~	

Precedent Codes (as set by legislation)[6]		2025/26
C101	Failing to display current Warrant of Fitness	$200.00
C201	No Certificate of Fitness (HMV)	$600.00
P101	Parked within an intersection	$100.00
P102	Parked within 6 metres of an intersection	$100.00
P103	Parked near corner bend rise or intersection	$70.00
P104	Parked on or near a Pedestrian Crossing	$100.00
P105	Parked in a Prohibited Area	$70.00
P106	Parked over time limit	$20 >*
P107	Parked on a broken yellow line	$100.00
P108	Parked in area reserved for hire or reward vehicle	$100.00
P109	Parked within 6 metres of a bus stop sign	$70.00
P110	Parked obstructing vehicle entrance	$70.00
P111	Parked within 500mm of fire hydrant	$70.00
P112	Parked between fire hydrant and road marking	$70.00
P113	Double parking	$100.00
P114	Incorrect kerb parking - left hand side of road	$70.00
P115	Parked on a footpath or cycle path	$70.00
P116	Parked a trailer on a road over five days	$100.00
P117	Inconsiderate parking	$100.00
P119	Parked on a loading zone	$70.00
P120	Incorrect angle parking	$70.00
P127	Parked on a flush median/traffic island	$70.00
P128	Parked in a special vehicle lane	$100.00
P129	Parked on a level crossing	$255.00
P130	Parked near a level crossing	$255.00
P132	Left passenger service vehicle unattended in a reserved stopping space	$100.00
P212	Parked a vehicle for purposes display or promotion	$70.00
P344	Parked a heavy motor vehicle in a residential zone for more than 1 hour	$70.00
P385	Parked in a Pay Area longer than paid for	$20 >*
P386	Parked in a Pay Area without paying applicable fee	$70.00
P402	Using an unlicensed vehicle	$200.00
P403	Plates not affixed in prescribed manner- parked vehicle	$200.00
P405	Displayed other than authorised motor vehicle licence	$200.00
P407	Item displayed with intent to deceive plate -or licence	$200.00
P408	Plates obscured to be indistinguishable	$200.00

[6] Infringement fees applicable from 1 October 2024, per the Land Transport (Offences and Penalties) Amendment Regulations 2024.

Precedent Codes (as set by legislation)[6]		2025/26
P409	Licence obscured to be indistinguishable	$200.00
P410	Used vehicle with exemption from continuous licence	$200.00
P936	Parked displaying a Vehicle for sale	$70.00
P969	Parked on a mobility park - No card displayed	$750.00
D719	Unauthorised use of a special vehicle lane	$150.00
***Incremental increase up to $97.00**		

Parks and Recreation

Sports fields- Sports field training including artificial turf	2025/26	Changes
Senior groups/clubs only		
Training - per hour, per field, per day in a standard week (for senior sport), with that cost then being the seasonal charge[7]	$259.00	
Athletics	**2025/26**	
Regular Junior Athletics Club Use per person (0-14 years) - Summer season	$13.00 ~~$12.50~~	Inflation and rounding.
Regular Junior Athletics Club Use per person (0-14 years) - Winter season	$8.50 ~~$8.00~~	
Regular Senior Athletics Club Use per person (15+) - Summer season	$20.00 ~~$19.00~~	
Regular Senior Athletics Club Use per person (15+) - Winter season	$16.50 ~~$16.00~~	
Use of Storage facilities	$85.00 ~~$82.00~~	
Note: 50% discount applies on above rates for Local Club use with seasonal memberships (i.e. club events)		

Events on Parks	2025/26	Changes
Commercial, ticket price less than $60.00 - per event day	$515.00 ~~$500.00~~	Inflation and rounding.
Commercial, ticket price more than $60.00 - per day	$4,300.00 ~~$4,200.00~~	
Amenities charge – per site, weekdays, 9.00am to 5.00pm	$43.00 ~~$40.00~~	
Amenities charge – per site, after hours, weekends and public holidays	$83.00 ~~$80.00~~	
Markets on public open space per market - commercial operator	$515.00 ~~$500.00~~	
Markets on public open space per market - not for profit organisation	$120.00 ~~$115.00~~	
Wharepai event resource consent fee	$620.00 ~~$600.00~~	
Venue liaison fee (per day)	$620.00 ~~$600.00~~	

Other fees	2025/26	Changes
Commemorative Trees This reflects the cost to Council to purchase, transport and plant the tree, as well as attending to the on-going maintenance of the tree.	$670.00 ~~$650.00~~	Inflation and rounding

[7]Charges commencing for the 2025 winter sports season. Basis of the charge is one full adult football/rugby/cricket field or relevant equivalent field size for the sport in question. A 'season' relates generally to a season of greater than 3 months. Proportionate fees apply for use of half a field, or a season of less than 3 months. 50% discount is available to 'emerging sports' with less than 100 participants, that is less than 5 years established and where over 10% of participants are from low socio-economic backgrounds.

Other fees	2025/26	Changes
Roadside Signs Frame or Site per day (Frames will be allocated first if available)	$4.10 ~~$4.00~~	Inflation and rounding.

McLaren Falls	2025/26	Changes
Hire Charges		
Group Bookings (per night 3pm to 10am)		
Hostel - sleeps 10 (Peak Period - 20 Dec to 6 Feb, Easter and Labour Weekend) Application Basis	$370.00 ~~$270.00~~	Increased fee during peak times and introduced off peak and shoulder season charges this year also to encourage winter usage.
Hostel - sleeps 10 (Off Peak Period - After Easter to Before Labour Weekend)	$250.00	
Hostel - sleeps 10 (Mid Peak Period - Labour Weekend 19 December & 7 Feb to before Easter	$300.00	
Group Bookings (day fee 10am to 3pm)		
Hostel - sleeps 10	$100.00 ~~$90.00~~	
Camping (per person per night)		
Adults - Peak Period (20 Dec to 6 Feb)	$30.00 ~~$25.00~~	Introduce peak/off/ shoulder season charging to hopefully encourage more camping during the historically quieter months. Move to encourage more family camping. Add an off peak charge below.
Adults - Mid Peak Period (Labour Weekend to 19 Dec, 7 Feb to Easter *included*)	$20.00	
Adults - Off Peak Period ((After Easter to before Labour Weekend)	$15.00	
Children ~~(~~aged 5 - 16~~)~~ – Peak Period (20 Dec to 6 Feb)	$10.00 ~~$15.00~~	
Children aged 5 - 16 – Off Peak Period (7 Feb to 19 Dec)	$5.00	
Children under 5	Free	
Showers (time limited)	Free	

McLaren Falls	2025/26	Changes
Events		
Events - over 100 participants	$608.00 ~~$590.00~~	Inflation and rounding.
Wedding and corporate bookings	$206 for 2 hours, $51.50 each hour thereafter ~~$200 for 2 hours, $50 each hour thereafter~~	

Spaces and places parking fees	2025/26	Changes
Mooring Holders (The Strand) annual car parking fee	$1,030.00 ~~$1,000.00~~	Inflation and rounding.
Base Fee Marine Parade Tender sites per parking space (Christmas Day to Waitangi Day)	$914.00 ~~$887.22~~	

Electricity	2025/26	Changes
The following charges apply to any customer requiring the use of electricity from Council's power distribution boards:		
Domestic (10 amp outlet) - daily charge	$15.00 ~~$14.60~~	Inflation and rounding
Up to and including 32 amp 3 phase supply - daily charge	$31.00 ~~$30.10~~	
Any other supply from parks or reserves*	$0.25 ~~$0.24~~	
*Based on meter reading		

Planning

Deposit fees are not required for applications unless stated as fixed fees. Fixed fees are non-refundable and will be charged at lodgement of the relevant application. The remaining application types will be charged on a time and cost basis. The overall cost of the application will depend on the type and scope of the work you are proposing. Fees will be invoiced periodically based on actual cost (including any specialist reviews by internal staff based on the hourly rates specified etc.), external experts/specialists, commissioners or external consultants (processing).

To work out how much your application might cost, you may first need to talk to a professional and prepare your initial plans. Application fees Include consent processing, engineering design acceptance, construction audits and clearances, and certification. Fees will be required to be paid before some certificates and decisions will be released as per Section 36AAB of the Resource Management Act 1991 (RMA) Tauranga City Council need not perform the action to which the below Section 36 charges relate until the charge has been paid to it in full. Bond and maintenance/defect liability clearance fees will be invoiced at the relevant time.

Under Section 36AA of the Resource Management Act 1991 (RMA) a default discount policy will apply where a resource consent application is not processed within the timeframe(s) set out in the RMA, and the responsibility for the delay rests with Council.

All fees apply to applications made for resource consent for a qualifying development in an approved special housing area.

No fees are payable for non-notified, restricted discretionary land use consent applications for protected trees made under Chapter 6 of the City Plan.

All fees, deposits and hourly rates are inclusive of GST.

Land Use Applications

Non-Notified	2025/26
Non-notified Application Deposit Fees	
Controlled, Restricted Discretionary, Discretionary and Non-complying Activities	As per hourly rate/actual cost
Unit Title Subdivisions (excluding section 5(1)(g) Certification), cross-lease, boundary adjustment* and amalgamation	
Commissioners	
* Boundary Adjustment excludes the signing of any subsequent certificates to complete the boundary adjustment	

Other Applications

Fixed fee unless otherwise stated	2025/26	Changes
Overseas Investment Certificate **Deemed permitted activity application under section 87BA or 87BB of the RMA#** **Sale of Liquor - Section 100(f) (RMA & Building Code)**	$920.00 ~~$893~~	Inflation and rounding.

Fixed fee unless otherwise stated	2025/26	Changes
Right of Way Approvals/Amendment/Cancellation **Alteration/Cancellation of a Building Restriction Line^** **Removal of Covenant^** **Creation/Amendment/Cancellation of Easement** **Cancellation of Amalgamation Condition**	$920.00 ~~$893~~	
Amendment or Cancellation of a Consent notice^ **Application for Esplanade Waiver^**	As per hourly rate/actual cost	
Outline plan of work and waivers^ **Notice of requirement for Designation^** **All Designation alterations** **Designation Removals^**	As per hourly rate/actual cost	
E-Dealing Authority and Instruction/Resigning	$232.00 ~~$225~~	
# If issued as a result of a building consent application, charge recorded against BC as actual time and cost ^ These charges are exclusive of the fee for E-dealing Authority and Instruction		

Section 223 and 224 Certification	2025/26
Freehold (including boundary adjustments) **Unit Title Subdivisions - Section 223 and 224** **Section 32(2)(a) certification**	As per hourly rate/actual cost
Direct Referral	
Direct referral on Notified Application and Requirements	As per hourly rate/actual cost

General

General	2025/26	Changes
Combined land use and subdivision consents lodged non-notified (processed as a combined application)	As per hourly rate/actual cost	
Cancellation or variation of consent conditions s127		
Certificate of compliance including amendment to cross-lease, existing use (s139), outline plan, extension of lapse date (S125 and S126)		
Consent transfer or surrender		
For objections under s357 of the RMA, where an objection is to be considered by a hearings commissioner, the cost of considering and making a decision on the objection will be charged as follows:		

General	2025/26	Changes
Commissioner(s) **Council staff time**	As per hourly rate/actual cost	
Pre-Application Advice A non-refundable fee will apply to all requests for a pre-application advice. This fee provides for up to three hours of planner's time (review of supplied documents, attending meeting (if required)). Any additional technical expertise requested/required for the pre-application meeting will be on-charged at the prescribed hourly rate; as will any planners' time additional to the three hours provided for within the initial fee. Includes any administrative time, the actual meeting time and includes discussing concepts, preliminary designs, proposed projects, rule assessments, applications ready to be lodged, specialists etc.	$885.80 ~~$860.00~~	Inflation and rounding.
Duty planner advice Includes all general enquiries received and responded to. There will be no cost incurred over the first hour (one hour free). Once responding to or addressing an enquiry exceeds this first free hour, the applicants may continue their enquiry via a pre-application meeting process, with costs as outlined above.	No Charge (refer to note)	
Invoicing Invoices will be issued based on the costs to date at the following milestones (as applicable): - When a decision is made to notify an application (limited or public) - If an applicant (or their agent) requests that the application be put on hold - Upon issuing of a decision in relation to the application Note that in some instances, invoices may also be issued on an interim basis, subject to discussion with the applicant.		

Monitoring

These fees are additional to the processing costs associated with every resource consent that requires monitoring of conditions and is a non-refundable fixed fee. The monitoring administration fee will be charged at the time the consent is issued, and the initial inspection fee included if an inspection is required. Any additional monitoring, investigation and inspection time will be charged when the monitoring has been carried out, at the specified hourly rate.

All Applications	2025/26	Changes
Monitoring administration associated consent ^	$135.00 ~~$131~~	Inflation and rounding.
Initial site visit/monitoring ^	$368.00 ~~$357~~	
Additional site inspections, investigation, monitoring administration, specialist, consultant fees, travel etc.* ^	As per hourly rate/actual cost	

All Applications	2025/26	Changes
Issuing of an Abatement notice in relation to an activity subject to a Resource Consent*	$361.00 ~~$350~~	
^ To be charged on land use and subdivision consents separately, including variation/change to consent conditions		
* The Council will recover additional costs from the consent holder if more than one inspection, or additional monitoring activities (including those relating to non-compliance with consent conditions, and/or monitoring compliance with an abatement notice), are required. Additional charges will apply based on the hourly rate below and/or actual costs of specialists or consultants involved.		

Noise Control	2025/26	Changes
Fee payable by the occupier of a premises who applies to Council for property that has been seized and impounded after the issue of an Excessive Noise Direction notice	$256.00 ~~$249.00~~	Inflation and rounding.
Fee payable by the occupier of a premises who applies to Council for property that has been seized and impounded after the issue of an Abatement Notice	$307.00 ~~$298.00~~	
Noise measurement/monitoring (per hour)	$268.00 ~~$260.00~~	

General	2025/26	Changes
Compliance with any National Environmental Standard (where provided for)	As per hourly rate/actual cost	
Tree monitoring - monitoring activities to be charged, regardless of whether the tree related conditions are contained within a separate "tree" specific consent or within a building, land use or subdivision consent.*	As per hourly rate/actual cost	
Compliance with an outline plan and/or designation requirement	As per hourly rate/actual cost	Cost recovery provided for under the Resource Management Act 1991.
* For clarity, this does not relate to monitoring activities where the works are not ancillary to a principal activity, such as construction, earthworks or sediment control. Instead, these only relate to monitoring activities where tree related works are ancillary to a principal activity, such as earthworks underneath the dripline of a notable tree, and/or sediment controls which may affect a notable tree, and/or construction of a building or structure within the dripline of a tree or a subdivision that may affect a notable tree.		

Plan Change / Heritage Orders

Plan Change / Heritage Orders	2025/26
Request for Heritage Order and/or Private Plan Change under First Schedule of the Resource Management Act 1991	As per hourly rate/actual cost

Tauranga City Plan

There is no hard copy updating service for the operative Tauranga City Plan.

All access to the Tauranga City Plan will be by electronic means through the Tauranga City Council website.

This is free of charge and will provide access to all updated City Plan and Plan Change information.

Hard copies may be inspected at the Council's customer service centre and at all public libraries.

Copying of the City Plan provisions can be undertaken upon request in the normal manner at the customer service centre.

Disbursements

Council disbursements (mileage, copying, postage, etc.) may also form part of the costs incurred and may also be invoiced to an applicant on an actual cost basis.

Asset Development Fees

An Asset Development Fee is charged where an application presents an effect on Council infrastructural assets or where it is proposed to vest assets in Council as part of the development. In this case, the application is also assessed by Council's Development Engineering team. The Asset Development Fee shall be charged on an actual time and cost basis.

Applications Lodged with the Environmental Protection Agency

Planning and specialist reports, charged at actual cost plus actual time and cost for administration. Expert evidence/advice charged at actual cost plus 10% administration fee. Legal fees charged at actual cost.

Planning staff fees

The time taken to process an application (including any pre-application time, providing advice, additional queries from applicant etc.) and to undertake associated post-consent work and monitoring will be charged at the relevant scheduled hourly rate, plus the actual cost of any external specialists consultants/commissioners and disbursements. Time will be charged at the hourly rate applicable at the time the work was carried out. A minimum charge of 15 min will be applied as a starting point."

Staff Hourly Rates	2025/26
Technical Level 3 - Manager, Legal services	$314.00
Technical Level 2 - Senior Planner, Development Planner, Principal Planner, Team Leader, Senior Environmental Monitoring Officer, Specialist, Advisor	$244.00
Technical Level 1 - Graduate Planner, Planner, Intermediate Planner, Environmental Monitoring Officers	$230.00
Administration - Administrators, technicians, co-ordinators	$131.00
Development Engineer	$268.00

Staff Hourly Rates	2025/26
1. **External resources may be engaged to address capacity needs, access expertise which is not available internally, or to manage conflicts of interest.** 2. Where external resources are engaged for resource consent processes, the charges will be passed on to applicants at cost. 3. Position titles vary across council. Where technical input is required from a position not listed in the hourly rates, the most appropriate rate will be used. ~~**1. The particular technical hourly rate level is determined by staff competency levels.**~~ ~~**2. Position titles vary across Council.**~~ ~~**3. Where the cost of the external resource involved does not exceed the TCC staff rate, external resource(s) will be charged at the senior/intermediate rate.**~~ ~~**4. Where the cost of the external resource involved exceed the TCC rates, it will be charged at cost.**~~ ~~**5. External resources may be engaged to address either expertise or capacity that is not available internally.**~~	

Debt recovery

Where the Council has issued an invoice for the payment of any fee or charge and the amount invoiced has not been paid by the stated due date on the invoice, the Council may commence debt recovery action.

The Council reserves the right to charge interest, payable from the date the debt became due, and recover costs incurred in pursuing recovery of the debt on a solicitor/client basis as outlined in the Fees and Charges Schedule

City & Infrastructure Planning Fees

City Planning fees below are based on a cost recovery model taking into account the band-based roles, the forecast number of productive working hours and including an overhead cost allocation.

City & Infrastructure Planning	2025/26
	per hour
Planners	$225.00
Policy Planners	$225.00
Senior Planning Engineers & Modellers	$264.00
Team Leader: Planning & Modelling	$303.00
Manager City Infrastructure Planning	$357.00

Regulation Monitoring

Mobile Shops	2025/26	Changes
Annual Licence Fee	$711.00 ~~$690~~	Inflation and rounding.
Amusement Devices	**2025/26**	
One device for the first seven days or part thereof	$10.00	
For each additional device operated by same owner, for the first seven days or part thereof	$2.00	
For each device, for each further period of seven days or part thereof	$1.00	
Other	**2025/26**	
Recovery of signage	$159.00 ~~$154.00~~	Inflation and rounding.
- Signs seized in contravention of a bylaw		
- Where multiple signs are seized from the same location Council may exercise discretion of total charges on the basis of recovering all costs incurred		
Permit to operate motor vehicle on beach	$49.00 ~~$48.00~~	
General Bylaws	**2025/26**	
Busking Permit		
Fee per day	$7.00 ~~$6.00~~	Inflation and rounding.
Fee per annum	$31.00 ~~$30.00~~	
Activity in Public Place - Permit Fee for stall in public place (raffle sale, craft markets and non profit organisations) - per stall per day	$13.00 ~~$13.00~~	
Other	**2025/26**	
Transfer of all Annual Licences and Registrations	$63.00 ~~$61.00~~	Inflation and rounding.

Road Reserve Occupation (Corridor Access Requests)

Permit Type		2025/26	Changes
Inspection fees in excess of those allowed for in the original permit type. This may be due to the activity taking longer than anticipated, unfinished or unsatisfactory works, acting on complaints and any other costs incurred by Council related to the activity. Re-inspection is required if reinstatement of works is not satisfactory, or repairs are not undertaken within timeframe specified.		$231.75 ~~$225.00~~	Inflation.
Retrospective Works			
In general these works create high risk to other Road Reserve users and infrastructure as no formal approval has been granted to undertake works. Corridor Access Request applied for after works commenced onsite without consent. Fee applied in addition to the permit type relevant to the activity of works.		Double the fee to be determined depending on permit type applied	
Non-Utility Works	**Permit Definition**		
In general, these works create very low risk to Road Reserve Zone users and infrastructure. This permit type will include the cost of 1 site inspection for active or completed works.	- Minor scaffolding works associated with small scale 'renovation or building maintenance. - Shop front fit outs / repairs / replacements. - Crane operations. - Building cleaning operations (water blasting). - Events that do not require a full road closure - Annual Global Traffic Management plan (non-invasive works such as; surveying, sign replacement, i.e. billboards/shop frontages, inspections and kerbside collection activities). - Road Reserve occupation i.e. skip bin, shipping/storage container - Standard Vehicle Crossing installations (per IDC drawing T431) on Low Volume roads with minimal impact to traffic.	$208.58 ~~$202.50~~	Inflation.
Minor Works			

Permit Type		2025/26	Changes
In general, these works create low risk to Road Reserve users and infrastructure. **This permit type will include the cost of 1 site inspection for active works and 1 inspection for completed works.**	- Up to 2 calendar days duration (excluding reinstatement). - Simple service connections. - Up to 20m affected length. - Minor work associated with Utilities. - Overhead veranda works/canopy replacement. - Berm work only. - Larger scale scaffolding projects occupying the Road Reserve. - Annual Global Traffic Management Plan for low impact work in the berm only i.e. above-ground activities including vegetation control, garden maintenance and minor berm excavations of >50mm.	$359.06 ~~$348.60~~	Inflation.
Multiple sites for Minor Works may be considered under a single application at the discretion of the Corridor Manager.			
Standard Works			
In general, these works create moderate risk to Road Reserve users and infrastructure. **This permit type will include the cost of 2 site inspections for active works and 1 inspection for completed works.**	- More than 2 and up to 30 calendar days duration. - More than 20m and up to 250m affected length. - Any road crossing or intrusion whether open trenched or trenchless. - Moderate inspection requirement. - Events with a full road closure up to 8 hours and not during the hours of 7am to 7pm	$630.88 ~~$612.50~~	Inflation.
Note: Multiple sites for Minor Works may be considered under a single application at the discretion of the Corridor Manager.			
Comprehensive Works			
In general, these works create high risk to Road Reserve users and infrastructure. **This permit type will include the cost of 3 site inspections for active works and 1**	- More than 30 calendar days and up to a maximum of 12 months duration. - More than 250m affected length. - High inspection requirement. - Major work on Level 2 Roads. - Restricted property access. - Annual Global Traffic Management Plan (Physical activity above and below ground). - Construction sites (demolition & construction requires a separate application). - Events with a full road closure in excess of 8 hours or during the hours of 7am to 7pm	$1,151.54 ~~$1,118.00~~	Inflation.

Permit Type		2025/26	Changes
inspection for completed works.			
Maintenance Works			
In general, terms these are works agreed to by the Corridor Manager as likely to be completed under an Annual Global Traffic Management Plan (AGTMP)	- Repair to an existing service or surface. - Excludes new works within the Road Reserve. - Can be completed with traffic management plans from an existing approved AGTMP i.e. if a site specific traffic management plan is required a separate permit fee may apply.	No charge	
Emergency Works			
An unexpected repair of a service to reduce the risk of significant or imminent threat of physical damage or destruction to Road Reserve users, infrastructure and property.	- Duration no longer than 24 hours. - Rectification of a dangerous situation including support requested by an emergency service.	No charge	
'Not for Profit' Events and Road Reserve Occupation			
Community events undertaken by any Charity or 'not for profit' organisation in the road reserve for any length of time.	- Public activity or gathering, sporting event, show or parade	No charge	

Stormwater

Dewatering Authorisations	2025/26	Changes
Lodgement Fee - incorporates application review, authorisation preparation and time and costs associated with one site visit and one round of discharge monitoring.	$463.50~~$450~~ or actual costs if initial monitoring round analytical fees exceed $20.6~~0~~0	Inflation.

Stormwater Authorisations	2025/26	Changes
Lodgement Fee - incorporates application review, authorisation preparation and time and costs associated with one site visit and one round of discharge monitoring. **(Greater time allowance as the nature of the discharge may be more complex than for dewatering where the primary contaminant of concern is only suspended solids).**	$~~670~~ 690.10 or actual costs if initial monitoring round analytical fees exceed $51~~0~~.~~0~~50	Inflation.

Street Dining

Street dining	2025/26	Changes
Zone A – Inner City Centre, South of Marsh Street to First Ave (inclusive)	$~~16~~ 20 per square metre annually ~~(an 80% discount from $80 per square metre)~~	
Zone B – South City Centre, Second Ave to Eleventh Ave (inclusive)	$~~8~~ 10 per square metre annually ~~(an 80% discount from $40 per square metre)~~	
Zone C – Mount Mainstreet, Maunganui Road from Grace Avenue to Salisbury Avenue (inclusive)	$~~30~~ 37.50 per square metre annually ~~(an 80% discount from $150 per square metre)~~	
Zone D – Mount Central, North of SH2, Hewletts Road and Golf Road (inclusive)	$~~15~~ 18.75 per square metre annually ~~(an 80% discount from $75 per square metre)~~	
Administration fee (new or reassignment)	~~Waived for businesses required to transition to the new user fee and charges system in the 2025/26 financial year.~~ ~~From 2025/26:~~ $500	
Note: The fees for Zones A, B, C, D include an 80% discount on the full assessment for 2025/26. This was approved by Council under clause 6.8 of the Street Use Policy, on 4 March 2024 resolution CO4/24/22. Zone maps are available from: https://www.tauranga.govt.nz/business/permits-and-licences/using-public-places/outdoor-dining-permit		

Sustainability and Waste

Residential Kerbside Collection Service**	2025/26	Changes
Garden waste service – four weekly 240L bin	$85.00 ~~$80.00~~	*Will need to be actual targeted rate value once determined.*
Garden waste service – fortnightly 240L bin	$115.00 ~~$110.00~~	
Additional 45L bin for glass collection service	$28.00 ~~$27.00~~	Inflation and rounding.
Additional 23L bin for food scraps collection service	$39.00 ~~$38.00~~	
Additional 240L bin for garden waste collection service - four weekly	$85.00 ~~$80.00~~	*Will need to be actual targeted rate value once determined.*
Additional 240L bin for garden waste collection service - fortnightly	$115.00 ~~$110.00~~	
Replacement fee for lost or damaged rubbish or recycling bin	$62.00 ~~$60.00~~	Inflation and rounding.
Replacement fee for lost or damaged 45L glass bin or 23L food bin	$26.00 ~~$25.00~~	
Replacement fee for lost or damaged rubbish or recycling 660L bin (MUDs)	$550.00 ~~$494.00~~	Actual contract cost of replacement.
Replacement fee for lost or damaged rubbish or recycling 1100L bin (MUDs)	$785.00 ~~$574.00~~	
Contamination servicing fee (MUDs) 660L-1100L bin	$55.00 ~~$53.00~~	Inflation and rounding.
Contamination servicing fee (MUDs) 120L-240L bin	$34.00 ~~$33.00~~	
Repeated service attempt fee	$94.50 ~~$90.00~~	Actual contract cost.
** The above fees are based on the service for a full year, the actual fee may be pro-rated. Continued service in future years will be included in the Kerbside Target Rate.		

Transfer Stations

The services at the transfer stations at Maleme Street and Te Maunga are provided by a waste company who lease the facilities from Council. The independent waste company sets the fees and charges as deemed appropriate by them and these may vary from time to time. Please refer to Council's website for further information and the transfer stations' current fees and charges.

Licencing	2025/26	Changes
Licence to Collect Waste from Private Land (including one waste collection vehicle)	$433.00 ~~$420.00~~	Inflation and rounding.
Additional Waste Collection Vehicle (per vehicle)	$64.00 ~~$62.00~~	
Licence for Kerbside Waste Collection (including one waste collection vehicle)	$433.00 ~~$420.00~~	

Licencing	2025/26	Changes
Additional Waste Collection Vehicle (per vehicle)	$64.00 ~~$62.00~~	
Licence to Operate Waste Facility	$433.00 ~~$420.00~~	

Sundry Income	2025/26
Promotional items signs, worm farms, worms, bags, promotional reuse items such as coffee cups, compost bins etc. (Price varies depending on availability at time of promotion)	Various
Public Events	
Post event clean-up of litter of streets surrounding an event (on charged from Council's Cleansing Contractor)	Actual Cost
Workshop/Talk/Seminar	
Individual workshop/talk/seminar may be charged and include factors such as the length of event and costs associated with the event such as speaker's fees, production of handouts, materials, hire of bus etc.	Various
Charity Shop Waste Disposal Waiver	
Approved charity shops are allocated a disposal waiver amount (in tonnes) per month. Any exceedance of the waiver amount is on charged to the charity at the gate rate set by the Transfer Station operator, Enviro NZ~~waste~~ Services Limited (ENZ~~SL~~).	Various

Temporary Leasing of Road Space

The basis for charges associated with temporary leasing of road space include:	2025/26	Changes
Apply to property developers only.	5.75% pa excl GST	
Apply to the occupation of carriageway only.		
Apply to occupations of greater than one month only, pro-rated on a daily basis.		
Apply to all roads equally.		
Apply to a per metre square rate of occupation.		
A commercial rate of return is applied to the land value of the area occupied (valued at $2,500/m^2).		
Processing fee - per application	$342.30 ~~$332.33~~	Inflation.

Trade Waste

	2025/26	Changes
Flow	$2.26 ~~$1.93~~	Increased charge to cover additional wastewater expenses.
Suspended Solids	$2.88 ~~$2.46~~	
Chemical Oxygen Demand	$1.10 ~~$0.94~~	
Trade Waste Applications (New consent with conditions - 3 yr term)	$1,086.45 ~~$1,054.81~~	
Trade Waste Applications (New consent with conditions - 1 yr term)	$370.80 ~~$360.00~~	
Trade Waste Applications (Renewal of consent with conditions - 3 yr term)	$823.60 ~~$799.61~~	
Trade Waste Applications (Renewal of consent with conditions - 1 yr term)	$283.25 ~~$275.00~~	
Trade Waste Applications Permitted Activity (New - 3 yr term)	$1,091.12 ~~$1,059.34~~	
Trade Waste Applications Permitted Activity (New - 1 yr term)	$370.80 ~~$360.00~~	
Trade Waste Applications Permitted Activity (Renewal of permitted consent - 3 yr term)	$587.62 ~~$570.50~~	
Trade Waste Applications Permitted Activity (Renewal of permitted consent - 1 yr term)	$206.00 ~~$200.00~~	
Trade Waste Monitoring/Inspection Fee - (Non Compliance)	$164.72 ~~$159.92~~	

Staff Hourly Rates	2025/26	Changes
Trade Waste Officer	$216.30 ~~$210.00~~	Inflation.
Trade Waste Administrator	$144.20 ~~$140.00~~	

Trade Waste Testing	2025/26
Laboratory Testing Fees (see Laboratory fees and charges)	At Cost

Use of Council Land

Casual or One-off Use	2025/26	Changes
Community Group using land with no facilities	No charge	
Community Group using facility such as carpark	Recovery of costs incurred	
Short term commercial activation - per day (including pack in pack out)	$2,060.00 ~~$2,000.00~~	Inflation and rounding.
Short-term, ongoing use with revenue generating activities, charge per day	$515.00 ~~$500.00~~	
Casual or short/intermittent duration, pack in/pack out, use with revenue generating activities, per hour, minimum charge of two hours	$51.50 ~~$50.00~~	
In all cases the intended use of council land will need to be assessed against the Use of Council Land Policy which incorporates community/public benefit.		

Longer-term Use	2025/26	Changes
Lease or Licence Administration fee - Commercial[8]	$1030.00 ~~$1,000.00~~	Inflation and rounding.
Lease or Licence per m² - Commercial	Market rent valuation	
Lease or Licence Administration fee - Community[9]	$515.00 ~~$500.00~~	Inflation and rounding.
TCC owned building lease or licence per m² - Community use only[10]	$25 per m² per year	
Community Ground Lease[11] per m²	25% of the assessed average Reserve land value ($3 per m²) for the first 1,000m²	
	No additional charge for 1,001m² to 9,999m²	
	For leases over 10,000m², $0.30 per m² for the next 50,000m²	

[8] Legal and any valuation costs are additional.
[9] Legal fees are additional, valuations to be done every three years to determine market rate.
[10] Interior fit out painting and maintenance is the tenant's responsibility. Exterior building maintenance is council's responsibility. No discount is applicable for the tenant to maintain the interior. Rates and utilities are additional.
[11] Tenant funded and maintained building. Lease area is calculated as any area with public restricted access. All lease grounds maintenance funded by tenant, with an annual inspection by Council. Where an existing lessee is paying a greater rent level that rent level will be retained. General Manager, Community Services, has authority to amend individual rent levels where a community organisation can demonstrate inability to pay leading to a significant negative effect on Council's Community Outcomes, with criteria to be agreed by Council.

Longer-term Use	2025/26	Changes
Sublease agreements within lease area with any non-Community organisation[12]	Market Rent Valuation charged to this area.	

Activity Manager Approval (activities on Council land requiring assessment as landowner)	2025/26	Changes
Activities on council-managed land requiring activity manager approval application fee, for first 2.5 hours of assessment	$515.00 ~~$500.00~~	Inflation.
Activities on council-managed land requiring activity manager approval per hour not covered by application fee	$206.00 ~~$200.00~~	

These fees and charges do not apply to the Historic Village activity which has a separate fees and charges schedule.

Base charges are an indicative guide only. Final charge may be higher or lower depending on individual circumstances such as land area, extent of community access, permitted use and expected revenue.

Venues and Events

Filming	2025/26		Changes
Filming facilitation fee	**Half day (up to 4hrs)**	**Full day**	
Low impact	$120.00 ~~$115.00~~	$120.00 ~~$115.00~~	Inflation and rounding.
Medium impact	$175.00 ~~$170.00~~	$350.00 ~~$340.00~~	
High impact	$350.00 ~~$340.00~~	$700.00 ~~$675.00~~	

Outdoor Venue Hire Rates	2025/26	Changes
Audit fee – one off	$120.00 ~~$115.00~~	Inflation and rounding.

[12] Sublease must be approved, meet requirements and sublease area is not applicable to any discounts i.e. any discounts to sqm area are not applied to sublease area. Head leaseholder annual accounts and sublease agreements submitted to council.

Water Supply

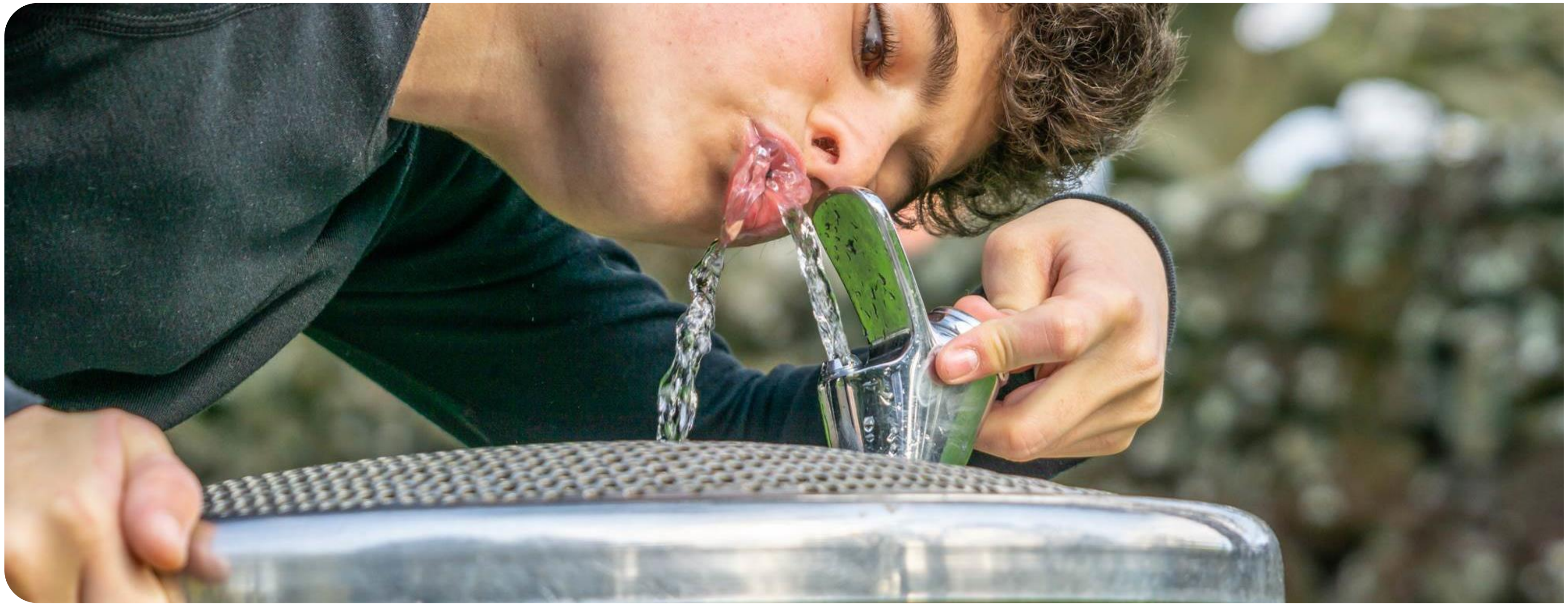
General	2025/26	Changes
Unmetered Water Annual Charge	$1,006.00 ~~$938.08~~	As these costs increase due to factors like maintenance, infrastructure upgrades, and rising service expenses, we need to adjust our charges accordingly.
Consumption Charge per m³	$3.87 ~~$3.54~~	
Meter reading by appointment	$52.29 ~~$47.84~~	
Restrictor fee - install (domestic)	$293.27 ~~$268.32~~	
Restrictor fee - remove (domestic)	$293.27 ~~$268.32~~	
Disconnection fee (industrial/commercial)	$403.54 ~~$369.20~~	
Reconnection fee (industrial/commercial)	$403.54 ~~$369.20~~	
Backflow Prevention Installation	At Cost	

Contractor Supplied Standpipe / Hydrant Use	2025/26	
Administration cost per invoice per month	$47.74 ~~$43.68~~	Increased to meet service expenses.
Repairs and maintenance	Own cost	
Damage to hydrants	Contract rate to user	
Water charge per m³ (extra ordinary hydrant use)	$4.96 ~~$4.54~~	
Non permitted hydrant use	$1,668.70 ~~$1,526.72~~	

Meter testing	2025/26	Changes
Up to and including 25mm meters	$375.12 ~~$343.20~~	Increased to meet service expenses.
Above 25mm to 50mm meters	$682.03 ~~$624.00~~	
Over 50mm meters	$959.39 ~~$877.76~~	

Base charge meter size (mm)	2025/26	Changes
15	$41.17	Increased to meet service expenses.
20	$41.17 ~~$38~~	
25	$77.90 ~~$73~~	
32	$77.90 ~~$73~~	

Base charge meter size (mm)	2025/26	Changes
40	$321.60 ~~$301~~	
50	$636.52 ~~$595~~	
80	$1,271.93 ~~$1,189~~	
100	$1,565.71 ~~$1,463~~	
150	$1,565.71 ~~$1,463~~	
200	$1,565.71 ~~$1,463~~	
~~**250**~~	~~$1,463~~	



Joint Water Services Organisation

Financial assessment - Bay of Plenty sub-region (including Thames Coromandel District)

Final Report

06 March 2025

Commercial in Confidence

To support Tauranga Council consideration

Preface

This report has been prepared for Western Bay of Plenty District, Thames Coromandel District, Whakatāne District and Tauranga City Councils by MartinJenkins.

For over 30 years MartinJenkins has been a trusted adviser to clients in the government, private, and non-profit sectors in Aotearoa New Zealand and internationally. Our services include organisational performance, employment relations, financial and economic analysis, economic development, research and evaluation, data analytics, engagement, and public policy and regulatory systems.

We are recognised as experts in the business of government. We have worked for a wide range of public-sector organisations from both central and local government, and we also advise business and non-profit clients on engaging with government.

Kei te āwhina mātau ki te whakapai ake i a Aotearoa. We are a values-based organisation, driven by a clear purpose of helping make Aotearoa New Zealand a better place. Our firm is made up of people who are highly motivated to serve the New Zealand public, and to work on projects that make a difference.

Established in 1993, we are a privately owned New Zealand limited liability company, with offices in Wellington and Auckland. Our firm is governed by a Board made up of Executive Partners and Independent Directors. Our Independent Directors are Sophia Gunn and Chair David Prentice. Our Executive Partners are Sarah Baddeley, Nick Carlaw, Allana Coulon, Nick Davis, and Richard Tait. Michael Mills is a non-shareholding Partner of our firm.

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This Disclaimer supplements and does not replace the Terms and Conditions of our engagement contained in the Engagement Letter for this assignment.

Table of contents

Introduction and purpose

Introduction and purpose

Joint Councils engaged MartinJenkins to undertake a high-level financial assessment of a possible Joint Water Services Council Controlled Organisation – including Tauranga City Council, Western Bay District Council, Whakatāne District Council, and Thames Coromandel District council

To inform the preparation of its Water Services Delivery Plan required by the Local Government (Water Services Preliminary Arrangements) Act 2024, participating councils wish to understand the potential financial implications of various joint WSCCO options.

Local Water Done Well requires councils to demonstrate their delivery of water services is financially sustainable

The Government's Local Water Done Well policy means councils across New Zealand will need to assess whether their water services delivery arrangements are, and will continue to be, financially sustainable over the medium- to longer-term.

Councils also need to consider whether existing service delivery arrangements will continue to meet community expectations regarding levels of service, achieve compliance with future regulatory requirements, while remaining affordable for their communities.

Future legislation is expected to require that councils demonstrate their water services can stand on their own two feet. This means that:

- rates and water charges are ring-fenced and only used to pay the costs of water services
- rates and water charges generate sufficient revenue to fully-fund operating and financing costs over the medium-term, and
- investment to maintain and renew assets, to meet regulatory requirements, and provide for growth can be funded and financed on a sustainable basis.

A Water Services Council Controlled Organisation offers additional financial benefits compared to in-house delivery options

A WSCCO has the ability to borrow at higher gearing ratios than councils, while also borrowing at rates similar to councils due its ability to access LGFA lending. The potential economies of scale from amalgamating assets and service delivery, ability to optimise capital structure, alongside professional governance and management, mean there are likely efficiencies available to those who participate, relative to in-house delivery opdtions.

This report assesses how joint WSCCO delivery models could benefit participating councils, collectively and individually, through enabling greater efficiencies and more efficient capital structures.

It presents these findings for a joint WSCCO comprising all participating councils under three scenarios:

1. Balanced budget
2. Accelerated investment
3. Optimised prices

It also provides an indicative assessment of costs to consumers under scenario three where prices are harmonised and where they are not.

Further scenarios that explore alternative mixes of council participants are included as appendices for reference.

We have relied on council inputs and an agreed set of assumptions

In undertaking this analysis, we have relied on information provided by the participating councils and used assumptions agreed upon by them (refer Appendix B). These assumptions guide the scope of potential outcomes and inform the overall conclusions regarding the financial and operational viability of the proposed joint WSCCO model. Changes to these underlying assumptions will likely have a material impact on the outcomes presented in this report.

Limitations

This is a point-in-time, indicative assessment of stylised WSCCO scenarios to inform decision making.

This analysis represents a snapshot in time, based on the data, assumptions and information available at the date of this report. As circumstances, policies and council data evolve, this assessment, in whole or part, may become out of date and warrant re-evaluation.

We have relied on council-provided information and have not verified its accuracy.

The modelling outputs are dependent on the accuracy and completeness of information provided by participating councils. Any errors, omissions or inconsistencies in that information may affect the reliability of the findings, and have not been independently verified by us.

Scope of analysis is limited to indicative financial implications only.

Work focuses on the potential structure and outcomes of a joint water services council-controlled organisation. It does not examine potential flow-on effects for other parts of the councils' operations and delivery arrangements, nor does it evaluate the underlying capital delivery programme. It is high-level, indicative analysis and does not constitute a detailed business case nor provide information sufficient to support implementation planning.

The outputs should be considered representative rather than exhaustive.

The purpose of this modelling is to provide a representative analysis based on current assumptions. It is not an exhaustive analysis or a detailed operational review. Users of this report should exercise caution when extrapolating the results beyond the specific scenarios modelled.

Ongoing changes and updates.

Given the dynamic nature of legislative frameworks, council priorities and data quality, the inputs underpinning this analysis may change over time. Readers should refer to the most recent information and seek updated modelling if circumstances change.

Use of sensitive information

This report relies on the provision of sensitive information, the disclosure of which may prejudice commercial positions or negotiations, or inhibit the future supply of such information in a free and frank manner. It is recommended that participating councils are consulted prior to the disclosure of any information or findings in this report.

Scenario overview

+ target capital structure and key assumptions

Three scenarios have been modelled

Balanced budget (S1)

(simple aggregation)

1

- Combines starting assets and debt positions and projected opex, capex and revenue (including development contributions) for each council.
- Adjusts financial projections for one-off establishment costs (debt funded initially with recovery through charges over time) and additional operating costs.
- Incorporates agreed efficiency gains from consolidation and economic regulation.
- Targets a balanced budget (i.e., no operating surplus) and demonstrates efficiency gains only.
- Does not optimise capital structure.

Accelerated investment (S2)

(targeting increased investment, while maintaining current price paths)

2

- Utilises anticipated LGFA borrowing terms to fund higher levels of investment, consistent with principles of intergenerational equity.
- Maintains current price levels and revenues but accelerates investment in infrastructure, utilising the greater borrowing capacity and efficiencies.*
- Demonstrates how a WSCCO could increase investment without increasing costs to consumers.

Optimised prices (S3)

(targeting current investment paths, while flattening prices)

3

- Utilises anticipated LGFA borrowing terms to fund higher levels of investment, consistent with principles of intergenerational equity.
- Uses borrowing capacity* and efficiencies to lower prices while maintaining currently planned levels of investment.
- Demonstrates affordability benefits of the WSCCO model.

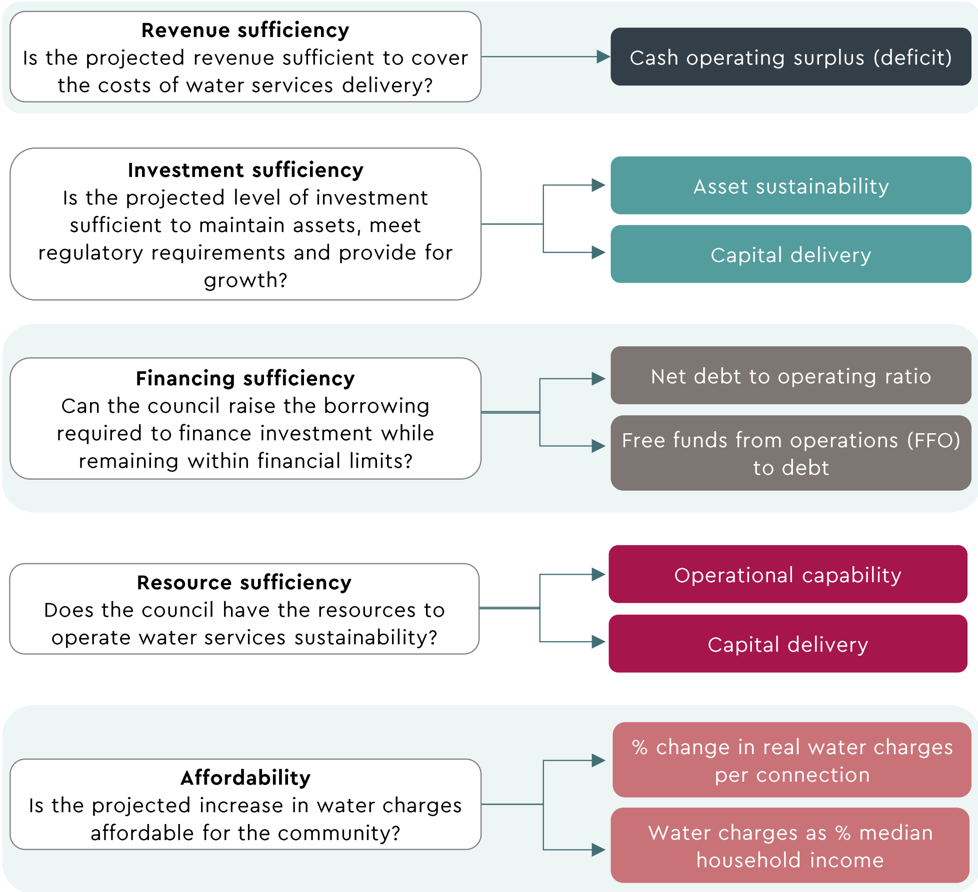
**An explanation of the target capital structure is explained overleaf*

Additional considerations:

- A status quo comparator is used as the benchmark for comparison, aggregating the financial positions supplied without adjustments or efficiency assumptions applied.
- Harmonised pricing is presented for scenario 3. An explanation of how the harmonised, and non-harmonised price paths are arrived is presented in Appendix D.

Target capital structure

- **DIA guidance sets out key financial principles** that underpin the requirement for financial sustainability. Under Local Water Done Well, the expectation is that operating revenues pay for operating costs with capital investment funded by capital sources (e.g., borrowing and development contributions).
- **LGFA has set out a number of credit criteria.** A critical component of the 'prudent credit criteria' is that a 'funds from operations' ('FFO') to debt covenant would be required, with an **expected minimum 'FFO to debt' ratio likely to fall between 8% and 12% depending on individual circumstances for the CCO**.
- FFO to debt provides a metric by which you can assess the ability for revenues (including DCs in certain circumstances) to meet operating costs and debt servicing requirements.
- By **targeting an efficient capital structure** through a WSCCO, it is possible to **optimise revenues, expenditures and debt** that meet prudent credit criteria. This creates opportunities to:
  - **increase investment while maintaining current price levels** or
  - **maintain investment while lowering price levels** or
  - **A combination of these scenarios.**
- **Our modelling targets FFO to debt at the mid-point of 10%** as a conservative assumption. This means cash surpluses (including DCs) generated in any year are equal to 10% of the WSCCOs net borrowings.

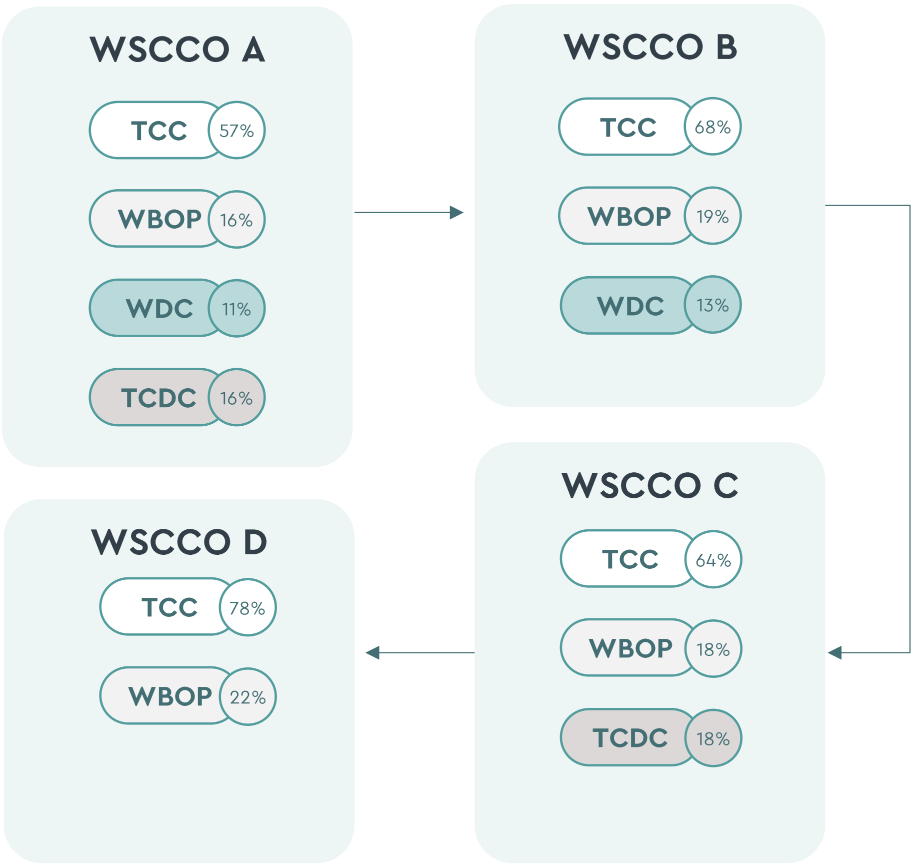


Entity permutations

Four entity permutations have been modelled against the three scenarios.

The analysis that follows is based on WSCCO A, with individual council findings in Appendix A.

The outputs for WSCCO B through WSCCO D can be found in the separately supplied Addendum.



The percentages indicate how costs, revenues and efficiencies would be allocated to each council. They were derived by averaging a number of measures. Further information can be found in Appendix B.

Key assumptions

Several key assumptions unpin the analysis, which are consistent across the scenarios modelled.

Additional information on the underlying assumptions and any adjustments can be found in Appendix B.

Further information on efficiencies can be found in Appendix C.

Assumption	Commentary
Operating efficiencies 1.5% – 2.0% p.a.	Operating efficiencies are driven by a number of factors, including productivity gains arising from effective management practices, purchasing power, and more streamlined operations and maintenance. Efficiencies are modelled to begin two-years after the entity's establishment (FY30) and ramp to 1.75% p.a. (the midpoint of the efficiency range) until **peak operating efficiency is achieved in FY44 (cumulative gain of 23.3% relative to the initial opex cost).**
Capital efficiencies 1.3% - 1.5% p.a.	Capital efficiencies reflect reductions in real unit costs from prudent investment decisions, streamlined cost structures and market power from a larger entity having long-term investment pipelines. They are modelled to begin two-years after the entity's establishment (FY30) and ramp to 1.4% p.a. (the midpoint of the efficiency range) until **peak capital efficiency is achieved in FY44 (cumulative gain of 20.8%).**
Inflation rates – BERL	Councils typically utilise the **BERL cost index** to inform inflation assumptions. These have been used to support the analysis in this report.
Establishment costs are capitalised	Establishment costs are assumed to be: • **$10 million for four council entity scenarios** • **$9 million for three council entity scenarios** • **$8 million for two council entity scenarios** This covers transition activities, including legal, commercial and other due diligence, and fit out of premises and basic IT hardware. ***The model is not sensitive to this assumption.***
Additional opex	Additional opex associated with a WSCCO include additional management costs, board fees, audit and other costs. **These are assumed to be around $2 million p.a.**
1 July 2027 establishment date	The entity is established from 1 July 2027.
Three waters	Water supply, wastewater and stormwater all transferred to the entity.

Key findings

WSCCO A

Key findings

By FY34, a price-optimised WSCCO could **support financially sustainable water services** while enabling **up to $638 million** in additional investment (+20% compared to the status quo) in water infrastructure and/or **reducing the cost to consumers by up to $951 on average** (-26%, relative to current price paths).

This means a **joint WSCCO** could deliver water services **at a lower cost to consumers** than individual councils under current operating models and capital structures.

A WSCCO could achieve:

- **Operating efficiencies peak at 22.3% relative to initial opex by FY44**, and generate $17.5 million in annual savings by FY34.
- **Capital efficiencies peak at 20.8% relative to initial capex by FY44**, and generate $44.8 million in annual savings by FY34.
- **The current investment profile could be delivered for around $121 million less between entity establishment and FY34.**

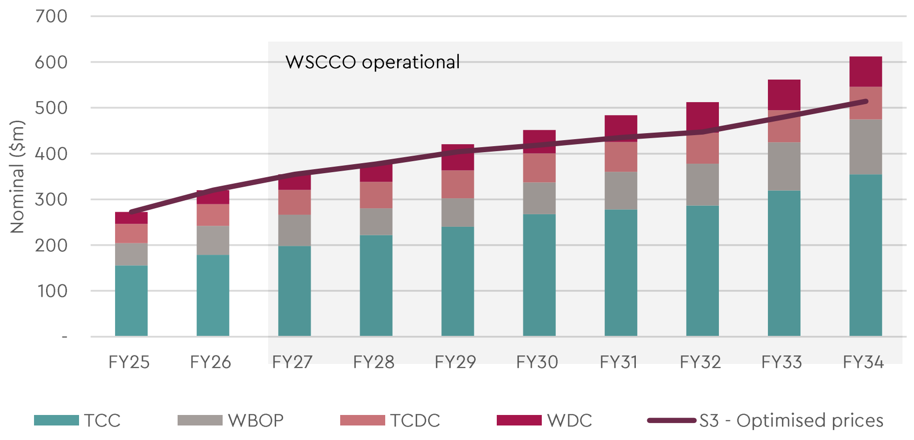
This arises from using a more **efficient capital structure** and opex and capex efficiency gains to provide:

- **Immediate uplift in access to borrowing.**
- **Better cost distribution** by funding and financing assets over their useful lives.
- **Increased investment capacity** and financial flexibility.

We note the underlying price paths for councils diverge over time, meaning councils face different pricing outcomes at different points over the 10 year period, whether pricing is harmonised or not.

Scenario	Cost per connection (FY25) ($ real)	Cost per connection (FY34) ($ real)	Total capex (FY25-FY34) ($m nominal)	FY34 FFO-to-debt (incl. DCs)
S1 Balanced budget	$2,027	$2,764	$2,999	8%
S2 Accelerated investment	$2,027	$3,715	$3,759	10%
S3 Optimised prices	$2,027	$3,047	$2,999	10%
Comparator (status quo)	$2,027	$3,715	$3,120	14%

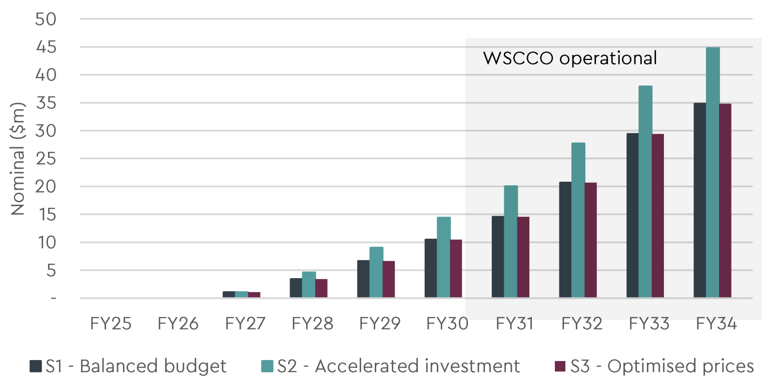
Total revenue (incl DCs)

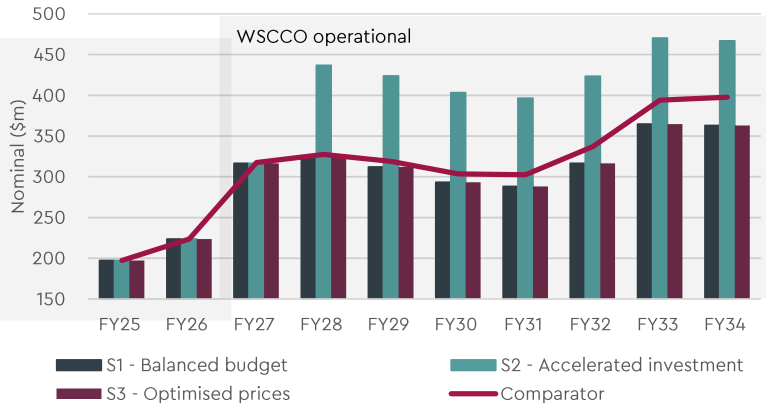


Capital expenditure

WSCCO A

Levels of investment





Current Investment Levels

The four councils plan to invest **$3.12 billion** in water infrastructure over the next ten years, representing a significant increase over recent investment levels and, in some cases, surpassing LTP commitments for regulatory compliance.

Investment Scenarios under a WSCCO

By optimising the capital structure and achieving modest efficiencies, the WSCCO could generate **annual capital efficiencies of between $34.8 million and $44.8 million by FY34**. This would enable the delivery of the same investment for **$121 million less** than current council arrangements between entity establishment in FY27 and FY34, while also **lowering costs for consumers**. As efficiencies are phased in and permanent, benefits would be larger and continue to accumulate over time.

If the **current price path** is maintained, a WSCCO could invest an **additional $638 million** over the next decade, raising total investment to **$3.76 billion**.

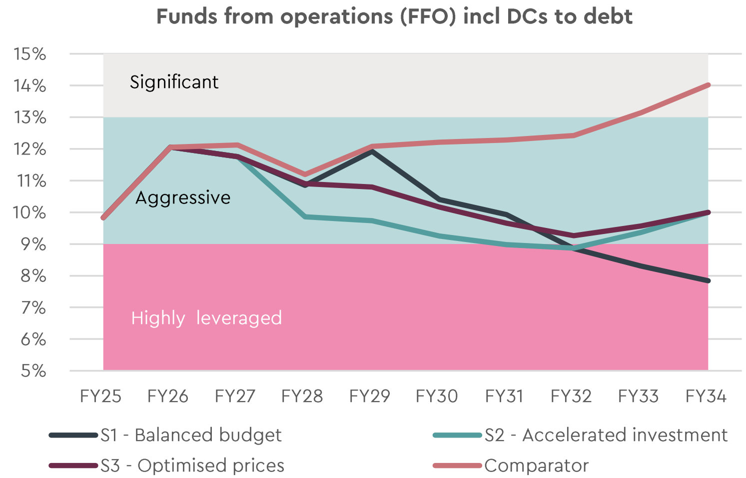
Scenario	Total capex (FY25-FY34) ($m)	Capex efficiencies p.a. (FY34) ($m)
S1 Balanced budget	$2,999	**$34.8**
S2 Accelerated investment	$3,759	**$44.8**
S3 Optimised prices	$2,999	**$34.8**
Comparator (status quo)	$3,120	**$0**

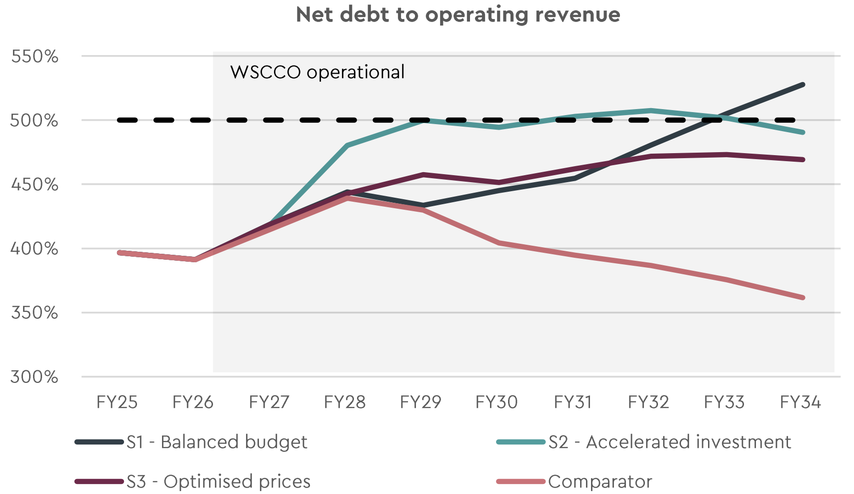
Capex efficiency	Cumulative efficiency (FY34)	Peak efficiency (FY44)
1.4% p.a.	8.8%	20.8%

Debt sustainability

WSCCO A

Debt sustainability





Borrowing for investment

Based on the information supplied, of the **$3.1 billion of water infrastructure investment projected over 10 years**, approximately:

- **$1.3 billion (42%)** is proposed to be **debt funded.**
- **$0.5 billion (16%)** is proposed to be funded through development contributions.
- **$1.3 billion (42%)** is proposed to be funded through operating revenues. This primarily comes from **depreciation funding** (funded via water charges). Depreciation expense is a non-cash operating item, with annual surpluses being retained on the balance sheet as reserves.

Capital structure

As outlined in DIA guidance, it is inefficient to fund investment in long-lived infrastructure primarily through operating revenues. Under **LWDW framework**, capital investment is expected to be funded through **capital sources** (i.e., **borrowing and development contributions**), while **operating revenues** must be sufficient to maintain debt repayments and ensure debt remains within LGFA lending limits* for water CCOs.

Scenarios 2 (accelerated investment) and 3 (optimised prices) target a FFO-to-debt ratio of 10%, the mid-point of the range indicated by the LGFA*, resulting in:

- **Higher average level of gearing of water activities**.
- **Lower long-term increases in water charges** compared to in-house service delivery options.
- **Increased levels of investment.**

**The LGFA has signalled a minimum 'FFO-to-debt' ratio of between 8% and 12%. If LGFA approved a lower FFO-to-debt ratio for the WSCCO, then this would further increase the additional investment or further reduce prices relative to the modelled scenario.*

Approaches to credit ratings

The standalone rating for water activities would be determined by the scale of the entity, the economic regulatory regime, WSCCO financial metrics and links to the parent council(s)

For regulated water utilities, the funds from operations (FFO) to debt ratio is the primary metric used.

To determine the appropriate FFO-to-debt ratio to target, we have used S&P's credit rating criteria to illustrate the ratios required for an investment grade entity. This aligns with DIA and LGFA guidance.

In the short term, uncertainty regarding the regulatory regime means higher ratios would be required to achieve an equivalent credit rating – in 5-10 years, once the economic regulatory regime is embedded, we expect WSCCOs will be assessed more favourably and the lower financial ratios apply .

The business risk assessment is expected to differ across WSCCO depending on the scale of the entity and diversity of the customer base (including geographic, economic, and regulatory foot-prints).

- For a large multi council WSCCO this is expected to result in an 'excellent' business risk profile and therefore an FFO / debt of 6-9% would be required for an investment grade rating,
- **For this analysis, a target FFO-to-debt of 10% is applied to WSCCO A. This moves the WSCCO up from the 'aggressive' to the more favorable 'significant' band, leaving a lower residual risk for participating councils.**

The above analysis considers the **standalone rating.**

We note the WSCCO **issuer credit rating may benefit from links to the council and therefore is expected to be only a few notches below council (once it is standalone investment grade).*

S&P corporate rating criteria (for a regulated water utility)

Outcome	1	2	3	4
Country risk	Low risk			
Industry risk	Very low risk			
Competitive position	Strong		Satisfactory	
Business risk	**Excellent**		**Strong**	
Financial risk	**Significant**	**Aggressive**	**Significant**	**Aggressive**
Modifier	None			
Standalone rating	**a-**	**bbb**	**bbb**	**bb+**
Government support*	**Very high***			
Issuer credit rating	**aa-**	**a**	**a**	**bbb+**

Ratio	Significant[1]	Aggressive[1]
FFO / Debt (%)	9 - 13%	6 - 9%

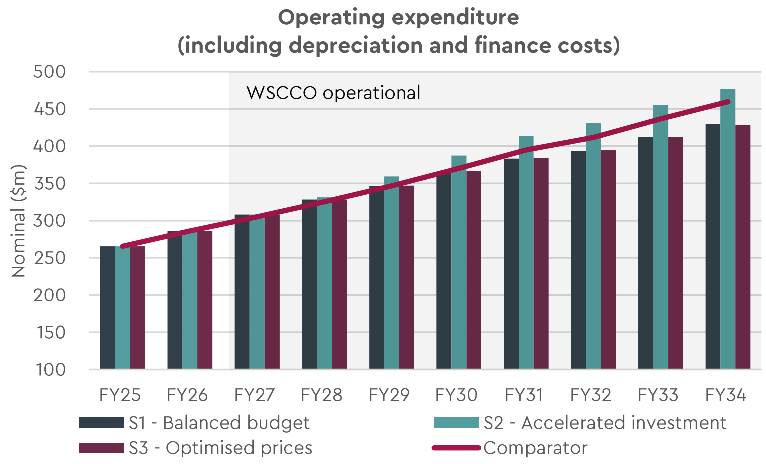
A large, regional water utility is likely to have an 'excellent' business risk profile and therefore could be in the 'aggressive' band whereas a small, rural water utility is likely to have a 'strong' business risk profile and therefore need to be in the 'significant' band to achieve an investment grade standalone rating (i.e. before any uplift for government support (e.g. from parent council(s)).

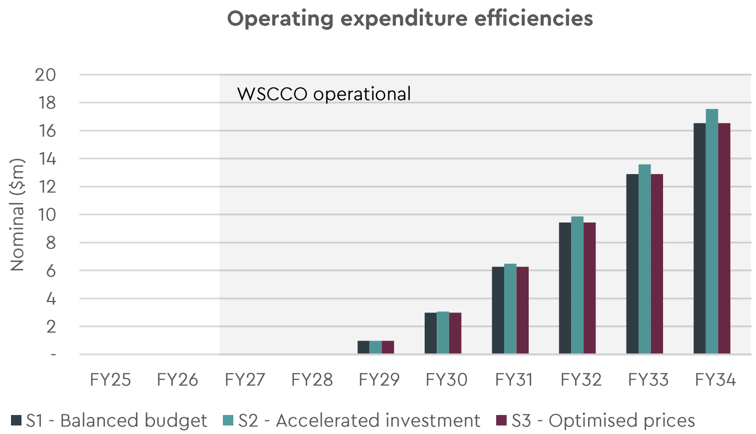
1. Assumes a 'strong' regulatory assessment applies once the regulatory regime is established and therefore the 'low volatility' metrics are applied.

Operating expenditure

WSCCO A

Projected operating expenditure





Scenario	Total opex (FY25-FY34) ($m)	Opex efficiencies p.a. (FY34) ($m)
S1 Balanced budget	$3,518	**$16.5**
S2 Accelerated investment	$3,714	**$17.5**
S3 Optimised prices	$3,519	**$16.5**
Comparator (status quo)	$3,601	**$0**

Opex efficiency	Cumulative efficiency (FY34)	Peak efficiency (FY44)
1.75% p.a.	8.4%	23.3%

Operating expenditure

Efficiency gains increase over time, with a two-year ramp-up post-establishment, and the full efficiency frontier reached 15-years thereafter. This means cost savings will **continue beyond the FY25–FY34 period modelled**, delivering ongoing benefits and savings to communities. *Operating efficiencies have been applied only to core operating costs. No efficiencies are applied to financing or depreciation costs.*

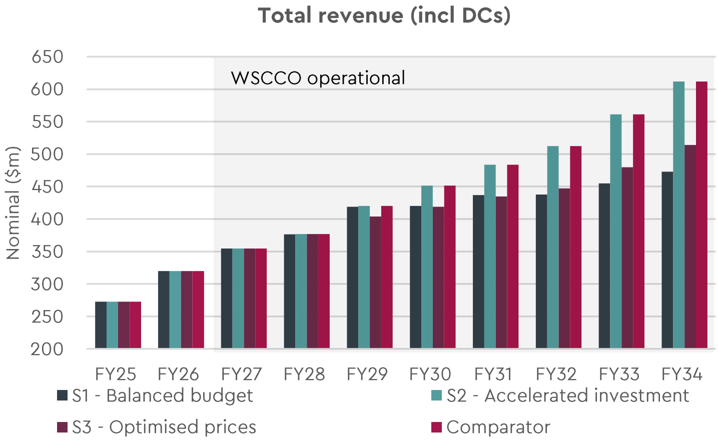
The **largest cost drivers over the forecast period** are **finance and depreciation**, accounting for approximately **half of total operating expenses**.

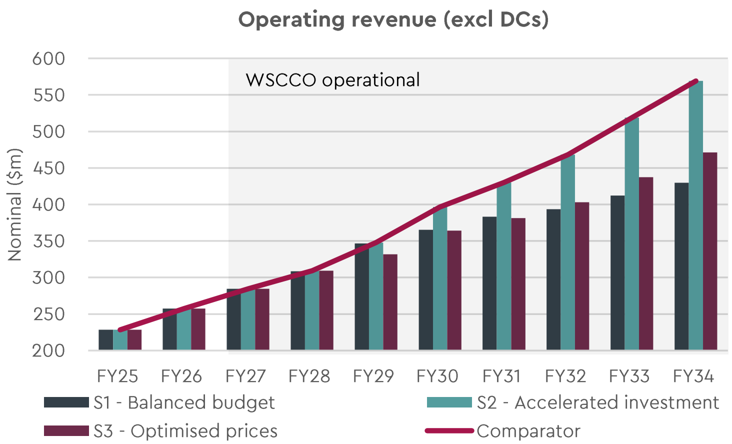
Scenario 2 provides for additional investment of up to $638 million, which drives additional **financing and depreciation costs.** This is enabled through a more **efficient capital structure**. *We have assumed this additional capex is primarily directed to improving existing assets and have not allowed for consequential opex.*

Operating revenue

WSCCO A

Projected revenues





Determining operating revenues

Under Local Water Done Well, the expectation is that operating revenues pay for operating costs with capital investment funded by capital sources (e.g., borrowing and development contributions).

This means operating revenues (and therefore charges for water services) should be set to recover all cash operating expenses plus a minimum FFO requirement (indicatively 8-12% of net debt, depending on the underlying council credit profiles).

We have adopted this approach to determine the level of revenue required, ensuring an efficient approach to setting water charges while maintaining borrowing at a prudent level.

The balanced budget scenario (S1) solves for zero operating surplus, meaning it has a more aggressive FFO –to-debt profile relative to the other scenarios which target a 10% FFO-to-debt ratio. The status quo comparator operates with lower leverage (i.e., an FFO-to-debt ratio of 14%).

Scenario	Total revenue, incl. DCs (FY25-FY34) ($m)	FFO-to-debt(FY34)
S1 Balanced budget	$3,964	8%
S2 Accelerated investment	$4,365	10%
S3 Optimised prices	$4,022	10%
Comparator (status quo)	$4,365	14%

Cost to consumers

WSCCO A

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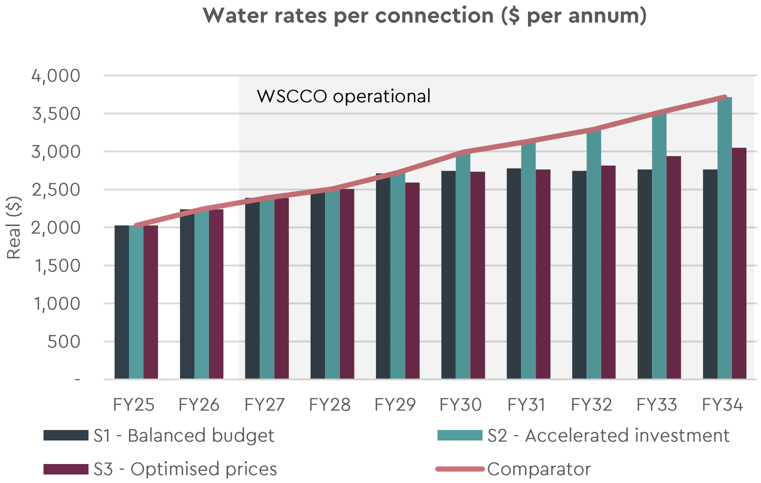
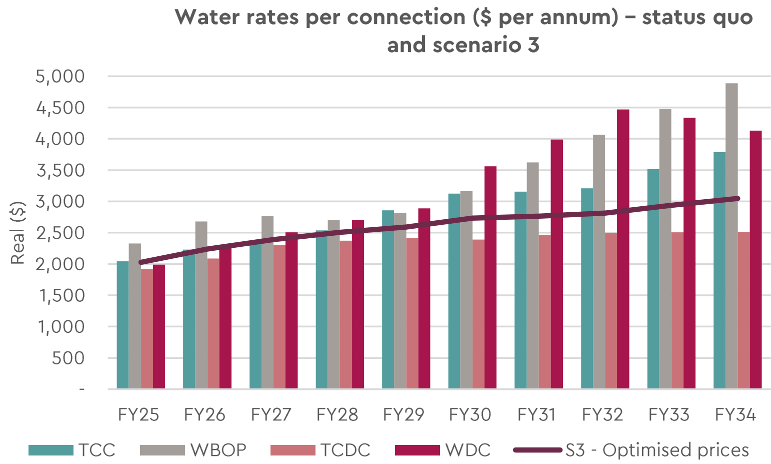
WSCCO price path





Water charges per connection

Under current council arrangements, the average water charge per connect is projected to exceed **$3,700 per connection annually*** (in today's terms). A **WSCCO could reduce this to as low as $3,050 per connection** across the councils.

Consistent pricing methodology

This approach reflects an entity level price per connection. We note that in practice the customers will like be subject to different tariff structures as they are currently. For ease of reference, individual council price paths are located in Appendix A, and include relevant observations on harmonised and non-harmonised price paths. A explanation of the approach is found in Appendix D.

Harmonising prices means that there are consistent pricing methodologies for similar households and users across the area served by the WSCCO. Good pricing principles would likely drive the setting of these charges over time to ensure the approach reflects the long-term costs of delivering water services regardless of the specific point in time investment requirements of those communities.

Council	Savings (cumulative) to current price path - Non-harmonised
A	+ve
B	+ve
C	-ve
D	+ve

Wellington T +64 4 499 6130
Level 1, City Chambers, Cnr Johnston and Featherston Streets, Wellington 6011, PO Box 5256, Wellington 6140, New Zealand
Auckland T +64 9 915 1360
Level 16, 41 Shortland Street, Auckland 1010, New Zealand
info@martinjenkins.co.nz **martinjenkins.co.nz**

Appendix A: Individual Council findings

Note only includes Council who have considered advice

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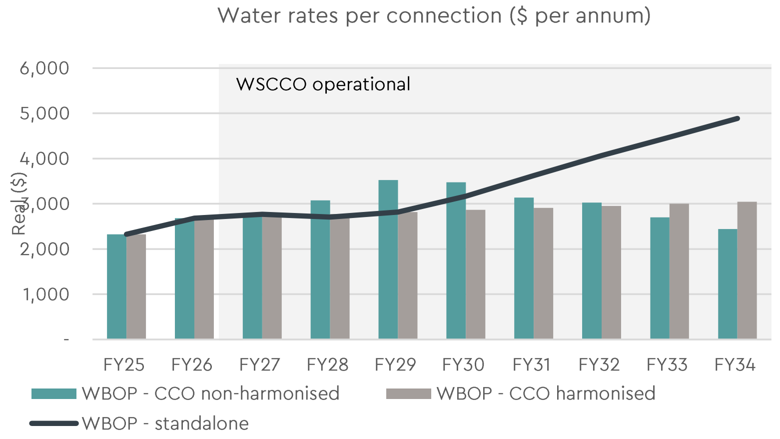
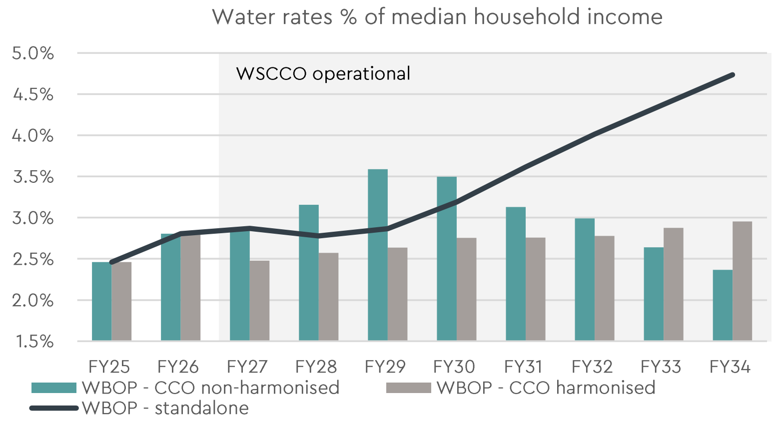
Western Bay of Plenty District Council findings – Optimised prices (S3)





Water charges per connection

Under current council arrangements, average water charges are projected to exceed **$4,880 per connection annually** (in today's terms). A **WSCCO could reduce this to as low as $3,050 per connection**, reducing the required increases by up to 38%, under a harmonised scenario and by up to 50% under a non-harmonised scenario.

Affordability of water charges

Affordability of water charges would improve for the WBOP community by FY30, compared to the status-quo. Efficiencies would build over time, likely generating further savings for your community.

Council	Savings (cumulative) to current price path - Non-harmonised
WBOP	~$4,350
B	+ve
C	-ve
D	+ve

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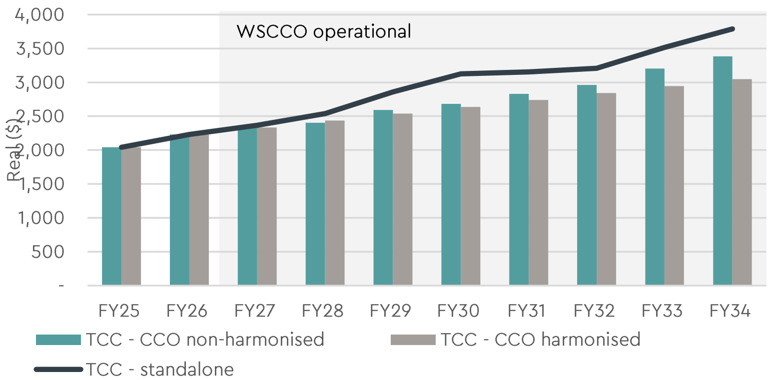
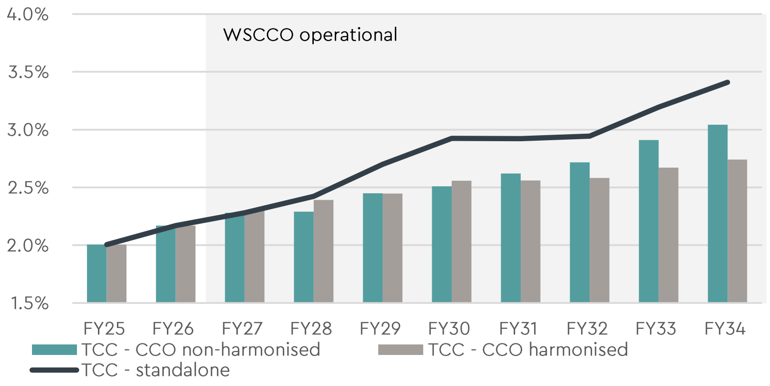
Tauranga City Council findings – Optimised prices (S3)





Water charges per connection

Under current council arrangements, average water charges are projected to reach nearly **$3,800 per connection annually** (in today's terms). A **WSCCO could reduce this to as low as $3,050 per connection**, reducing the required increases by up to 20%.

Affordability of water charges

Affordability of water charges would improve for the TCC community as early as FY28, compared to the status-quo. Efficiencies would build over time, likely generating further savings for your community.

Council	Savings (cumulative) to current price path - Non-harmonised
A	+ve
TCC	~$2,100
C	-ve
D	+ve

Appendix B: Approach to modelling

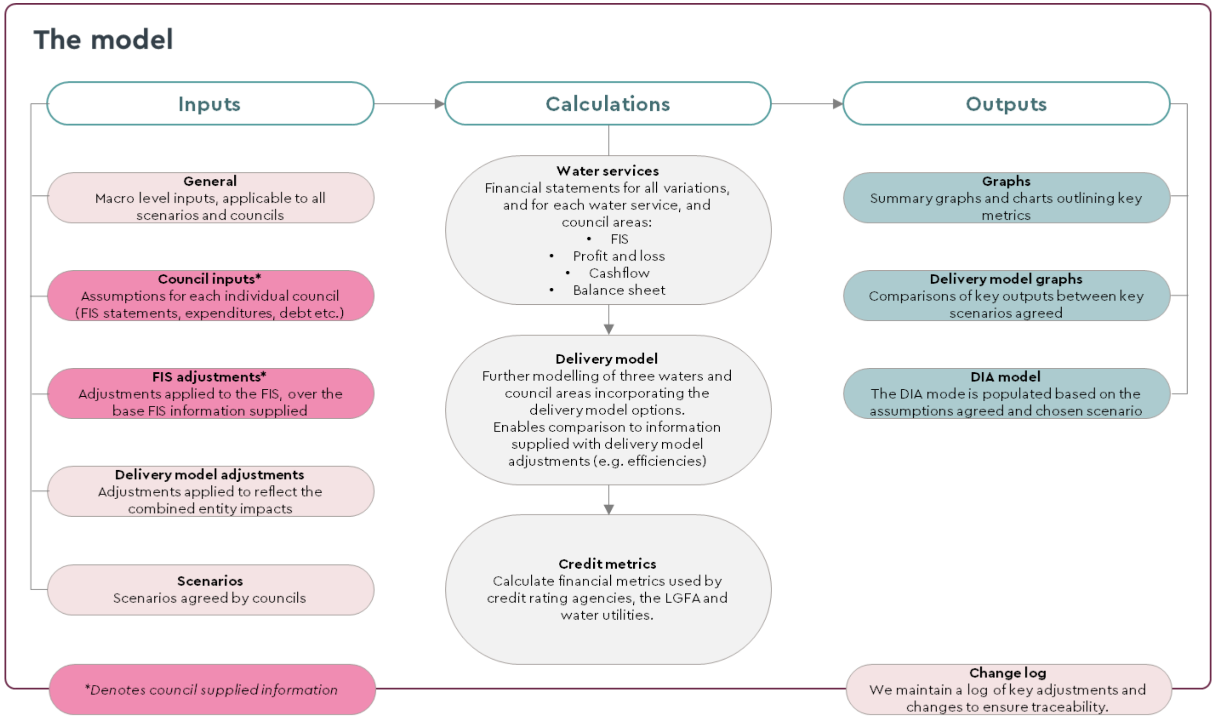
Our modelling approach

Our model builds on the Department of Internal Affairs WSDP financial template in a number ways including:

- Ability to solve for certain capital structures, financial ratios, revenue profiles and other key metrics. Testing and comparison of multiple scenarios.
- Incorporates efficiency assumptions for both capital and operating expenditure based on international benchmarks and scale of the proposed entity.
- Allows for estimated establishment costs.
- Models several key assumptions, based on evidence or information supplied by councils.

The usefulness of the model's outputs is dependent on the robustness of inputs and assumptions.

We have relied on information supplied by councils, with adjustments documented in the assumptions.



Base assumptions

Assumption	Commentary	Basis of assumption / source
Financing	LGFA has indicated that for multi-council CCOs the borrowing margin would be based on the weighted average borrowing margin of the participating councils. Default weighting will be based on ownership structure per LGFA guidance.	LGFA
Inflation	Each Council will have created their FIS with potentially different inflation rates. We rely on nominal inputs and do not attempt to normalise. We will present nominal and real figures for capital and operating spend.	BERL LGCI
Governance costs	WSCCOs will have a board of directors. We have assumed that the board will be comprised of **5 members**, with the following assumptions: • **Chair = $108,000 pa** • **Other board members = $54,000 pa** • **Meeting costs = $10,000 pa**	Watercare Services Limited (base)
Management costs	• **CEO = $400,000 pa** • **CFO = $300,000 pa** • **Other management costs are assumed to be captured within existing opex figures**	Relative to council salaries
Establishment costs (one-off)	Establishment costs are assumed to be: • **$10 million for four council entity scenarios** • **$9 million for three council entity scenarios** • **$8 million for two council entity scenarios** This covers transition activities, including legal, commercial and other due diligence, and fit out of premises and basic IT hardware. IT investment may not be fully captured. ***The model is not sensitive to this assumption.***	*Note: We assume that operating costs associated with establishment will be capitalised.*
Stormwater	Stormwater has been included for the purposes of the modelling.	
Levies	Commerce Commission (estimated $362,000) and Taumata Arowai (estimated $1.15m) levies will be built into the base case.	Commerce Commission and Taumata Arowai + population statistics
Optional price harmonisation	For the testing of price harmonisation, scenario 3 is used, with price harmonisation being phased in from FY27 to FY34 as a representative analysis.	Agreed by councils
Establishment date	The joint WSCCO is operational from 1 July 2026 (FY27), with all councils joining at the same time.	Agreed by councils

Base assumptions (allocations)

Assumption	Commentary		
Allocation of efficiencies, costs and revenues (non-harmonised)	Adjustments possible through the following →	• Asset value (book or replacement value) • Connections	• Population • Share of revenue • Share of opex
	Efficiencies have been allocated using an average of each of the options identified above. **Table one**, below sets outs the relative weightings of each measure to the participating councils.		

Table one: Allocation methodologies

Allocation methodology (WSCCO A)	WBOP	TCC	WDC	TCDC
Total connections	15%	55%	10%	20%
Population	20%	55%	13%	12%
Operating revenue	16%	55%	11%	18%
Operating expenditure	17%	56%	11%	16%
Asset book value	13%	64%	8%	15%
Asset replacement value	14%	56%	12%	18%
Average	16%	57%	11%	16%

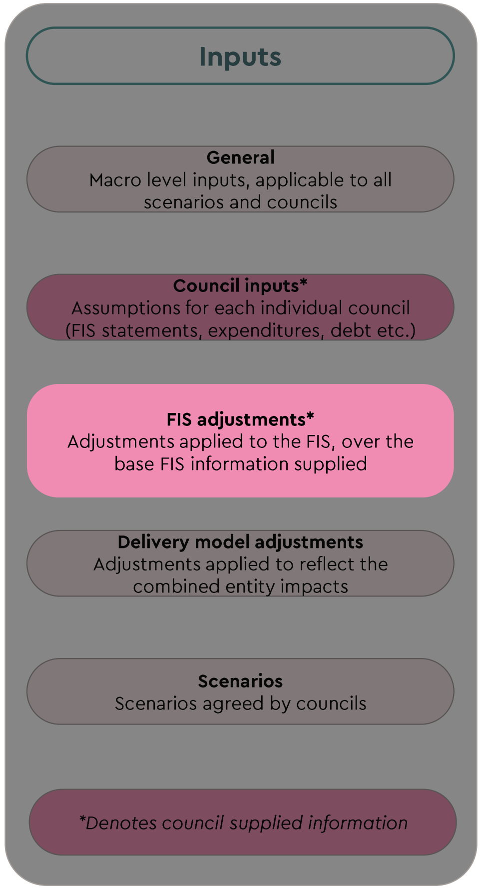
Efficiency assumptions

We have examined international experience where water utilities have been merged into larger public entities. Evidence suggests that efficiencies are largely driven by scale and the agglomeration benefits of a metro. For the proposed WBOP WSCCO, we have **applied the mid-point of** the following:

Composition	TCC + WBOP	TCC + WBOP + WDC	TCC + WBOP + TCDC	TCC + WBOP + WDC + TCDC
Characteristics				
No. of councils	2	3	3	4
Population (2023 census)	209,028	246,177	241,023	278,172
Proposed assumptions				
Opex efficiencies p.a.	1.2% - 1.4%	1.3% - 1.5%	1.3% - 1.5%	1.5% – 2.0%
Capex efficiencies p.a.	1.0% - 1.3%	1.1% - 1.4%	1.1% - 1.4%	1.3% - 1.5%
Commentary	Consistent with prior advice to TCC.	The addition of WDC offers marginal scope for operational efficiencies and capex efficiencies.	The addition of TCDC offers marginal scope for operational efficiencies and capex efficiencies.	Larger scale and concentrated urban area (TCC + WBOP) offer greatest scope for operating efficiencies. Capex efficiencies relatively higher due to larger asset base and procurement pipeline.

The above efficiencies represent a MartinJenkins view of reasonable efficiency assumptions that could be applied to support financial assessment of alternative options. The assumption should be applied on a compound (diminishing rate) basis from year-2 onwards. Note the above estimates apply after adding incremental establishment or operating costs.

Main adjustments to data provided



Whakatāne District Council

- Changes to the LTP capital programme based on data provided by the council (from Tonkin & Taylor) to ensure capex projections meet LWDW requirements for compliance with regulatory requirements.
  - The additional capex is debt funded with corresponding increases in interest and depreciation costs.
  - Consequential opex information supplied by WDC has also been included.
  - The revenue path for WDC was adjusted to support this new capex. It was adjusted to maintain water debt at 450% debt-to-revenue.

Thames Coromandel District Council

- Adjustment to household income data to reflect non-resident ratepayers (holiday homes) and older demographics (fixed incomes). This is consistent with TCDC's practices.

Tauranga City Council

- No adjustments have been made to data supplied by TCC.

Western Bay of Plenty District Council

- No adjustments have been made following updates to "Alternative Revenue" scenario modelling. This is consistent with updated data that has also been provided to DIA.

Appendix C: Additional information on efficiencies

We have had to make assumptions regarding the policy and regulatory environment (including economic regulation) and quality of governance and management given their critical impact on potential realisable efficiency gains

What efficiencies are gained by moving to professional Boards but with sole council ownership?

International water reform has tended to involve a combination of legislative reform, improved quality and economic regulation, corporatisation and professionalisation of governance, aggregation or amalgamation of service delivery and, in some cases, privatisation. As a result, it is very difficult to disentangle the impact of any one element from other changes.

We consider corporatisation and professional Boards provide an opportunity to improve governance and management, when supported by appropriate institutional and regulatory frameworks. Professional Boards alone, as demonstrated by entities like Wellington Water Limited, are insufficient to drive high-performance improved efficiency. A key differentiator is having Boards empowered with integrated oversight of investment, pricing, and financing decisions, and subject to economic regulation. This alignment of decision-making responsibilities with asset stewardship creates stronger incentives for effective and efficient operations than a professional Board operating with limited decision-making scope.

The assumption of improved governance and strategic focus is reflected in all scenarios being analysed. However, evidence clearly suggests that stronger corporate governance alone is insufficient to realise significant efficiency benefits without being coupled with clear strategic priorities, a service delivery model that provides appropriate incentives for the Board, and a strong-form economic regulation.

We have assessed efficiency on the basis that corporate structure, council performance and clear policy priorities are not compromising factors.

We have had to make assumptions regarding the policy and regulatory environment (including economic regulation) and quality of governance and management given their critical impact on potential realisable efficiency gains

The role of the economic regulator is yet to be determined, and this may have an impact on efficiency realisation.

Separate water CCOs can expect more focused attention from future regulators, with structural separation supporting greater transparency and accountability for delivery. However, given the costs of customized, entity-specific regulation, this is likely to be reserved for a small subset of the largest entities.

A key question is the extent of attention a water CCO gets under the future economic regulatory regime, and the degree of customisation to the entity's particular circumstances. This is an unknown as there is limited information currently on the approach the Commerce Commission will take, and the threshold for when they will move from an Information Disclosure regime to stronger forms of regulation (e.g., Price-Quality regulation). However, we know that Watercare will be subject to a price-quality path from 1 July 2025 under an interim regulatory scheme and is expected to transition to price-quality regulation under the enduring regulatory framework.

There are two plausible scenarios here:

1. Most water services providers (including inhouse council business units) are subject to information disclosure-only, with only the largest metropolitan CCOs subject to a stronger form of regulation
2. All inhouse council business units are subject to ID-only, with all independent water CCOs subject to some form of stronger regulation (see for example the PREMO model in Victoria).

Evidence base to support efficiency assumptions

Significant improvements in efficiency have been achieved in overseas jurisdictions that have pursued reform of a similar nature to that proposed in New Zealand. For example:

Productivity Commission

- In Australia, the Productivity Commission found that service delivery reform has helped to improve efficiency and deliver significant benefits for water users and communities. National Water Reform - Draft Report (pc.gov.au)

Frontier Economics

- In its review of the experience with water services aggregation in Australia, Great Britain, Ireland and New Zealand (Auckland) finds that there is "strong and consistent evidence" that reforms have led to significant improvements in productivity and efficiency. Review of experience with aggregation in the water sector (dia.govt.nz)

FarrierSwier

- In its review of WICS methodology, FarrierSwier commented on the potential that exists for efficiency gains from amalgamating water services in New Zealand and notes significant improvements are possible through aggregation and associated reforms, including improving the ability to attract and retain skilled management and staff, more effective procurement functions, asset level optimisation and reduction in corporate overheads and duplicative functions. Farrierswier - Three Waters Reform Programme - Review of WICS methodology and assumptions underpinning economic analysis of aggregation - 2 May 2021 (dia.govt.nz)
- In an independent review of the Essential Services Commission's PREMO regulatory model in Victoria, Australia, FarrierSwier found that water companies set efficiency targets through its 2018 Price Review ranging from 1.0% p.a. to 2.7% p.a. (averaging 1.8% p.a. across 15 regulated water authorities). While all but two companies delivered reductions in controllable opex per connection, the actual opex savings reported were lower than the target (ranging from 2.2% to -0.2% and average 0.9% p.a.) Victoria's water sector: The PREMO model for economic regulation

WICS

- WICS reports that Scottish Water has been able to reduce its operating costs by over 50% since reform, while improving levels of service to customers and absorbing the new operating costs associated with its investment programme. WICS Supporting Material 2 - scope for efficiency (dia.govt.nz)

UK Water Trade Association

- A report for the United Kingdom water trade association found that reform of the water industry in England resulted in annual productivity growth of 2.1% or 64% over 24 years when adjusted for service quality improvements. Water-UK-Frontier-Productivity.pdf

The Victorian model is a strong example of driving greater focus on customer, and driving cost efficiencies and reducing customer bills

In the mid-1990s, Victoria's water industry underwent significant restructuring. The provision of water services was largely corporatised, so that over 80 water providers became 20. This reform had an impact on the price consumers pay for water, as well as the terms of service delivery. As part of the restructuring process (in conjunction with the privatisation of the energy industry), the Kennett Government established the Office of the Regulator-General, which later became the ESC. On 1 January 2004, the ESC became the economic regulator for all water businesses in Victoria.

In the State of Victoria in Australia, the Essential Services Commission makes individual price determinations using its PREMO framework for four metropolitan water businesses (South East Water, Yarra Valley Water, Greater Western Water, Melbourne Water) and 11 regional urban water authorities (Barwon Water, Central Highlands Water, Coliban Water, East Gippsland Water, Gippsland Water, Goulburn Valley Water, Lower Murray Water (urban), North East Water, South Gippsland Water, Wannon Water and Westernport Water). These entities range in size, from 20,000 customers (Westernport Water) to 2 million customers (Yarra Valley Water).

There is strong evidence that regulation under the PREMO regime, combined with well governed and managed water businesses, led to a much greater focus on their customers and improved customer outcomes (see two independent reviews by FarrierSwier of the PREMO model on the Essential Service Commission's website). Under the PREMO framework, water businesses are required by the regulator to commit to a range of customer outcomes and associated performance measures and targets as part of their price submissions.

The PREMO model in Victoria has been effective in incentivising water businesses to pursue cost efficiencies and minimise prices for customers. Water businesses' opex efficiency improvement targets averaged 1.3% in the 2023 price review. This is lower than the 1.8% average opex efficiency hurdle in the 2018 price review, but higher than the standard 1.0% rate the commission applied prior to the introduction of PREMO.

The lower efficiency hurdles in the 2023 price reviews reflects the view that Victorian water businesses are now operating close to the 'efficient frontier' following years of regulation.

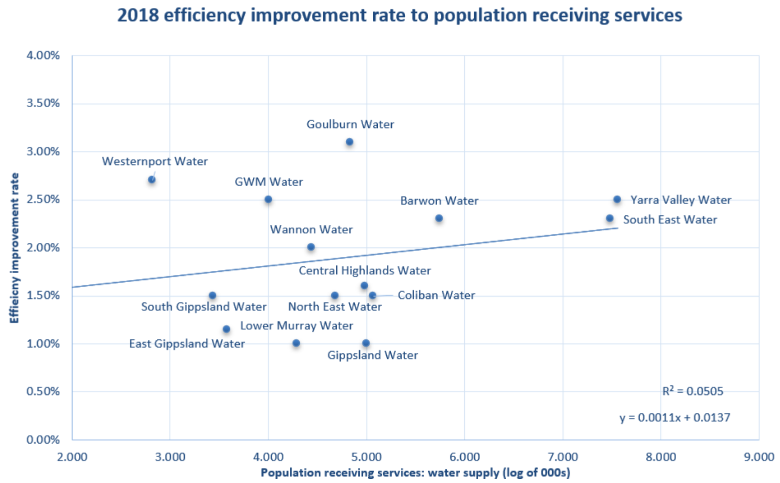
Analysis of Victorian utilities demonstrates potential deliverable efficiencies may improve with scale

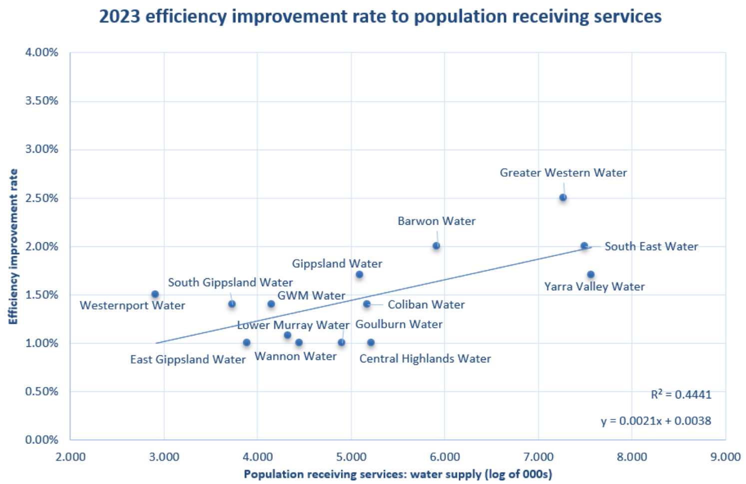
While actual performance data across Victorian utilities is limited and inconsistent (discussed overleaf), analysis of regulatory efficiency targets (hurdles) provides valuable insights into the relationship between scale and expected improvements.

We have analysed the efficiency improvement hurdle imposed by or agreed with the Essential Services Commission in Victoria for each of the price reviews in 2018 and 2023 against scale (measured by population served).

The analysis highlights a clear relationship in the 2023 price review where larger entities were set a higher efficiency improvement hurdle for the ensuing five years. Larger entities were set efficiency hurdles of 1.5 – 2.5% per annum despite already being regulated for over 15 years.

The relationship in the 2018 price review is less clear (largely driven by a number of smaller entities with efficiency improvement hurdles of 2.5 – 3.0%), reflective of a greater weighting on industry-wide catch-up efficiency. The larger entities in this price review were still set efficiency targets of approximately 2.5% per annum for the ensuing 5 years. We also note that most entities serving 200,000 or less population (5.3 on X-axis) were set targets of 1 – 1.5% in both price reviews.





Source: Essential Services Commission, Victoria Water Price Reviews 2018 and 2023

The Australian national performance report does not measure efficiency however average operating expenditure per property can be analysed

This analysis captures all Australian water utilities however does not track actual efficiency improvement and as such is only intended to be used for verification rather than in determining the efficiency opportunity purposes. We note that inferences from this data should be undertaken with caution given the limited sample size in each category (shown below graph) and the numerous factors influencing operating costs per property. External variables such as geographic dispersion, water sources, treatment requirements, growth impacts and infrastructure delivery methods make comparisons challenging (despite averaging approach).

Operating costs vary significantly by utility size

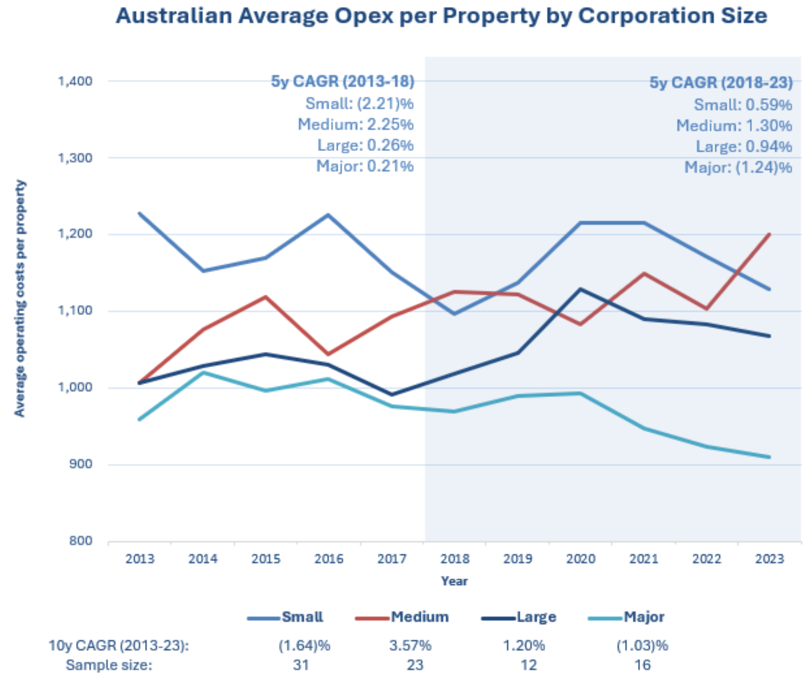
Major utilities (100,000 plus connections) consistently demonstrate the lowest operating costs per property (around $900–1,000) likely partly due to economies of scale as well as higher density.

10-year horizon highlights benefit of scale

Major utilities annualised growth over the period 2013 – 2023 outperformed large and medium utilities by 2.2% and 4.6% respectively. Small utilities average operating cost per property reduced by more than the major utilities however off a substantially higher base.

Dataset highlights variability over time

We note there are limited differences between medium, larger and major utility cost per property changes in the first five-year period (2013 – 2018) with all of the differential occurring in the second five-year period (2018 – 2023). The small utility dataset shows an irregular pattern over time.



Source: Urban NPR Dataset 2023
Note: four outliers with extreme operating costs per property have been removed from the Small utility group dataset.
Note: CAGR stands for 'Compound Annual Growth Rate', which is the cumulative average annual growth rate over the period.

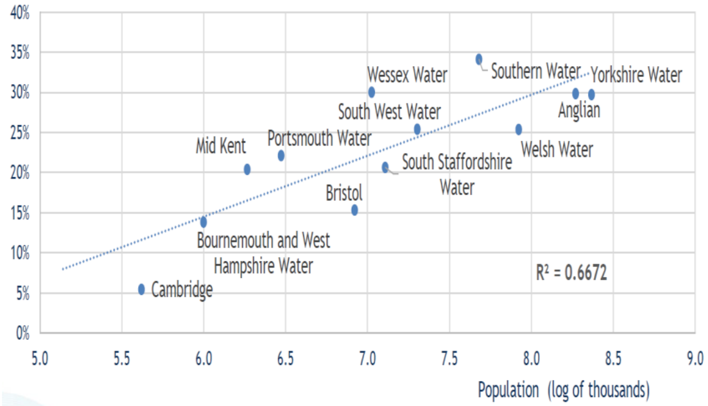
Small	Medium	Large	Major
Less than 20,000 connected properties	Between 20,000 and 50,000 connections	Between 50,000 and 100,000 connections	Over 100,000 connections

WICS compared efficiency for different scale UK water utilities following corporatisation, and used this to inform estimates for NZ councils

Water Industry Commission for Scotland (WICS) undertook analysis of the observed operating efficiency improvement for the different UK entities over a six-year period commencing with corporatisation (between 1994 and 1996) relative to the population served. In terms of quantifying the gains, the evidence indicates a non-linear relationship between scale (measured as population size or number of connections) and potential efficiency (see graph below). The WICS models are based on models developed by Ofwat and have been in use for 20+ years in England, Wales and Scotland.

There are diminishing returns to scale, with maximum scale reached with a connected customer base of 600,000-800,000. For councils below 60-70,000 population there is minimal scope for efficiency gains. This is consistent with management theory, whereby small entities are unable to achieve high levels of asset management maturity, procurement gains etc. WICS utilised the below to estimate efficiency gains for different scales of entity. WICS reduced the potential efficiency gains by a factor of 5 for scenarios where economic regulation, strong corporate governance and clear policy objectives were considered not present.

WICS calculated improvement in efficiency (over 6-year period following corporatisation) for UK water utilities and assessed catch-up potential for NZ



Council Area	LGNZ classification	Population served (thous)	Log of populatio n	Assessed catch-up based on observed experience
Auckland	Metro	1,758	7.47	100%
Christchurch	Metro	385	5.95	55.1%
Wellington City	Metro	223	5.41	38.9%
Hamilton	Metro	162	5.09	29.6%
Tauranga	Metro	143	4.97	25.9%
Dunedin	Metro	121	4.80	21.0%
Palmerston North	Metro	89	4.49	11.8%
New Plymouth	Provincial	64	4.16	2.0%
Hastings	Provincial	64	4.15	1.9%
Upper Hutt	Metro	63	4.14	1.6%
Rotorua Lakes	Provincial	62	4.13	1.3%
All other Councils		<60	4.1	0%

Source: Water Industry Commission for Scotland

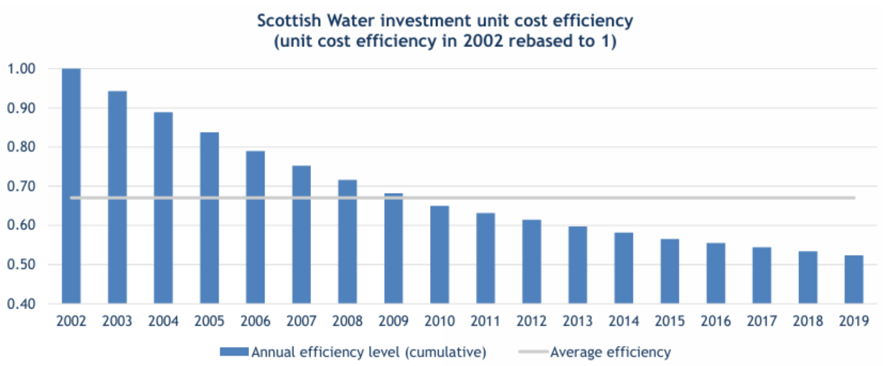
The table above shows the estimated potential efficiency improvement (%) that each NZ council could achieve relative to Watercare (i.e., New Zealand's most efficient water company), based on the observed efficiency improvements of similar-sized UK water utilities in their first 6 years following corporatisation.

The capital efficiency evidence base is less robust due to information scarcity. WICS utilised the capital efficiency achieved in Scotland reforms to estimate potential efficiency deliverable in NZ

There is limited international information readily available that enables a robust estimate of the potential capital efficiency gains possible from water reform in New Zealand. This reflects a lack of investment unit cost efficiency reporting which is necessary to ensure capital efficiency can be identified (as opposed to capital expenditure deferral or other driving factors).

WICS are the economic regulator for Scottish Water under a detailed and comprehensive economic regulation model. As such WICS have a detailed understanding of the Scottish Water investment unit cost efficiency over time. This information is presented below and highlights that as a result of reform, Scottish Water achieved approximately 45-50% lower capital expenditure unit costs between 2002-2019. WICS also noted that Scottish Water had recently committed to achieving further 0.75% real improvements in capital expenditure unit costs annually until 2040 suggesting significant further long-term efficiency gains were possible.

WICS considered that under the previous NZ water reform model (including necessary scale, professionalisation of Boards / governance and strong-form economic regulation) that NZ entities could achieve similar improvements. WICS worked closely with Watercare (and other councils) to understand potential differences between NZ and Scotland that would limit the potential capital efficiency achievable and edit efficiency targets to account for these differences.



Source: Water Industry Commission for Scotland

FarrierSwier in reviewing the WICS approach noted that:

- While this represents a reasonable starting point the analysis suffers from several limitations, including that Scottish Water's experience could differ markedly from what may be achievable in New Zealand.
- The top-down efficiency assumption was also not adjusted to account for differences between Scotland and New Zealand in key expenditure drivers, potential for asset optimisation and any other driving factors.
- Without such adjustments or comparison to other case studies, it is hard to say whether the Scottish Water experience is a reasonable guide for what is achievable in New Zealand.

As such we believe it is prudent to use a significantly more conservative capital efficiency assumption (relative to WICS) and vary this less with increasing scale.

Appendix D: Approach to price paths

Harmonised and non-harmonised price paths

Approach to price paths

The councils jointly agreed to model three scenarios based on an agreed set of assumptions including:

- Efficiency gains for operating and capital spend
- A capital structure based on a target FFO:debt ratio of 10% (the mid-point of LGFA's guidance).

It was agreed that modelling should demonstrate the differences in price paths for each participating council, based on the above assumptions, for both a harmonised and non-harmonised price path, with both alternatives compared to the standalone price path implied in the data supplied by each council, post adjustments. This is tested against scenario 3 (optimised prices).

Determining a non-harmonised price path

1. The model takes the initial debt, revenues, and expenditures for each constituent council, effectively ringfencing borrowing, revenues, and expenditures.
2. Establishment costs and ongoing incremental costs are allocated back to each council using the agreed basis for apportionment. E.G. If the costs are $10 million, and Council A's apportionment is 20%, then $2 million is allocated to Council A.
3. Entity level efficiency assumptions are applied each individual council's forecast opex and capex projections.
4. In summary, the net cashflow impact of the establishment and incremental costs are allocated back to each council's starting operating and debt positions. The price path for each council is then recalculated by solving, at the council level, for the revenues required to maintain the FFO-to-debt ratio at 10%. **Note, this calculation is performed for each council, resulting in varying revenue per connection at council level.**

This approach has the effect of sharing the net benefits of efficiency savings with each district, by lowering prices relative to their standalone price path, but does not result in cost-sharing between districts.

Determining a harmonised price path

1. The model combines the initial debt and projections of revenues and expenditures into an aggregate CCO view.
2. Establishment costs and ongoing incremental costs are added to the CCO's starting debt position and forward opex projections, with efficiencies applied to forecast opex and capex projections to reduce the WSCCO's cash outgoings.
3. The net cashflow impact of these changes is incorporated within the aggregate WSCCO cashflow projections (i.e., they do not sheet back to individual districts).
4. The price path for the WSCCO is determined by solving for revenues required to maintain FFO-to-debt ratio at 10%. **Note, this calculation is performed at the WSCCO level. Revenues are then allocated to each district according to the number of connections,** resulting in each district having and equivalent revenue per connection .

This approach basis has the effect of sharing debt, revenues and costs between districts (noting that, net of efficiencies, most customers are likely to be better off relative to the standalone position once benefits are accounted for).

Bay of Plenty Water Done Well

Investigating the viability of a Bay of Plenty Water CCO

24 January 2025

This document has been prepared to provide information to Kawerau District Council, Opotiki District Council, Rotorua Lakes District Council, Tauranga City Council, Western Bay of Plenty District Council, and Whakatane District Council on the financial viability of a Bay of Plenty Water CCO.

The Department of Internal Affairs has relied on information provided by councils in the development of the analysis and guidance included in this report, including publicly available information from long-term plans and other council accountability documents.

This guidance is not legal advice; and is intended to support council decision-making requirements under Local Water Done Well.

Te Kāwanatanga o Aotearoa
New Zealand Government

Te Tari Taiwhenua
Internal Affairs

Executive Summary – benefits from establishing a Bay of Plenty Water CCO

There are substantial benefits to Bay of Plenty councils, ratepayers and communities from the establishment of a regional Bay of Plenty Water CCO:

- A Bay of Plenty Water CCO could deliver water services at **lower cost to consumers** than can be achieved by individual councils.
- A Bay of Plenty Water CCO can **access more debt financing** than councils through LGFA. This enables an **immediate uplift in access to funding**, enables the **costs of assets to be spread over their useful lives** (through debt financing new assets), and providing **additional cash reserves and flexibility**.
- A **Bay of Plenty Water CCO can meet expected borrowing covenants** as signalled by LGFA, and access debt financing on improved terms against status quo council borrowing arrangements.
- A Bay of Plenty Water CCO would **ensure financially sustainable water services provision** to consumers, provide resilience, and enable uplifts in water services infrastructure investment over time.
- A Bay of Plenty Water CCO, with improved access to debt financing, enables the **adoption of fit-for-purpose investment, asset management and financing strategies** for water services delivery, which will be more efficient than council in-house delivery.
- Separating water services delivery into a separate organisation will **ensure compliance with ringfencing, financial sustainability and other financial principle requirements** under Local Water Done Well.
- A Bay of Plenty Water CCO would be the regulated party for water quality regulation and economic regulation. **By establishing a water CCO, councils become beneficiaries of the regulatory regime**.
- Establishing a water CCO enables the refinancing of water services borrowings off council balance sheets, resulting in a **material improvement in the financial sustainability and resilience of councils**. This **creates substantial borrowing headroom for councils**, which can **allow general rates to be reduced**.

These **benefits can be realised without requiring price harmonisation** across councils, cross-subsidisation, or shareholding councils having to guarantee each other's proportion of the CCO's borrowings. These are all important establishment considerations, and it is in councils' discretion as to how pricing and debt structuring parameters are set.

These benefits would apply to any regional amalgamated Water CCO of a certain scale, compared to individual council delivery. In order to ensure that any Water CCO configuration would be financially sustainable, it is critical to ensure that financial sustainability issues for each councils' water services provision are addressed prior to establishing a regional Water CCO.

Executive Summary – lower charges, financial sustainability and regulation

Lower charges to consumers achieved by a Bay of Plenty Water CCO

A Bay of Plenty Water CCO could deliver water services at lower cost to consumers than can be achieved by individual council delivery. By FY33/34 this could result in 16% lower charges than individual council water services delivery. The savings shown below solely relate to financing efficiencies of a regional Water CCO. Further savings could be achieved through operational and capital efficiencies over time. By FY33/34 the average consumer would save $665 + GST per year from the establishment of a regional water CCO, from financing efficiency alone.

Water services minimum operating revenues ($m)	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34	Total
Water services operating revenues - in 2024-34 long-term plans	$246	$268	$295	$321	$364	$406	$433	$463	$514	$567	$3,876
Water services operating revenues - financially sustainable individual council service provision	$246	$282	$320	$362	$403	$417	$424	$436	$460	$489	$3,838
Water services operating revenues - Bay of Plenty Water CCO	$246	$279	$312	$349	$376	$393	$404	$419	$446	$476	$3,700

Water services average charge per connection ($)	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34	Total
Average water services charge across BOP councils - in 2024-34 long-term plans	$1,930	$2,114	$2,306	$2,481	$2,785	$3,074	$3,231	$3,410	$3,733	$4,057	$29,121
Average water services charge across BOP councils - financially sustainable individual council service provision	$1,930	$2,229	$2,507	$2,816	$3,096	$3,162	$3,166	$3,202	$3,328	$3,481	$28,917
Average water services charge across BOP councils - Bay of Plenty Water CCO	$1,930	$2,208	$2,441	$2,707	$2,874	$2,970	$3,010	$3,073	$3,222	$3,392	$27,827
Savings: Bay of Plenty Water CCO v 2024-34 LTP / financially sustainable individual council service provision	$0	$21	$65	$109	$222	$192	$221	$336	$511	$665	$2,344
Savings as a percentage of 2024-34 long-term plan average charge	0%	1%	3%	4%	8%	6%	7%	10%	14%	16%	8%

A Bay of Plenty Water CCO can meet LGFA lending covenants

A Bay of Plenty Water CCO can meet expected borrowing covenants as signalled by LGFA, and access debt financing on improved terms against status quo council borrowing arrangements. This enables increased debt financing, free from council borrowing constraints, leading to lower charges to consumers.

A Bay of Plenty Water CCO would be financially sustainable and would be required to comply with water quality and economic regulation

A Bay of Plenty Water CCO has an easier pathway to financially sustainable water services provision than individual council delivery, evidenced through requiring lower revenues and charges to consumers for the same levels of operating and capital expenditure. A Bay of Plenty Water CCO could also borrow longer, carry higher debt balances, and better align financing of long-lived assets with the assets' lifespans, ensuring intergenerational equity.

Economic regulation, in particular, will contribute to operational and capital efficiencies over time. Establishing a professional Water CCO ensures that councils as shareholders can utilise the regulatory regime to their benefit, in driving the performance expectations of the Water CCO.

Executive Summary – refinancing water debts improves council balance sheets

A Bay of Plenty Water CCO enables the refinancing of water services borrowings off council balance sheets

LGFA has committed to lend to water CCOs and treat their debt as separate to owning councils' debt, where there is a guarantee or uncalled capital from owning councils in place, and adherence to prudent credit criteria. This means that LGFA would exclude a water CCO's water services debts from owning council's borrowing covenants (e.g., in debt to revenue calculations).

Because water services are higher leveraged than other council business, establishing a Water CCO and excluding water services revenues and debts from LGFA's consideration of owning councils would create significant new borrowing headroom for each Bay of Plenty council.

This results from the refinancing of water services borrowings off council balance sheets, providing a material improvement in the financial sustainability and resilience of councils. New borrowing capacity could allow general rates to be reduced, using this new borrowing capacity to fund future non-water infrastructure investment that would otherwise be rates funded.

Reduction in council borrowings from establishing a Water CCO

A Bay of Plenty Water CCO could borrow direct from LGFA (secured against water services revenues) and provide cash to owning councils, enabling the pay down of existing council debt relating to water services. By FY33/34, council borrowings would be $2.185 billion lower than under status quo in-house delivery arrangements (based on council LTPs).

New borrowing headroom for owning councils

Due to current council debt levels, and large projected investment requirements for water services infrastructure, Bay of Plenty councils' water services are significantly higher leveraged than other council activities.

LGFA's separate treatment of water services debts (if a Water CCO is established) means that the $2.185 billion reduction in council debt equates to $797 million of new borrowing capacity for Bay of Plenty councils by FY33/34 (but with a peak new capacity of $980 million).

This new borrowing capacity is lower than the value of water services debts, due to water services operating revenues no longer forming part of LGFA's assessment of council covenants.

Reduction in council debt from establishing Bay of Plenty Water CCO ($m)	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34
Tauranga City Council	$604	$661	$764	$850	$953	$1,005	$1,065	$1,133	$1,327	$1,528
Rotorua District Council	$206	$229	$253	$267	$279	$282	$280	$275	$273	$271
Western Bay of Plenty District Council	$115	$163	$201	$218	$225	$226	$207	$196	$174	$161
Whakatane District Council	$87	$106	$125	$141	$146	$144	$144	$153	$153	$156
Opotiki District Council	$21	$24	$28	$31	$34	$37	$40	$44	$46	$47
Kawerau District Council	$6	$10	$11	$15	$18	$21	$24	$24	$23	$22
Total reduction in council debt from establishing Bay of Plenty Water CCO	$1,039	$1,193	$1,382	$1,522	$1,655	$1,715	$1,759	$1,825	$1,995	$2,185

Debt headroom created for councils from establishing Bay of Plenty Water CCO ($m)	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34
Tauranga City Council	$293	$366	$416	$450	$434	$386	$399	$440	$498	$568
Rotorua District Council	$65	$74	$86	$97	$96	$95	$93	$89	$86	$83
Western Bay of Plenty District Council	$96	$121	$147	$168	$181	$177	$143	$111	$68	$16
Whakatane District Council	$47	$51	$62	$70	$69	$62	$64	$72	$72	$75
Opotiki District Council	$20	$21	$23	$26	$29	$32	$34	$38	$39	$41
Kawerau District Council	$6	$7	$9	$11	$14	$16	$18	$18	$17	$15
Total council debt headroom created from establishing Bay of Plenty Water CCO	$526	$640	$742	$822	$823	$767	$750	$767	$779	$797
Total peak council debt headroom created from establishing BOP Water CCO	$980									

Comparing Bay of Plenty councils' status quo water services delivery arrangements to a Bay of Plenty Water CCO

Comparison of scenarios for Tauranga City Council

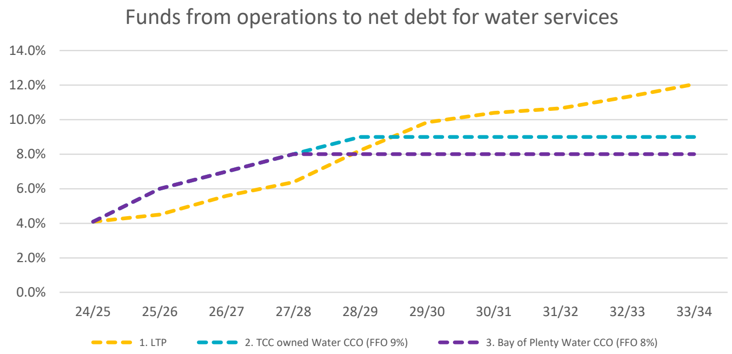
Assuming the LTP level of capital investment as constant ($2.05 billion over ten years) we compare three scenarios:

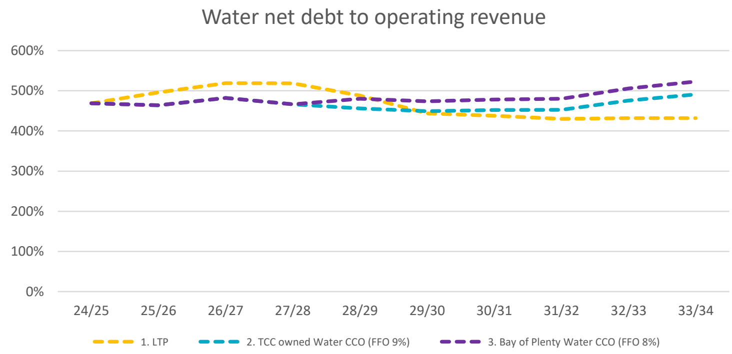
Scenario **1. LTP**: 2024-34 LTP projections;

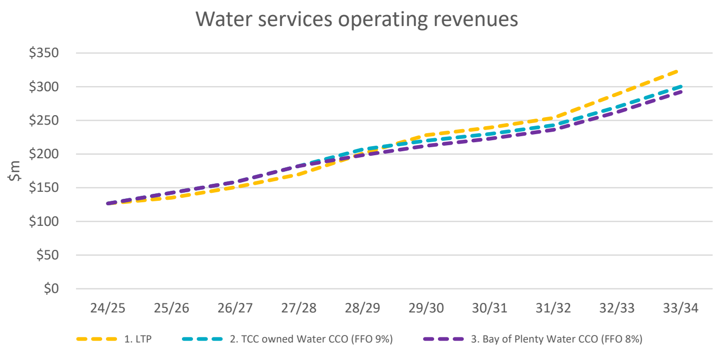
Scenario **2. TCC owned Water CCO (FFO 9%)**: 2024-34 LTP projections, modified so that a target FFO to debt ratio of 9% is met from 1 July 2028 onwards; and

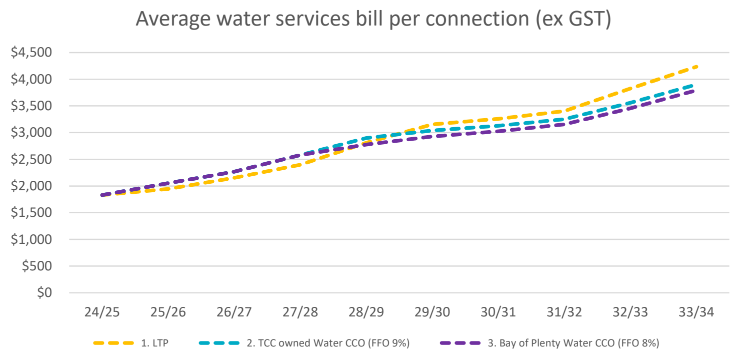
Scenario **3. Bay of Plenty Water CCO (FFO 8%):** 2024-34 LTP projections, modified so that a target FFO to debt ratio of 8% is met from 1 July 2028 onwards.

Further detail on these scenarios is set out in Annex 6.









Explanation:

FFO to net debt is the metric for determining financial sustainability, and it drives revenues, charges and borrowing requirements for water services.

A higher FFO requirement means more revenues to support a given level of borrowings.

The higher the FFO, the more financially sustainable the service.

This, however, needs to balanced against affordability considerations.

Recommended scenarios:

DIA recommends the key scenarios to form the baseline for TCC analysis, deciding on preferred delivery model, and completing a Water Services Delivery Plan are:

Scenario 2. TCC owned Water CCO (FFO 9%)

A TCC owned CCO with a minimum FFO to net debt ratio of 9% by 1 July 2028; and

Scenario 3. Bay of Plenty Water CCO (FFO 8%)

A regional CCO owned by Bay of Plenty councils, with a minimum FFO to net debt ratio of 8% by 1 July 2028.

6

Comparison of scenarios for Rotorua Lakes District Council

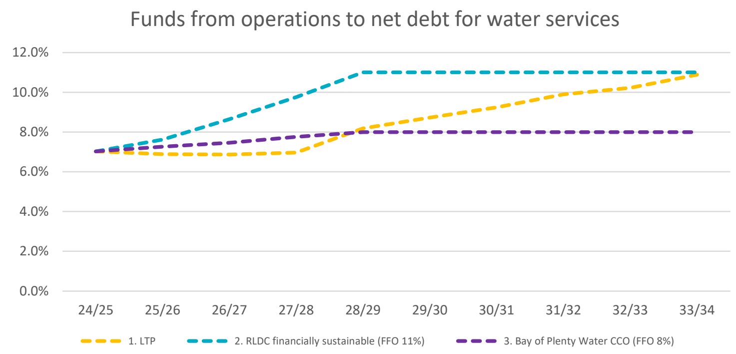
Assuming the LTP level of capital investment as constant ($482 million over ten years) we compare three scenarios:

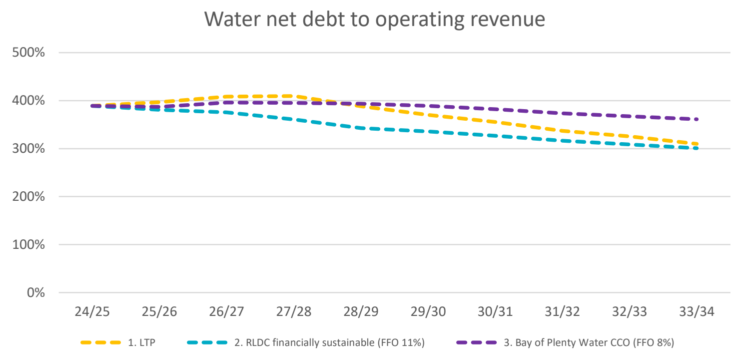
Scenario **1. LTP**: 2024-34 LTP projections;

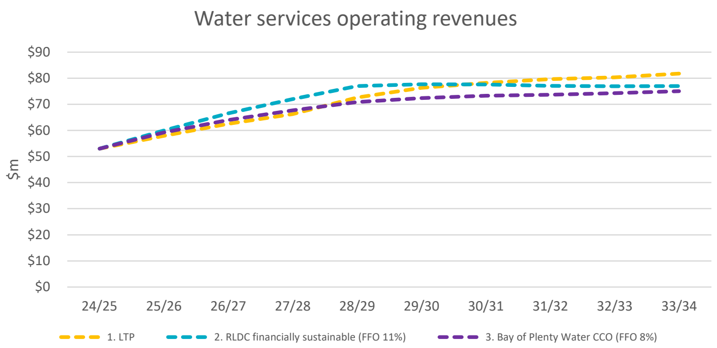
Scenario **2. RLDC financially sustainable (FFO 11%)**: 2024-34 LTP projections, modified so that a target FFO to debt ratio of 11% is met from 1 July 2028 onwards; and

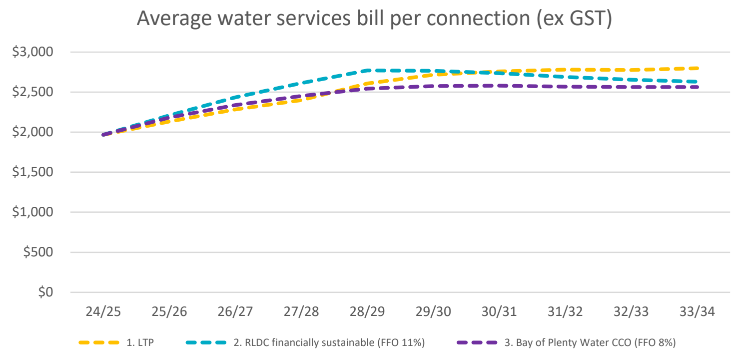
Scenario **3. Bay of Plenty Water CCO (FFO 8%):** 2024-34 LTP projections, modified so that a target FFO to debt ratio of 8% is met from 1 July 2028 onwards.

Further detail on these scenarios is set out in Annex 6.









Explanation:

FFO to net debt is the metric for determining financial sustainability, and it drives revenues, charges and borrowing requirements for water services.

A higher FFO requirement means more revenues to support a given level of borrowings.

The higher the FFO, the more financially sustainable the service.

This, however, needs to balanced against affordability considerations.

Recommended scenarios:

DIA recommends the key scenarios to form the baseline for RLDC analysis, deciding on preferred delivery model, and completing a Water Services Delivery Plan are:

Scenario 2. RLDC financially sustainable (FFO 11%)

RLDC in-house or new RLDC owned CCO with a minimum FFO to net debt ratio of 11% by 1 July 2028; and

Scenario 3. Bay of Plenty Water CCO (FFO 8%)

A regional CCO owned by Bay of Plenty councils, with a minimum FFO to net debt ratio of 8% by 1 July 2028.

7

Comparison of scenarios for Western Bay of Plenty District Council

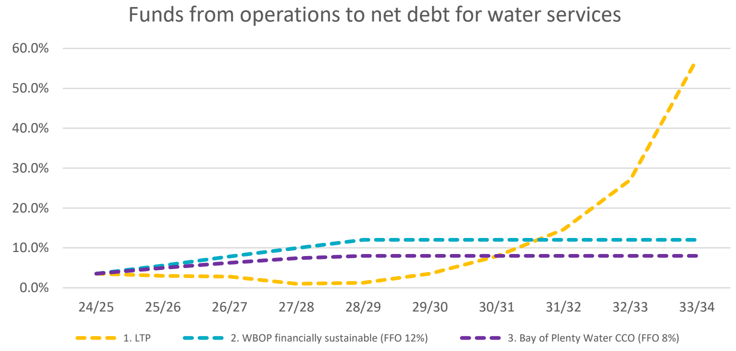
Assuming the LTP level of capital investment as constant ($362 million over ten years) we compare three scenarios:

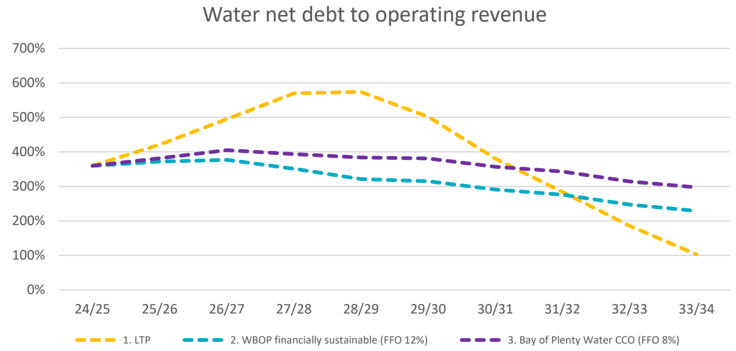
Scenario **1. LTP**: 2024-34 LTP projections;

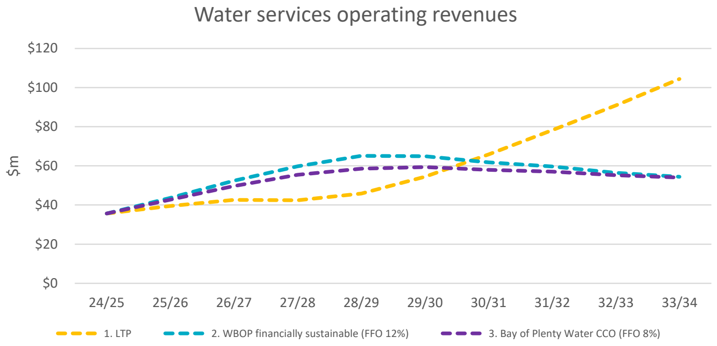
Scenario **2. WBOP financially sustainable (FFO 12%)**: 2024-34 LTP projections, modified so that a target FFO to debt ratio of 12% is met from 1 July 2028 onwards; and

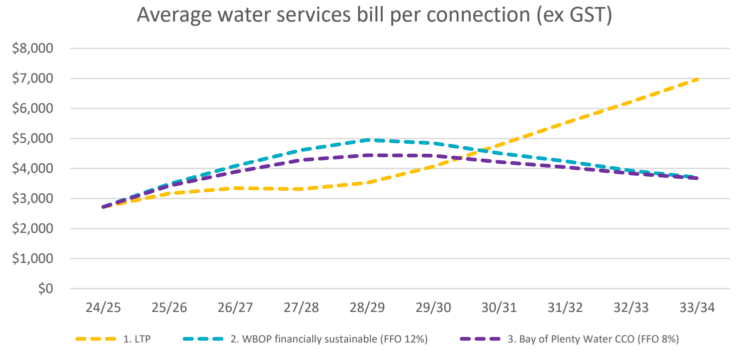
Scenario **3. Bay of Plenty Water CCO (FFO 8%):** 2024-34 LTP projections, modified so that a target FFO to debt ratio of 8% is met from 1 July 2028 onwards.

Further detail on these scenarios is set out in Annex 6.









Explanation:

FFO to net debt is the metric for determining financial sustainability, and it drives revenues, charges and borrowing requirements for water services.

A higher FFO requirement means more revenues to support a given level of borrowings.

The higher the FFO, the more financially sustainable the service.

This, however, needs to balanced against affordability considerations.

Recommended scenarios:

DIA recommends the key scenarios to form the baseline for WBOP analysis, deciding on preferred delivery model, and completing a Water Services Delivery Plan are:

Scenario 2. WBOP financially sustainable (FFO 12%)
WBOP in-house or new WBOP owned CCO with a minimum FFO to net debt ratio of 12% by 1 July 2028; and

Scenario 3. Bay of Plenty Water CCO (FFO 8%)
A regional CCO owned by Bay of Plenty councils, with a minimum FFO to net debt ratio of 8% by 1 July 2028.

8

Comparison of scenarios for Whakatane District Council

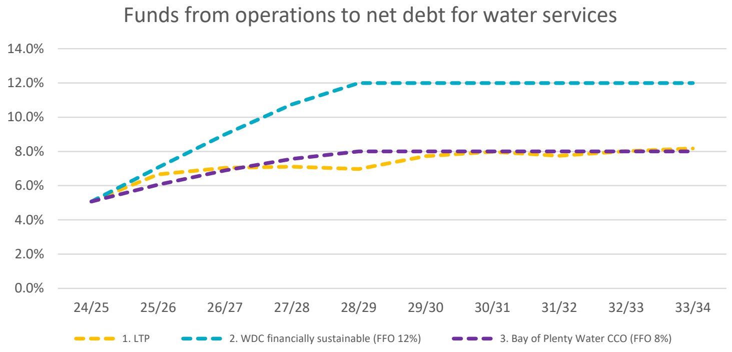
Assuming the LTP level of capital investment as constant ($213 million over ten years) we compare three scenarios:

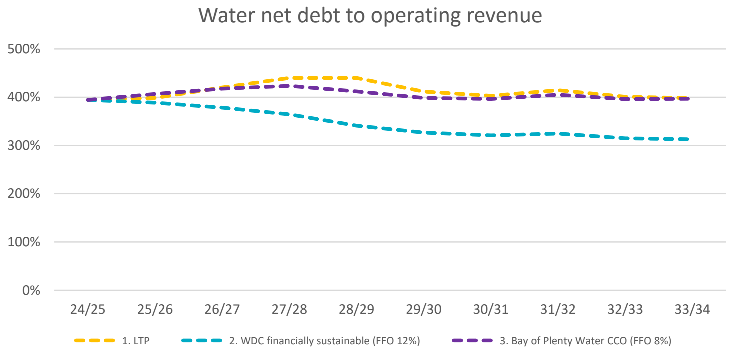
Scenario **1. LTP**: 2024-34 LTP projections;

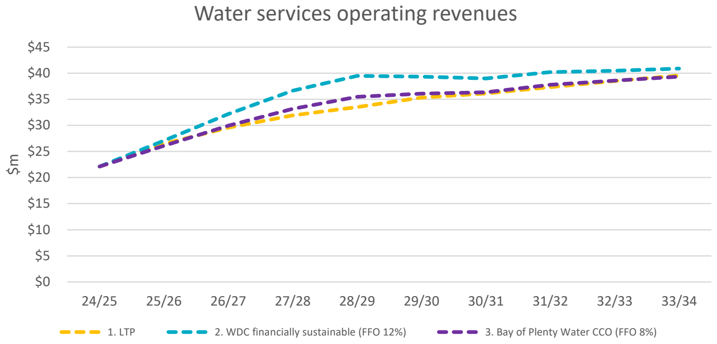
Scenario **2. WDC financially sustainable (FFO 12%)**: 2024-34 LTP projections, modified so that a target FFO to debt ratio of 12% is met from 1 July 2028 onwards; and

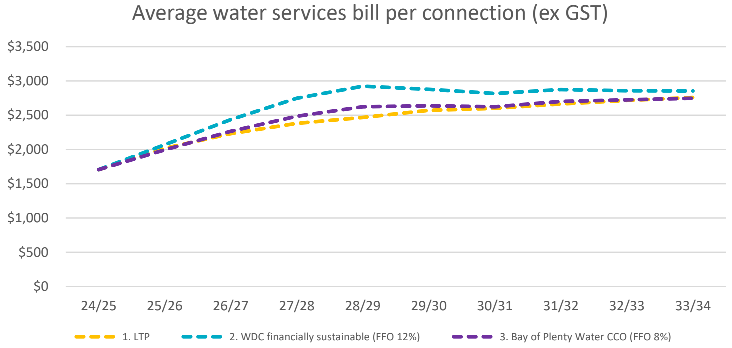
Scenario **3. Bay of Plenty Water CCO (FFO 8%):** 2024-34 LTP projections, modified so that a target FFO to debt ratio of 8% is met from 1 July 2028 onwards.

Further detail on these scenarios is set out in Annex 6.









Explanation:

FFO to net debt is the metric for determining financial sustainability, and it drives revenues, charges and borrowing requirements for water services.

A higher FFO requirement means more revenues to support a given level of borrowings.

The higher the FFO, the more financially sustainable the service.

This, however, needs to balanced against affordability considerations.

Recommended scenarios:

DIA recommends the key scenarios to form the baseline for WDC analysis, deciding on preferred delivery model, and completing a Water Services Delivery Plan are:

Scenario 2. WDC financially sustainable (FFO 12%)

WDC in-house or new WDC owned CCO with a minimum FFO to net debt ratio of 12% by 1 July 2028; and

Scenario 3. Bay of Plenty Water CCO (FFO 8%)

A regional CCO owned by Bay of Plenty councils, with a minimum FFO to net debt ratio of 8% by 1 July 2028.

9

Comparison of scenarios for Opotiki District Council

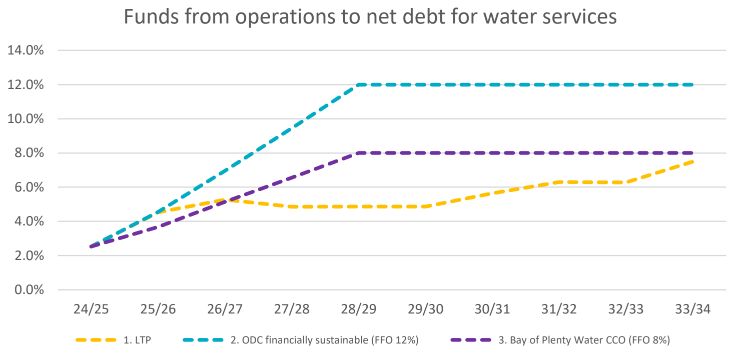
Assuming the LTP level of capital investment as constant ($64 million over ten years) we compare three scenarios:

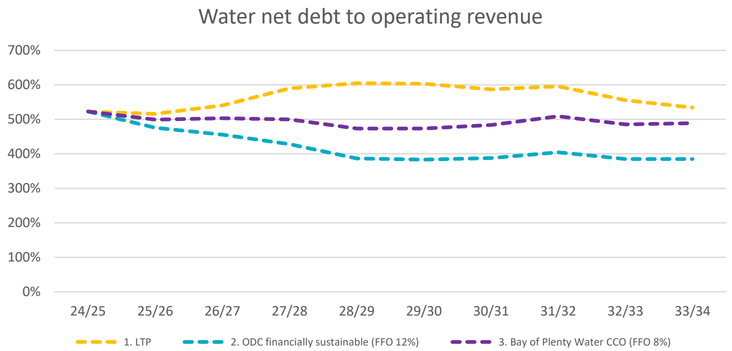
Scenario **1. LTP**: 2024-34 LTP projections;

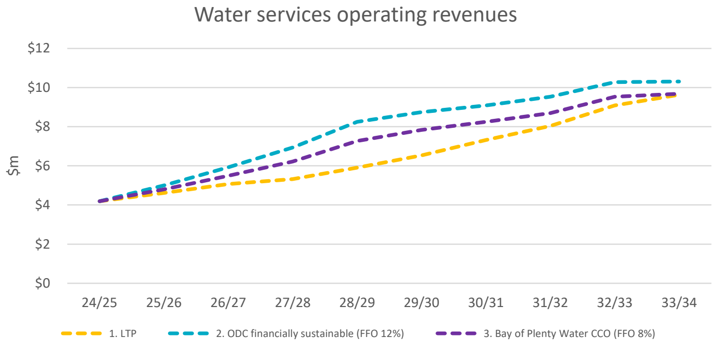
Scenario **2. ODC financially sustainable (FFO 12%)**: 2024-34 LTP projections, modified so that a target FFO to debt ratio of 12% is met from 1 July 2028 onwards; and

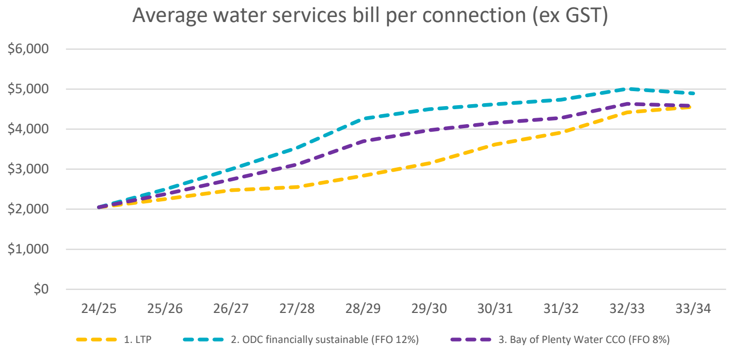
Scenario **3. Bay of Plenty Water CCO (FFO 8%):** 2024-34 LTP projections, modified so that a target FFO to debt ratio of 8% is met from 1 July 2028 onwards.

Further detail on these scenarios is set out in Annex 6.









Explanation:

FFO to net debt is the metric for determining financial sustainability, and it drives revenues, charges and borrowing requirements for water services.

A higher FFO requirement means more revenues to support a given level of borrowings.

The higher the FFO, the more financially sustainable the service.

This, however, needs to balanced against affordability considerations.

Recommended scenarios:

DIA recommends the key scenarios to form the baseline for ODC analysis, deciding on preferred delivery model, and completing a Water Services Delivery Plan are:

Scenario 2. ODC financially sustainable (FFO 12%)
ODC in-house or new ODC owned CCO with a minimum FFO to net debt ratio of 12% by 1 July 2028; and

Scenario 3. Bay of Plenty Water CCO (FFO 8%)
A regional CCO owned by Bay of Plenty councils, with a minimum FFO to net debt ratio of 8% by 1 July 2028.

10

Comparison of scenarios for Kawerau District Council

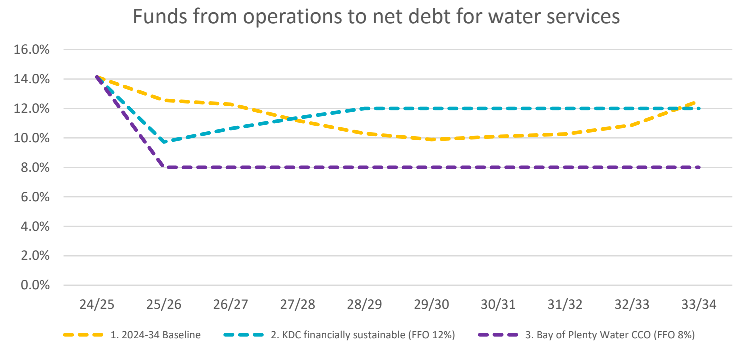
Assuming the LTP level of capital investment as constant ($32 million over ten years) we compare three scenarios:

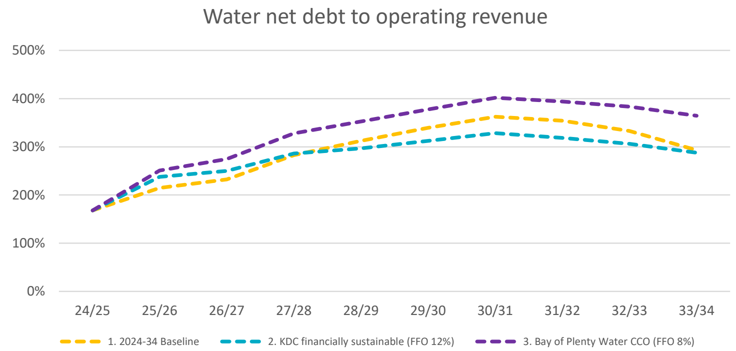
Scenario **1. 2024-34 Baseline**: baseline 2024-34 projections provided by KDC officers;

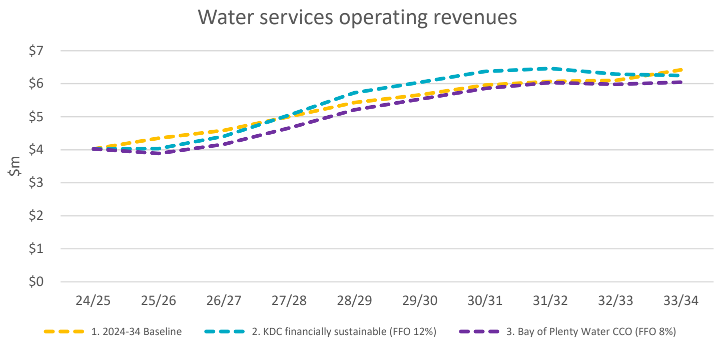
Scenario **2. KDC financially sustainable (FFO 12%)**: baseline projections, modified so that a target FFO to debt ratio of 12% is met from 1 July 2028 onwards; and

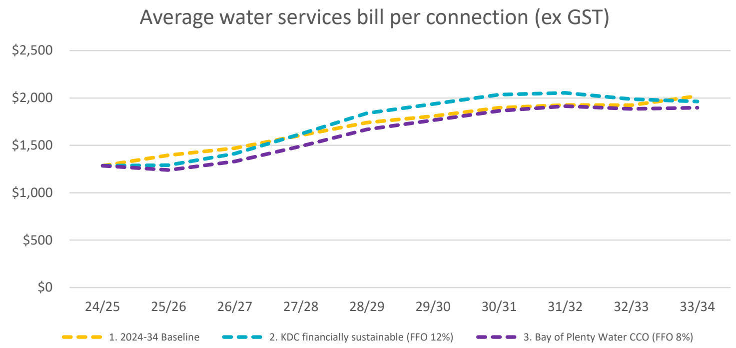
Scenario **3. Bay of Plenty Water CCO (FFO 8%):** baseline projections, modified so that a target FFO to debt ratio of 8% is met from 1 July 2028 onwards.

Further detail on these scenarios is set out in Annex 6.









Explanation:

FFO to net debt is the metric for determining financial sustainability, and it drives revenues, charges and borrowing requirements for water services.

A higher FFO requirement means more revenues to support a given level of borrowings.

The higher the FFO, the more financially sustainable the service.

This, however, needs to balanced against affordability considerations.

Recommended scenarios:

DIA recommends the key scenarios to form the baseline for KDC analysis, deciding on preferred delivery model, and completing a Water Services Delivery Plan are:

Scenario 2. KDC financially sustainable (FFO 12%)
KDC in-house or new KDC owned CCO with a minimum FFO to net debt ratio of 12% by 1 July 2028; and
Scenario 3. Bay of Plenty Water CCO (FFO 8%)
A regional CCO owned by Bay of Plenty councils, with a minimum FFO to net debt ratio of 8% by 1 July 2028.

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Analysis and insights

Overview of approach

- Chief Executives from Bay of Plenty councils have sought support from the Department of Internal Affairs ('the Department') to assess the viability of a regional delivery model for water services within the Bay of Plenty.
- We understand that Bay of Plenty councils are actively assessing delivery model options under Local Water Done Well, including:
  - Establishing a regional, multi-council owned Water CCO;
  - Establishing single-council owned Water CCOs; and
  - Continuance of in-house delivery of water services, but ensuring compliance with the financial sustainability requirements of Local Water Done Well.
- Each Bay of Plenty council would benefit from the establishment of a regional Water CCO against other delivery model options. Local Water Done Well provides a significant opportunity to improve the financial sustainability of water services delivery and councils' balance sheets. The New Zealand Local Government Funding Agency's (LGFA) commitment to lend to Water CCOs, and treat their debts as separate to owning councils' borrowings, is key to this.
- LGFA will apply a 'funds from operations' ('FFO') to debt covenant for lending to any Water CCO[1]. LGFA also expect any high-growth council seeking additional borrowing capacity to either establish a Water CCO or ensure that its water services demonstrate the same financial sustainability characteristics as a separate Water CCO.
- The Department has assumed a minimum FFO to debt ratio of 8% for a regional Bay of Plenty Water CCO, for modelling purposes [2]. We expect that a regional Bay of Plenty Water CCO would be able to access more favourable lending terms than single-council owned Water CCOs.
- A Bay of Plenty Water CCO would be financially viable at LTP projected levels of revenue, debt and investment. There is no requirement for price harmonisation or cross-subsidisation between regions to make a Bay of Plenty model work. Under a Bay of Plenty Water CCO participating councils would not have to rely on utilising borrowing capacity from other councils' water services in order to deliver their capital investment programmes.
- Establishing a Water CCO could create new balance sheet capacity of approximately $800 million across the Bay of Plenty councils over ten years. This is due to LGFA's separate treatment of Water CCO's debts from owning councils.
- New balance sheet capacity for Bay of Plenty councils would significantly improve the councils' financial positions. This could allow general rates to be reduced, using this new borrowing capacity to fund future non-water infrastructure investment that would otherwise be rates funded.

Footnotes:

1. FFO to net debt is the metric for determining financial sustainability, and it drives revenues, charges and borrowing requirements for water services. A higher FFO requirement means more revenues to support a given level of borrowings. The higher the FFO, the more financially sustainable the service. This, however, needs to balanced against affordability considerations.
2. Scenarios modelled, underlying assumptions, and considerations for seeking additional borrowing capacity for high growth councils should be tested with LGFA.

Analysis and scenarios

- We have modelled various scenarios to test the financial sustainability of Bay of Plenty councils' water services provision, using 2024-34 LTP information as the starting point (or other baseline financial information provided by councils where LTPs have been deferred for one year).
- We have assumed a **target minimum 'FFO to debt' ratio of 8%** for the purposes of modelling a Bay of Plenty Water CCO, following LGFA's guidance to the sector.
- Assuming the LTP level of capital investment as constant ($3.2 billion over ten years) we compare base scenarios for each council:
  - Scenario **1. LTP**: 2024-34 LTP projections (or other baseline financial projections provided by councils);
  - Scenario **2. Financially sustainable single-council water services delivery**: 2024-34 LTP projections, modified so that a target FFO to debt ratio for an individual council's water services delivery is met from 1 July 2028 onwards;
  - Scenario **3. Bay of Plenty Water CCO**: 2024-34 LTP projections, modified so that a target FFO to debt ratio of 8% is met for each councils' financial projections from 1 July 2028 onwards, as part of a regional Water CCO that can access more favourable lending terms from LGFA.
- This analysis is set out:
  - In Annex 3 - A comparison of Bay of Plenty councils' water services – using baseline / LTP financial projections;
  - In Annex 4 - A comparison of Bay of Plenty councils' water services – updating financial projections for a Bay of Plenty Water CCO (8% FFO); and
  - In Annex 6 - Scenarios for each Bay of Plenty councils' water services provision.
- Commentary on the financial viability of a Bay of Plenty Water CCO is set out in Annex 5.

Key insights on water services and options for Bay of Plenty councils

- **Each Bay of Plenty council would benefit from the establishment of a regional Water CCO** against other delivery model options.
- A **Bay of Plenty Water CCO would be financially viable** at LTP projected levels of revenue, debt and investment. There is **no requirement for price harmonisation or cross-subsidisation** between regions to make a Bay of Plenty model work.
- Under a Bay of Plenty Water CCO participating **councils would not have to rely on utilising borrowing capacity from other councils' water services** in order to deliver their capital investment programmes.
- A **regional Bay of Plenty Water CCO would likely access more favourable lending terms** from LGFA than single-council owned Water CCOs.
- For the given level of investment, the operating revenue requirements and price path are a function of the FFO to debt ratio pathway. The higher the FFO, the more financially sustainable the service. This, however, needs to balanced against affordability considerations.
- Every council in the country has different investment requirements and costs of service. Councils are facing **trade-off decisions between levels of water services revenues, investment and debt financing** to ensure that water services are financially sustainable, while remaining affordable for communities.
- Our analysis for a Bay of Plenty Water CCO retains regional differences to ensure that financial sustainability issues are addressed, and that effective trade-off decisions are made by each council between levels of revenue, debt financing and investment.
- Establishing **a regional Bay of Plenty Water CCO will deliver significant financial benefits to owning councils**, through the establishment of new borrowing headroom, due to water services being higher leveraged than other council activities. If a Water CCO is established, then water services revenues could support water services investment and borrowing requirements directly, without requiring other council revenues for this support.
- This would **create approximately $800 million in new borrowing capacity across the Bay of Plenty councils by FY33/34**. New borrowing headroom created for councils would significantly improve each council's financial position. This could allow general rates to be reduced, using this new borrowing capacity to fund future non-water infrastructure investment that would otherwise be rates funded.
- Due to the financial benefits accruing to owning councils from establishing a Bay of Plenty Water CCO, on an aggregated basis, a Water CCO could enable a lower rates bill to consumers than could be achievable if water services were continued to be run in-house on a financially sustainable basis.
- With the right approach to transition and implementation, establishing a Water CCO could be done in a way that minimises additional costs to consumers.

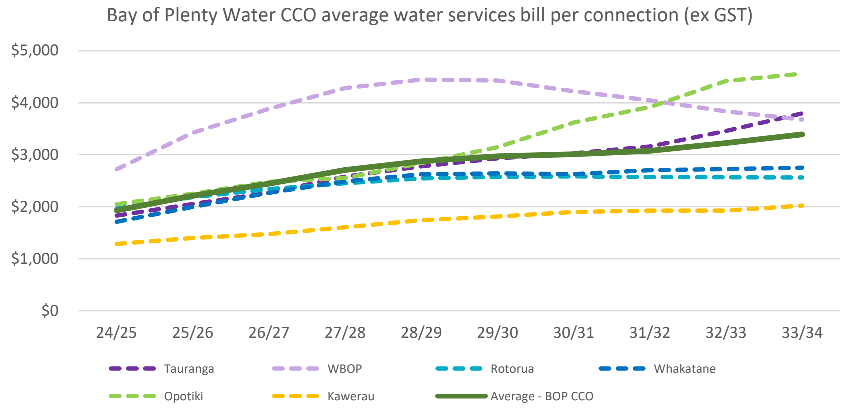
Prices, operating costs and investment for a Bay of Plenty Water CCO

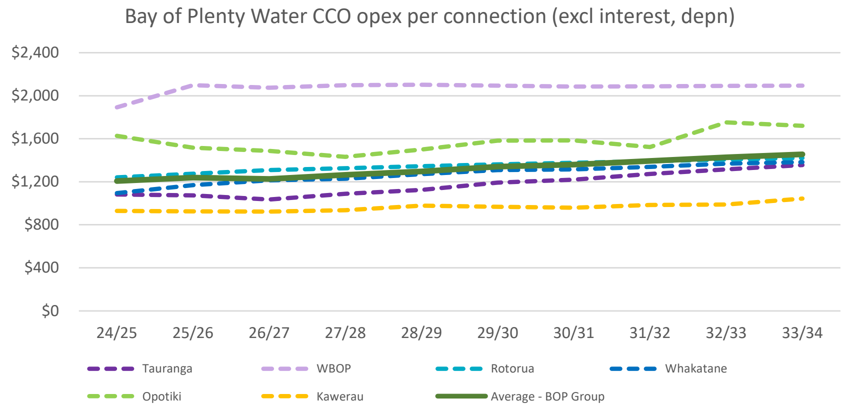
Household water charges are directly determined by proposed levels of investment, operating expenses and the utilisation of debt versus revenue funding of investment. Each council is facing trade-off decisions on these factors.

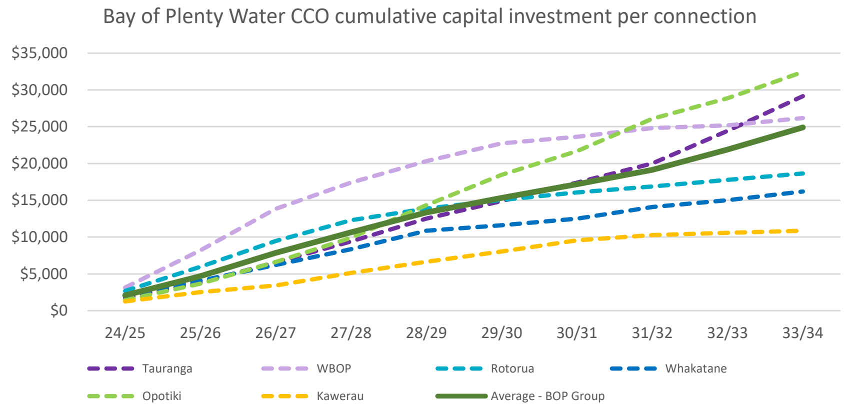
The charts on this slide show projected water services bills, operating costs and investment per connection, for councils under a Bay of Plenty Water CCO. Revenues and debt financing have been **set to maintain a minimum 8% FFO to debt ratio**, and the full investment programmes have been included.

Higher water bills are due to higher operating costs and/or higher borrowings per connection driven by investment (and vice versa for lower water bills).

Further comparative detail for Bay of Plenty councils is set out in annexes 3 and 4. Details on the impact on each council's revenues and debt financing from establishing a Bay of Plenty Water CCO are set out in Annex 6.







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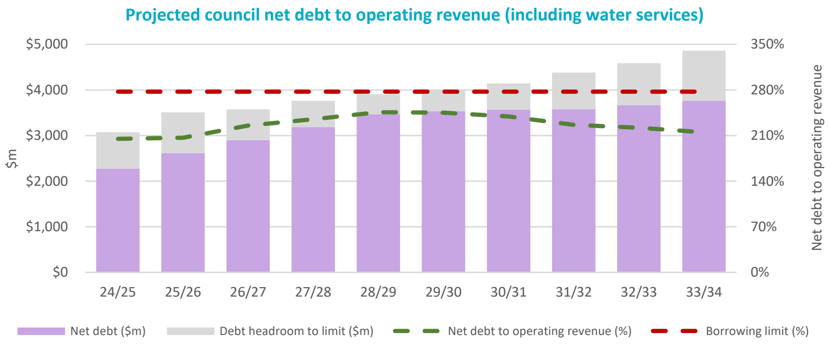
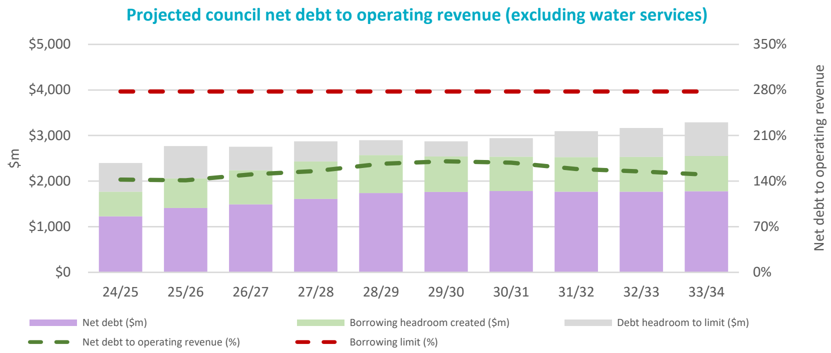
Establishing a Water CCO will allow water revenues to directly support all water services borrowing requirements and create new borrowing headroom for owning councils

LGFA has committed to lend to water CCOs and treat their debt as separate to owning councils' debt, where there is a guarantee or uncalled capital from owning councils in place, and adherence to prudent credit criteria. This means that LGFA would exclude a water CCO's water services debts from owning council's borrowing covenants (e.g., in debt to revenue calculations). This creates new borrowing headroom for owning councils, as water services are higher leveraged than other council business. This slide shows notional headroom created if water is treated separately.

The potential impact on each Bay of Plenty councils' balance sheet from establishing a Water CCO is set out in further detail in Annex 6.



Note: debt limit is set at approximately 278% which is the weighted average of the councils' credit limits (a mix of 175% and 280%)



Note: debt limit is set at approximately 278% which is the weighted average of the councils' credit limits (a mix of 175% and 280%)

New debt headroom for owning councils ($000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Tauranga City Council	293,435	366,056	416,161	449,590	434,136	385,843	399,349	440,115	497,908	568,344
Western Bay of Plenty District Council	95,928	121,489	146,607	167,755	181,172	177,279	142,881	110,924	67,739	16,002
Rotorua District Council	64,682	73,756	85,726	96,870	96,398	95,396	92,822	88,625	85,708	82,511
Whakatane District Council	46,791	50,685	61,779	69,826	68,943	61,621	63,552	71,643	71,556	74,688
Opotiki District Council	19,802	20,657	23,220	26,158	29,199	31,714	34,011	37,708	39,460	40,792
Kawerau District Council	5,602	7,496	8,550	11,431	13,585	15,561	17,838	17,782	16,592	14,991
Total - Bay of Plenty councils	526,241	640,138	742,042	821,630	823,434	767,414	750,453	766,796	778,962	797,328

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Next steps

- This guidance is intended to provide analytical support to Bay of Plenty council decision makers on the parameters required for the successful establishment of a regional Water CCO.
- As a next step, each Bay of Plenty council could:
  - Consider and agree key terms and minimum requirements for a regional Water CCO.
  - Consider and confirm levels of water services revenues, operating expenditure, investment and debt financing for a regional Bay of Plenty model, implementation planning and Water Services Delivery Plans.
  - Review and confirm the ringfenced water services balance sheets.
  - Determine whether their councils' financial projections result in charges that are fair and affordable to communities, and any changes that may be needed to better balance affordability and financial sustainability.
- The Department is available to support Bay of Plenty councils, both individually and collectively, to better understand this analysis and support any next steps on a regional model.

Bay of Plenty Water Done Well

Investigating the viability of a Bay of Plenty Water CCO

Supplementary Information

24 January 2025

This document has been prepared to provide information to Kawerau District Council, Opotiki District Council, Rotorua Lakes District Council, Tauranga City Council, Western Bay of Plenty District Council, and Whakatane District Council on the financial viability of a Bay of Plenty Water CCO.

The Department of Internal Affairs has relied on information provided by councils in the development of the analysis and guidance included in this report, including publicly available information from long-term plans and other council accountability documents.

This guidance is not legal advice; and is intended to support council decision-making requirements under Local Water Done Well.

Te Kāwanatanga o Aotearoa
New Zealand Government

Te Tari Taiwhenua
Internal Affairs

Navigating this supplementary information

Slide #	Section	Content
3 - 11	Annex 1: Financing water services delivery through establishing new Council Controlled Water Organisations	• Local Water Done Well: A new approach to water services delivery [slide 4] • Financial sustainability requirements for water services provision [slide 5] • Council controlled organisations and consumer trusts are among the delivery models proposed under Local Water Done Well [slide 6] • Accessing higher levels of borrowing from LGFA can improve the financial sustainability of water service delivery [slide 7] • Increased access to financing enables the adoption of a fit-for-purpose financing strategy for water services delivery [slide 8] • Update on LGFA requirements and 'prudent credit criteria' [slide 9] • The 'FFO to debt' ratio is key to financial sustainability [slide 10] • Considering the 'FFO to debt' ratio under Local Water Done Well [slide 11]
12 - 14	Annex 2: Assumptions and limitations of analysis	• Key assumptions underpinning analysis [slide 13] • Limitations and exclusions of analysis [slide 14]
15 - 18	Annex 3: Comparison of Bay of Plenty councils' water services – using baseline / LTP financial projections	• Per connection comparison of Bay of Plenty councils (over five years, LTP data) [slide 16] • Further comparison of Bay of Plenty councils on a per connection basis (LTP data) [slide 17] • Comparing water services financing across Bay of Plenty councils (LTP data) [slide 18]
19 – 21	Annex 4: Comparison of Bay of Plenty councils' water services – updating financial projections for a Bay of Plenty Water CCO	• Per connection comparison of Bay of Plenty councils (financial projections updated for minimum Bay of Plenty Water CCO FFO to net debt requirements) [slide 20] • Water services financing across Bay of Plenty councils in a Bay of Plenty Water CCO [slide 21]
22 - 26	Annex 5: Assessing the financial viability of a Bay of Plenty Water CCO	• Bay of Plenty combined water services capital investment [slide 23] • Bay of Plenty Water CCO financial viability – LTP projected revenues and debt financing [slide 24] • Bay of Plenty Water CCO financial viability – updated revenue and financing to meet minimum FFO requirement [slide 25] • Comparing LTP projections to Bay of Plenty Water CCO projections that utilise debt financing in a way to meet expected LGFA covenants [slide 26]
27 – 57	Annex 6: Scenarios for Bay of Plenty councils' water services provision	• Scenarios – Tauranga City Council [slides 28 - 32] • Scenarios – Rotorua Lakes District Council [slides 33 - 37] • Scenarios – Western Bay of Plenty District Council [slides 38 - 42] • Scenarios – Whakatane District Council [slides 43 - 47] • Scenarios – Opotiki District Council [slides 48 - 52] • Scenarios – Kawerau District Council [slides 53 - 57]

Financing water services delivery through establishing new Council Controlled Water Organisations

ANNEX 1

3

Local Water Done Well: A new approach to water services delivery

- The Coalition Government believes **communities are best placed** to make decisions about the future of their water assets.
- Local Water Done Well places **obligations on local authorities** to demonstrate their service delivery arrangements are fit for purpose.
- This includes setting out how their **delivery models** will ensure high-quality, financially sustainable services in the long run. Delivery model options include the establishment of new single-council or multi-council controlled organisations, and consumer trusts.
- The Government expects councils will work together to address **financial sustainability and affordability challenges**.
- All councils are required to **develop Water Services Delivery Plans** which will outline how **water services will be delivered in a financially sustainable manner** by 30 June 2028.

Purpose of Water Services Delivery Plans

The Local Government (Water Services Preliminary Arrangements) Act 2024 sets out the content requirements, timeframe, and process for developing and accepting Plans.

Plans are intended to be a strategic decision-making tool for councils to consider current and future delivery of water services, and will:

- Set out how councils will deliver high-quality, financially sustainable water services in the long run; and
- Include information on councils' water services, how much they need to invest, and how they plan to finance and deliver it through their preferred water service delivery model.

Most information required for the Plans is expected to come from councils' existing documents, such as long-term plans, financial accounts and asset management plans.

- One-off, transitional documents
- Cover drinking water, wastewater and stormwater
- Information to support development of economic regulation
- Can be developed by individual or joint councils
- Streamlined approach to consultation
- 10-year timeframe; may cover up to 30 years, with detailed info on first three

Financial sustainability requirements for water services provision

- The Local Government (Water Services Preliminary Arrangements) Act 2024 defines 'financially sustainable', in relation to a council's delivery of water services, as:
  - The revenue applied to the council's delivery of those water services is sufficient to ensure the council's long-term investment in delivering water services; and
  - The council is financially able to meet all regulatory standards and requirements for the council's delivery of those water services.
- Each council is required to prepare a Water Services Delivery Plan that demonstrates financially sustainable water services provision.
- Under Local Water Done Well, there are minimum requirements that must be met by all water services providers, irrespective of the delivery model. These relate to financial sustainability, ringfencing, a new economic regulation regime, and new planning and accountability requirements, which require the corporatisation of water services and ensuring of appropriate revenues for water services at a minimum.
- To assist with an assessment of whether a council's water services delivery is financially sustainable, the Department has developed the Water Services Delivery Plan template which asks councils to provide information about three components:
  - Revenue sufficiency – is there sufficient revenue to cover the costs (including servicing debt) of water services delivery?
  - Investment sufficiency – is the projected level of investment sufficient to meet regulatory requirements and provide for growth?
  - Financing sufficiency – are funding and finance arrangements sufficient to meet investment requirements?

Council controlled organisations and consumer trusts are among the delivery models proposed under Local Water Done Well

The LGFA financing solution is currently available for these two delivery models, and is the focus of this guidance

Consumer trust models have different financing considerations and are not currently able to borrow from LGFA

#	Model	Description
1	**Internal business unit or division**	• Status quo for many councils • Minimum requirements for water service providers will apply • New financial sustainability, ringfencing rules, and economic regulation will apply
2	**Single council-owned water organisation**	• New company established, 100% owned by the council • Financial sustainability rules will apply, but retains a financial link to the council • Councils with existing water council-controlled organisations will be required to meet minimum requirements. • Can access LGFA financing up to the equivalent of 500% of operating revenues with the provision of parent support (through guarantee or uncalled capital)
3	**Multi-council owned water organisation**	• New company established with multi-council ownership • Appointment of a Board through shareholder council (or similar body) is advisable but not a statutory requirement • Can access LGFA financing up to the equivalent of 500% of operating revenues with the provision of parent support (through proportional guarantee or uncalled capital)
4	**Mixed council/consumer trust owned**	• Consumer trust established to part-own a water organisation • One or more councils own the remainder of the shares • Structure enables financially independent organisation to be established while retaining some council ownership
5	**Consumer Trust owned**	• Council transfers assets to consumer trust owned organisation • Consumers elect trustees to represent their interests in the organisation • Most financially independent delivery model

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Accessing higher levels of borrowing from LGFA can improve the financial sustainability of water service delivery

LGFA have agreed in principle to lend up to an equivalent of 500% of operating revenues to council-controlled water organisations.

This creates additional debt borrowing capacity for both the water organisation and for owning councils.

There are significant benefits for councils that establish water CCOs to access the additional debt financing LGFA can provide. We encourage councils to consider what a water CCO could achieve for your council and communities.

Potential to reduce to cost to ratepayers	Utilising debt financing for capital investment reduces the requirement to generate operating revenues and surpluses to direct fund capital expenditure. This has the potential to reduce the cost to ratepayers.
Spreading the cost over time	Debt financing allows the CCO to spread the cost of large investments over years or decades. By using debt, the council ensures that the cost of the asset is shared across those who will benefit from it in the future.
Immediate access to funding	Debt provides immediate access to capital, enabling necessary investment to be funded and delivered, without having to wait years to accumulate sufficient rates revenue. For water infrastructure assets, enabling timely investment reduces the risk of further network degradation.
Maintaining service levels	Debt financing allows councils to avoid steep rate hikes, while still being able to fund important projects and maintain or improve service levels for the community.
Utilising rates for operating costs and debt servicing	By using debt to fund capital expenditure, critical services are not being compromised or traded off to fund large projects. Operating revenues can be set to an appropriate level to cover the operating cost of service (including servicing debt) and operating cash margins required to access debt financing.
Cash reserve and flexibility	Debt financing can allow the council to preserve financial reserves for emergencies or other priority areas.

Increased access to financing enables the adoption of a fit-for-purpose financing strategy for water services delivery

An efficient financing strategy for water services enabled by a water CCO that can borrow through LGFA

- **Operating revenues pay for operating costs plus provide minimum operating cash margins required to access debt financing.**
- **Capital investment requirements funded by capital sources - i.e., capital revenues (such as Development Contributions) and debt financing.**
- It is highly inefficient to fund capital investment for long-lived water services infrastructure through operating revenues.
- In LTPs, councils are proposing approximately $40 billion of capital investment for water services over ten years. Only $13.4 billion of this investment is proposed to be debt funded on a net basis over ten years (34% of the total); with operating revenues proposed to fund $20.7 billion worth of investment (53% of the total).
- Establishing a water CCO that can access additional debt financing from LGFA enables councils to increase the proportion of infrastructure investment that is debt financed, reducing the incidence of operating revenues paying for capital investment, leading to lower charges to consumers.

‘Operating revenues pay for operating costs’

- Financial sustainability and ringfencing requirements mean that operating revenues should be set to a level that covers the operating cost (including servicing debt) of water services.
- Operating revenues should cover all cash operating expenses plus a minimum FFO requirement (indicatively equivalent to 8 – 10%+ of net debt each year, depending on credit profile).
- This ensures that sufficient operating cashflows are secured to support borrowing and investment requirements (including staying below borrowing limits).
- Setting operating revenues to levels higher than needed to cover cash operating costs and debt servicing/support requirements is inefficient when there is available debt capacity to fund investment requirements.
- Operating cashflows can be used to manage or repay existing debt, rather than fund new capital expenditure.

‘Capital sources pay for capital investment’

- Capital expenditure should be funded from capital sources – i.e., capital revenues (such as Development Contributions) and debt financing.
- New debt drawdowns for capital investment reduces the cost burden on current ratepayers and consumers; and enables this cost to be spread over the useful life of the asset.
- Capital inflows (including new borrowings) and capital outflows (i.e., investment) should balance, once accounting for any free operating cash flow generated from revenues that is used to pay down existing debt.
- Utilising capital sources of funding for capital investment limits the operating revenues needed to what is required from a FFO to debt covenant requirement, and to prudently pay down existing debt over time.
- This approach could replace current council approaches to funding of depreciation to generate cash reserves to fund capital investment. Depreciation funding in effect pre-funds capital investment and results in a higher cost to consumers than using effective debt financing for investment.

Update on LGFA requirements and 'prudent credit criteria'

- On 20 December 2024, the New Zealand Local Government Funding Agency ('LGFA') updated councils on LGFA requirements for Water CCO lending.
- This update included further information on components for the 'prudent credit criteria' that LGFA proposes to have in place to enable water CCOs to borrow from LGFA.
- A critical component of the 'prudent credit criteria' is that a 'funds from operations' ('FFO') to debt covenant would be required, with an expected minimum 'FFO to debt' ratio of between 8% and 12%, depending on a credit risk assessment to be undertaken by LGFA.
- The Department views the FFO to debt measure as the most critical component of assessing the financial sustainability of water services provision, as it:
  - Provides a benchmark for ensuring that operating revenues are set to an appropriate level to cover the costs of service (i.e., to meet the 'revenue sufficiency test'); and
  - Provides a benchmark for ensuring that financing can be secured to deliver investment requirements, as it is a critical covenant for accessing LGFA financing for a stand-alone water services provider.
- Irrespective of a council's preferred delivery model, the Department's view on financial sustainability will be anchored around ensuring that water services financial projections include sufficient operating revenues to meet a minimum 'FFO to debt' ratio, based on our expectation of what LGFA's covenant requirement would be for direct financing a Water CCO consisting of that council's water services.

The ‘FFO to debt’ ratio is key to financial sustainability

What is the ‘FFO to debt’ ratio?

- The FFO to debt ratio is a leverage ratio that a credit rating agency, investor or lender can use to evaluate an organisation’s financial risk. The ratio compares the cash generated from an organisation’s operations to its total borrowings, and represents this as a percentage ratio.
- For example, for an organisation that has an FFO to debt ratio of 10%, this means that operating cash margins generated in one year are equal to 10% of the organisation’s borrowings. This also means that ten years of operations would be required to fully pay down existing borrowings (being the inverse of the ratio, 1 / 10%).

What are funds from operations?

- FFO can also be defined as ‘free operating cash flow’ and represents the amount of cash that is generated by operating revenues in any year, after cash operating costs have been paid.
- For Water Services Delivery Plans, the Department suggests that FFO is calculated as: *operating revenue minus operating expenses plus depreciation and other non-cash expenses, less interest revenue*. It is important to note that non-cash items such as depreciation are excluded, and that capital revenues such as development contributions are also excluded, from this calculation.

Why is FFO to debt a key financial sustainability measure?

- This measure provides a clear picture of an organisation’s ability to generate cash solely from its core operations, excluding financing and investing activities. FFO is considered a reliable indicator of a company's financial performance because it focuses on the cash flows directly related to the organisation’s primary business activities.
- FFO plays a significant role in evaluating an organisation’s creditworthiness, and for determining expected returns for lenders (where a more ‘risky’ lend commands higher premiums to compensate lenders for that risk).
- LGFA (and ultimately credit rating agencies) will assess a Water CCO’s FFO to form a view on its ability to generate sufficient cash flow to service its debt obligations.

Considering the ‘FFO to debt’ ratio under Local Water Done Well

How does the setting of minimum FFO to debt requirements impact revenue requirements and prices paid by consumers?

- The minimum FFO to debt ratio requirement directly determines the minimum amount of operating cash margins required to be generated, in order to comply with the covenant. In turn, this impacts the minimum operating revenue and maximum cash operating costs that are tolerable, as they determine the ‘funds from operations’.
- A higher minimum FFO to debt ratio requirement (of, say, 12% at the upper limit of LGFA’s reported band) would require higher operating revenues (and consumer charges) than a lower minimum FFO to debt ratio requirement (of, say, 8%) for any given level of operating expenses and borrowings.

What minimum FFO to debt ratio assumption should be used for assessing different delivery models?

- The Department has assumed minimum FFO to debt ratio requirements for this analysis, which councils can rely on for decisions on delivery models and for confirming the financial sustainability of water services delivery in Water Services Delivery Plans. Where a new Water CCO is established and seeks to borrow from LGFA, LGFA would determine in its discretion the minimum requirements.
- The Department’s assumptions for minimum FFO requirements are set out in Annex 2, and represent an indicative assessment of the creditworthiness of various delivery model options.
- Factors that have been considered in determining these assumed minimum requirements are serviced population (as a measure of scale); geographical diversification of consumers and infrastructure assets; investment and borrowing requirements; and the ability to identify and deliver capital and operating efficiencies to manage costs and/or comply with direction from the Economic Regulator.

Assumptions and limitations of analysis

ANNEX 2

12

Key assumptions underpinning analysis

- The analysis included in this guidance is primarily based on financial information included in council's 2024-34 long-term plans, specifically the funding impact statements for the water services. The Department has sought further input assumptions from councils where this data is not readily available in LTPs (including opening asset, debt and cash balances).
- The analysis assumed that the level of proposed investment in each council's LTP is adequate to meet the 'investment sufficiency test' for Water Services Delivery Plans. The level of projected investment is kept constant across presented options.
- Operating costs (except for interest costs) are kept in line with LTP information under all scenarios. Similarly, capital revenues and non-rates sources of operating revenues are held constant against LTP.
- Minimum 'FFO to debt' ratio assumptions utilised for this analysis are as follows. The largest driver of determining assumed minimum requirements is serviced population, with a further discount applied for a regional Water CCO to reflect a larger geographical spread of consumers and infrastructure assets:
    - For a Bay of Plenty Water CCO comprising the water services of the Bay of Plenty councils – 8% (set to the lower end of LGFA's reported band);
    - For water services provision undertaken by Tauranga City Council – 9% (assumed 1% premium against the band minimum due to serviced population);
    - For water services provision undertaken by Rotorua Lakes District Council – 11% (assumed 1% discount against the band maximum due to serviced population);
    - For water services provision undertaken by Kawerau District Council, Opotiki District Council, Western Bay of Plenty District Council, and Whakatane District Council – 12% (set to the upper end of LGFA's reported band).
- Under each scenario run, we have calculated the revenue and borrowings required to deliver LTP proposed levels of investment, by determining the appropriate mix of revenues and debt financing needed for the 'FFO to debt' ratio to remain at the assumed minimum requirement above each year.
- For comparison purposes, FY2024/25 financials are not adjusted under scenarios. Financial projections from FY2025/26 are adjusted to demonstrate the different average charges required.

Limitations and exclusions of analysis

The analysis underpinning this guidance has been completed to demonstrate the revenue and financing sufficiency requirements, and differences in financing 'efficiency', under different delivery models. To enable direct comparison of the impact of financing efficiency and minimum revenue requirements for each council, we have excluded from this analysis:

- Any new establishment or operating costs under any delivery model;
- Any new costs relating to the requirement to comply with new requirements under Local Water Done Well, such as economic regulation and the new Planning & Accountability framework, which would apply under all delivery models.
- Any reduction in operating resources and costs that could be achieved under a consolidated regional Water CCO, where duplicated effort and resourcing could be identified.
- Any operating and capital efficiencies that could be generated from the establishment of new Water CCOs, and/or from compliance with future directives from the Economic Regulator.
- Any reduction to investment requirements that could be achieved due to announced future regulatory changes, including a single wastewater standard and National Engineering Design Standards.

The Department's view is that the above items are immaterial to an assessment of the relative financial sustainability and benefits of various delivery model options, but that they should form a critical part of implementation planning for a council's proposed delivery model.

Comparison of Bay of Plenty councils' water services – using baseline / LTP financial projections

ANNEX 3

Per connection comparison of Bay of Plenty councils (over five years, LTP data)

A Bay of Plenty Water CCO could operate as an aggregation of the participating councils' individual water services requirements and maintain regional differences

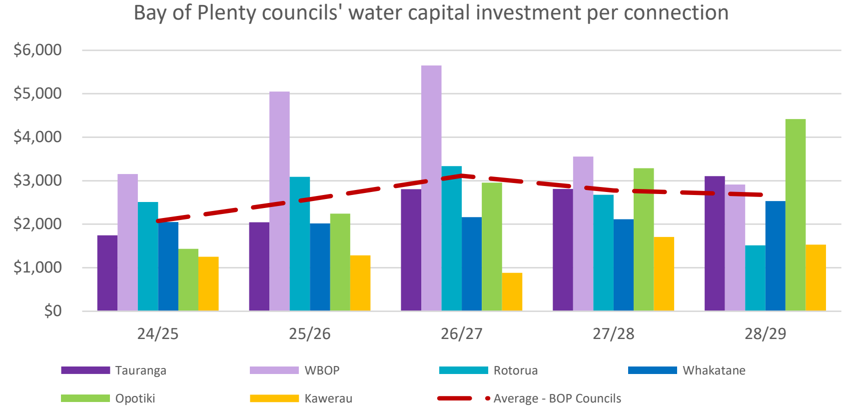
Under Local Water Done Well **there is no requirement to harmonise prices** across councils where a regional model is progressed.

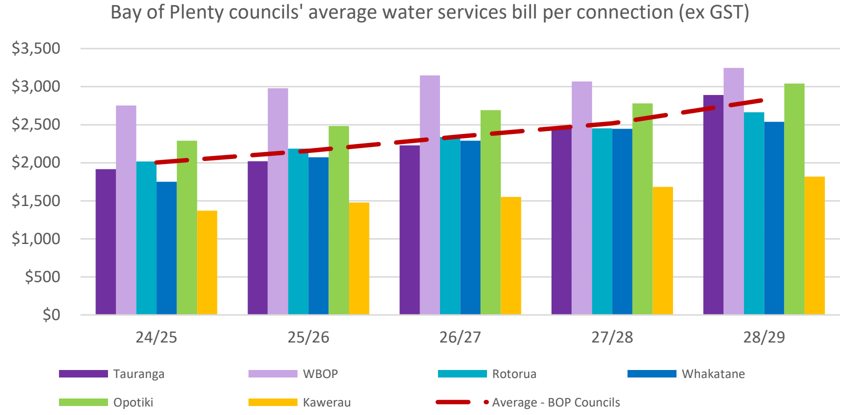
Each council's water services network, investment requirements and costs of service are unique and different to other Bay of Plenty councils.

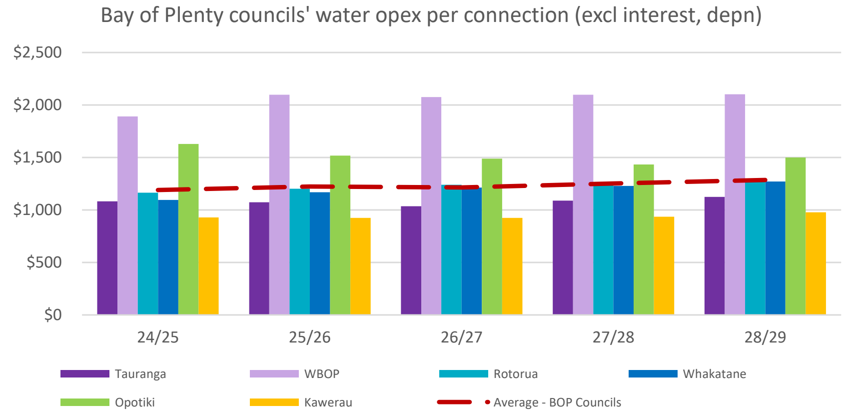
We recommend that Bay of Plenty councils look to initially **maintain regional pricing differences that reflect regional differences in the costs of service**.

Operating revenues, costs and investment as set out in baseline financial projections (primarily 2024-34 LTPs) are shown to enable comparison across the Bay of Plenty councils. A weighted average across Bay of Plenty councils is shown indicatively.

Each council has trade-off decisions to make between levels of revenue, investment and debt financing to strike an appropriate balance for consumers, as part of a Bay of Plenty Water CCO.







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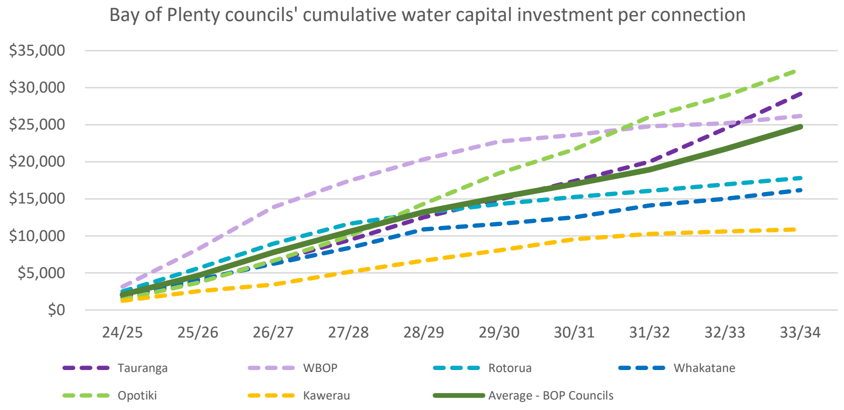
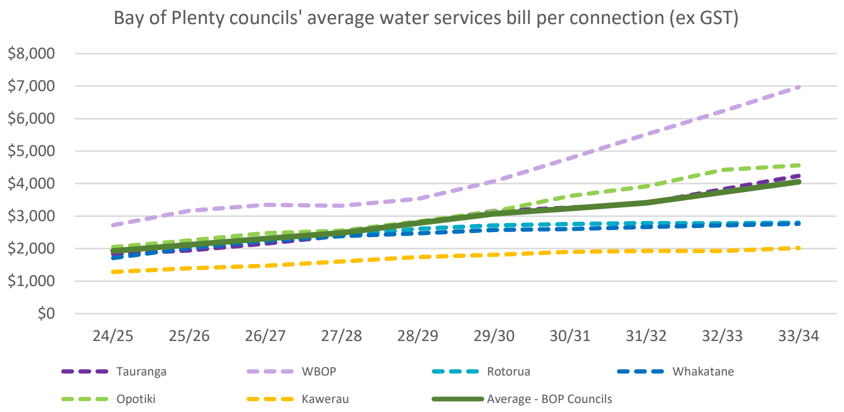
Further comparison of Bay of Plenty councils on a per connection basis (LTP data)

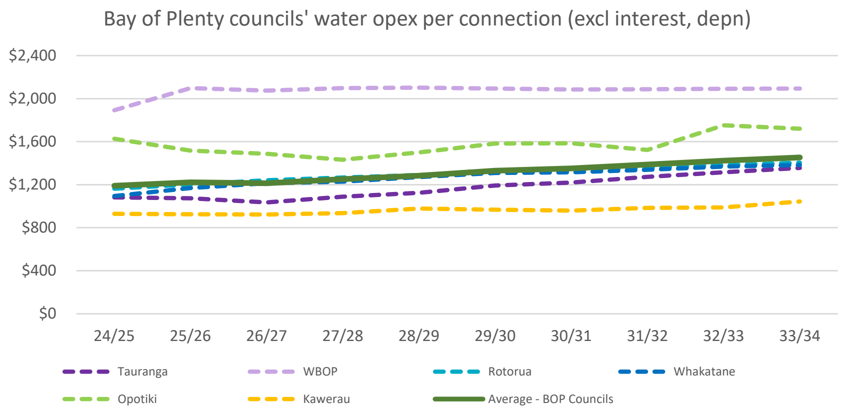
Household charges are a function of costs of service and levels of investment required

Average water charges are directly impacted by proposed levels of investment, operating expenses and the utilisation of debt financing versus revenue funding of investment. Each council is facing trade-off decisions on these factors to strike the right balance for their communities.

Each council should separately determine the financial projections that should be used under a Bay of Plenty Water CCO for subsequent analysis, implementation planning and for Water Services Delivery Plans (if a regional model is to be pursued).







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Comparing water services financing across Bay of Plenty councils (LTP data)

A Bay of Plenty Water CCO could access sufficient debt financing from LGFA; however, there are regional differences across councils

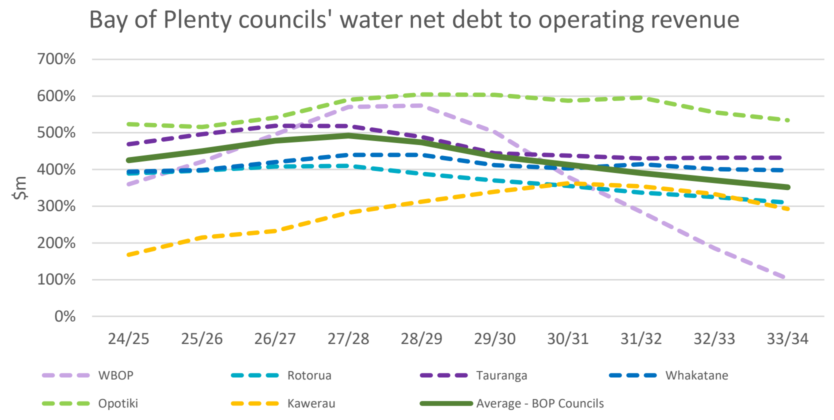
A consolidated Bay of Plenty Water CCO could access the necessary debt financing required to deliver the proposed levels of investment as set out in the financial projections included in this pack.

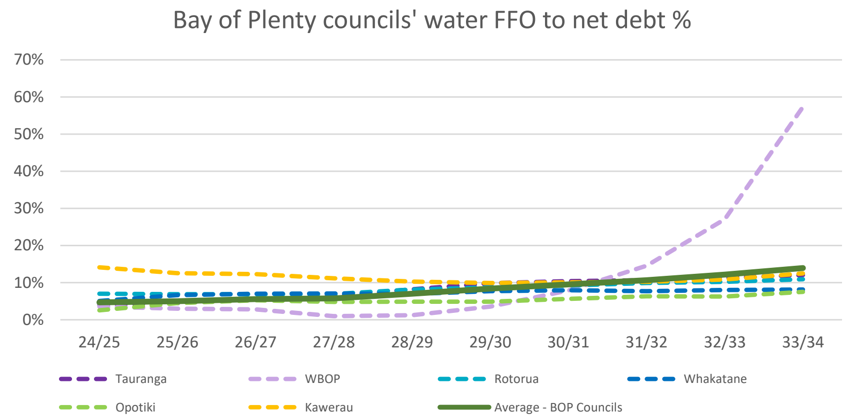
Bay of Plenty councils may wish to consider trade-offs between levels of revenue and investment, and of debt financing versus revenue funding of investment.

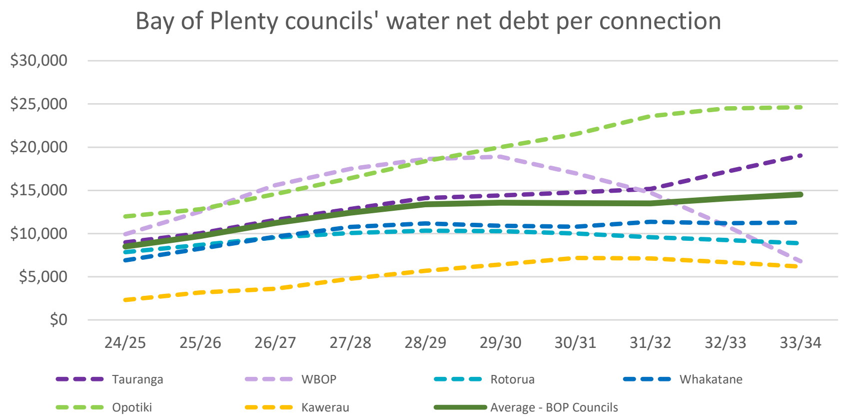
When considering these trade-offs each council should aim to:

- Keep debt to revenue at or below 500% of revenues (where possible); and
- Ensure a minimum FFO to debt ratio of 8% is maintained under a regional CCO model.

Where a council's FFO to debt is below 8% beyond FY27/28, consideration should be given to rebalancing revenues, operating costs and/or investment levels.







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Comparison of Bay of Plenty councils' water services – updating financial projections for a Bay of Plenty Water CCO

ANNEX 4

19

Per connection comparison of Bay of Plenty councils (financial projections updated for minimum Bay of Plenty Water CCO FFO to net debt requirements)

Average charges per connection may change for each Bay of Plenty council under a regional Bay of Plenty CCO

If a regional Bay of Plenty Water CCO was established, each council could reset their water services revenue requirements to maintain minimum borrowing covenant requirements from LGFA.

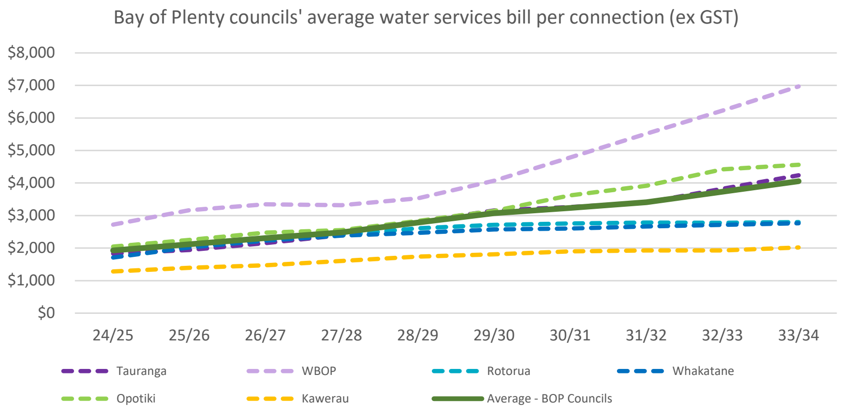
This would enable effective pricing of water to ensure financial sustainability of water services provision (by ensuring sufficient revenues) whilst benefiting from financing efficiencies that can be unlocked from a larger, regional water CCO that can borrow from LGFA at more favourable covenants than councils can currently.

For the same levels of capital investment and operating costs as set out in 2024-34 LTPs, this could result in changes to revenue requirements, and consequently household charges.

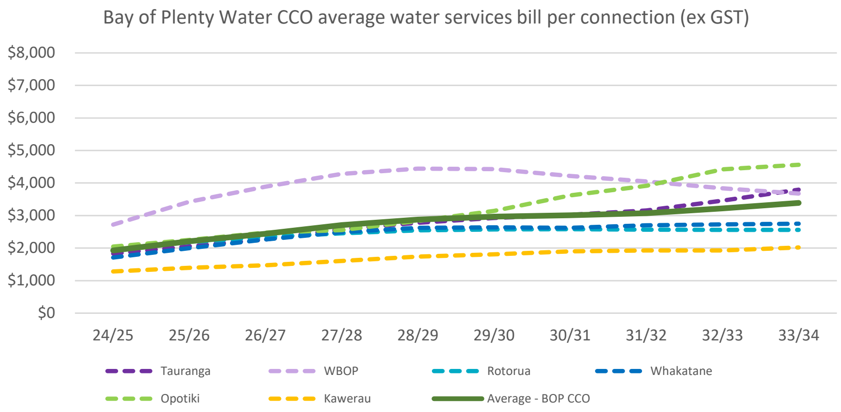
The charts below compares projected average charges per connection for each Bay of Plenty council based on 2024-34 LTP projections with projected average charges per connection under a Regional Bay of Plenty Water CCO, adjusted to ensure sufficient revenues and efficient use of debt financing to fund capital investment.

Annex 6 provides further illustrative detail for each Bay of Plenty council, comparing 2024-34 LTP projections to financially sustainable projections for each council's portion of a regional Bay of Plenty Water CCO.

Projected charges in 2024-34 LTPs



Projected charges recalculated in a Bay of Plenty Water CCO (FFO 8%)



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Water services financing across Bay of Plenty councils in a Bay of Plenty Water CCO

Resetting each council's financial projections to a minimum FFO to net debt requirement would ensure that a Bay of Plenty Water CCO's leverage would be within a tolerable range for LGFA lending

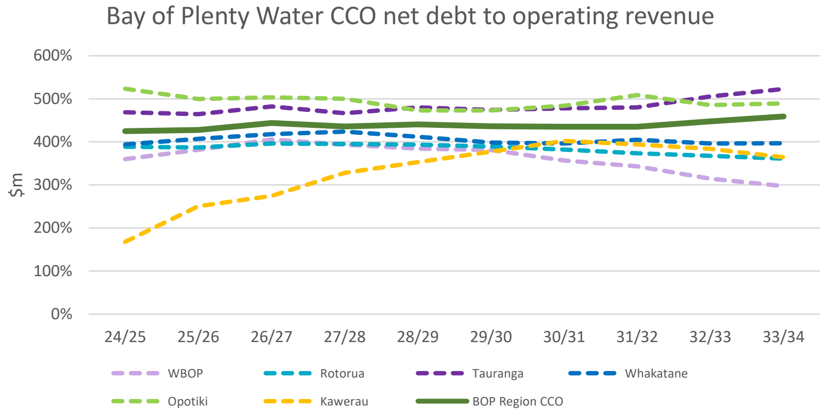
When revenue and debt funding sources are recalculated to anchor around a minimum FFO to net debt requirement, this changes the borrowing profile of Bay of Plenty councils' water services.

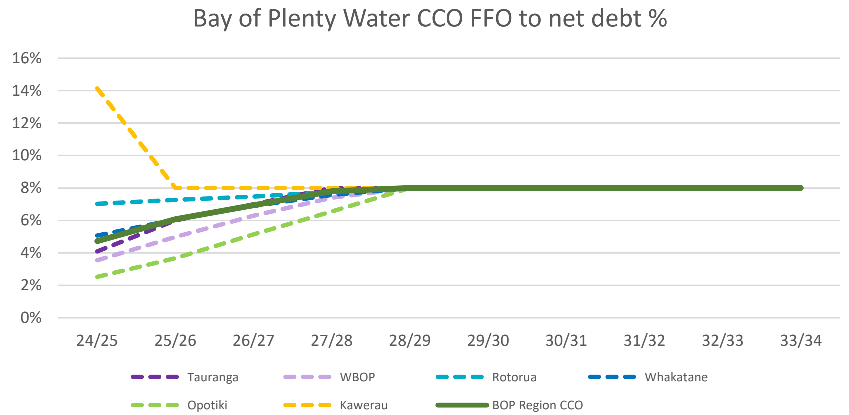
The analysis assumes that all councils water services funding sources are reset to ensure a target 8% FFO to net debt ratio is met from FY28/29.

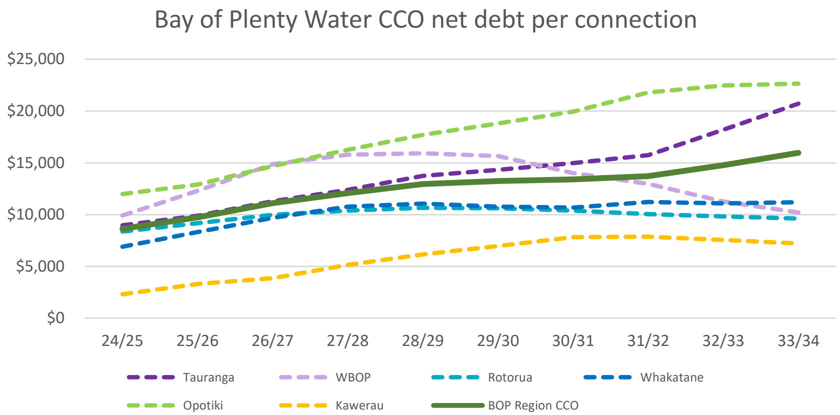
Anchoring to a minimum operating cashflow requirement to service debt smooths out borrowing requirements, where:

- New borrowings are drawn down to fund new capital investment; and
- Operating revenues provide sufficient cash margins to pay down 8% of the outstanding debt balance each year.

Annex 6 provides further illustrative detail for each Bay of Plenty council, comparing 2024-34 LTP projections to financially sustainable projections for each council's portion of a regional Bay of Plenty Water CCO.







Assessing the financial viability of a Bay of Plenty Water CCO

ANNEX 5

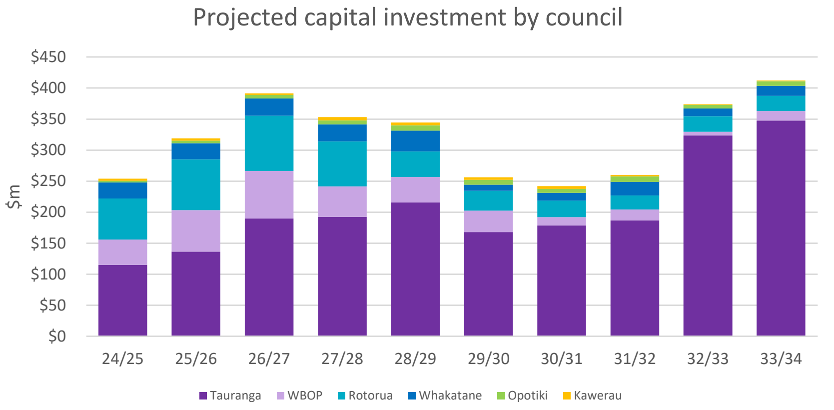
22

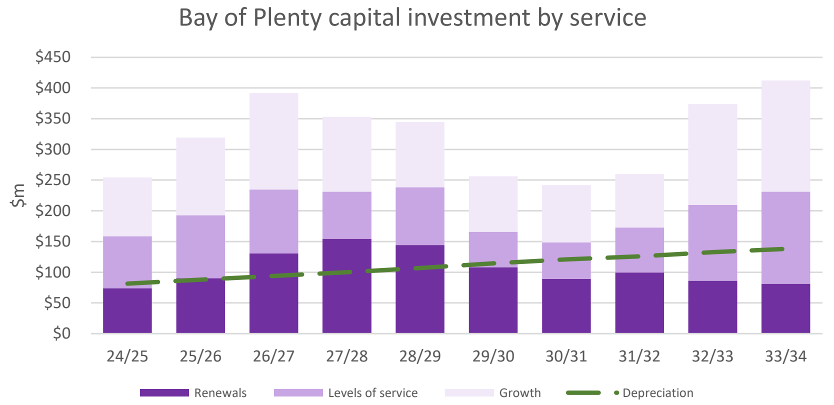
Bay of Plenty combined water services capital investment

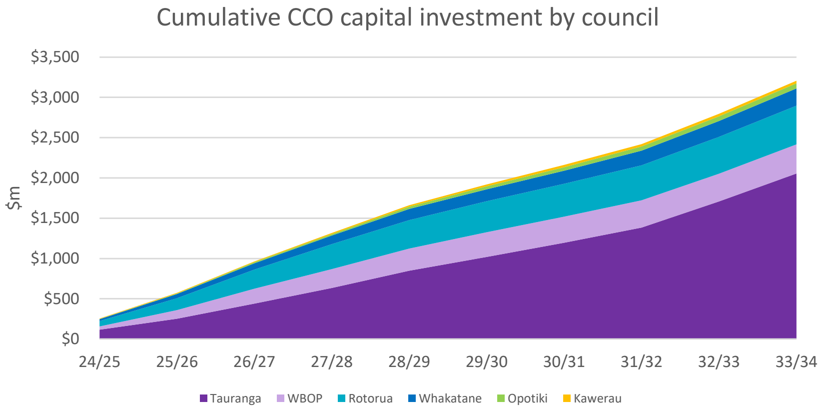
Overview of regional water services capital investment requirements

Bay of Plenty councils are cumulatively projecting $3.2 billion of capital investment into water services infrastructure over ten years. This proposed level of investment is substantial – approximately triple projected depreciation charges over ten years.

While this capital programme is fundable for a Bay of Plenty Water CCO, there may be merit in the Bay of Plenty councils working together on a joint investment programme to determine the most efficient and deliverable phasing of investment, and to identify opportunities to reduce costs. Consideration should also be given to any reduction to investment requirements that could be achieved due to announced future regulatory changes, including a single wastewater standard and National Engineering Design Standards.







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Bay of Plenty Water CCO financial viability – LTP projected revenues and debt financing

Overview of water services revenues and debt financing at LTP projected levels

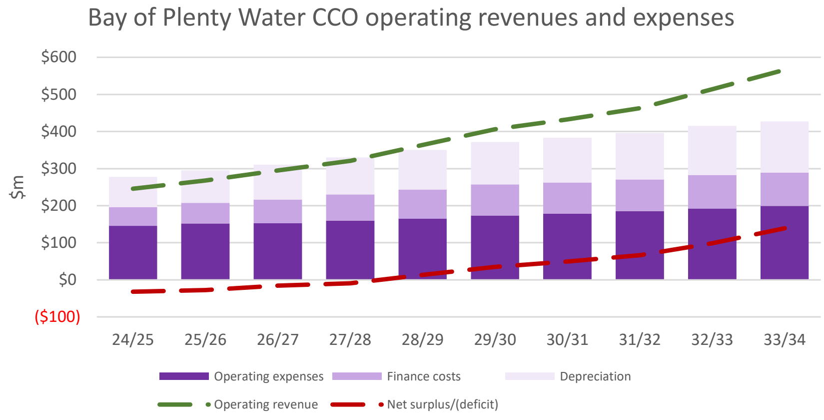
The projected levels of water services revenues are sufficient for the level of investment and expenditure proposed, and fully cover all operating costs including depreciation from FY28/29.

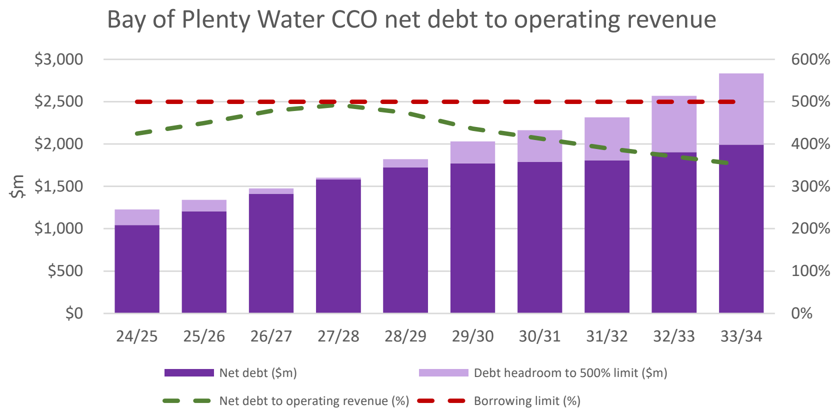
Bay of Plenty councils are projecting high leverage for water services in 2024-34 LTPs. On a simple aggregation basis, net debt to revenue would peak at near to 500% of operating revenues in FY27/28, before subsequent revenue increases generate debt repayments.

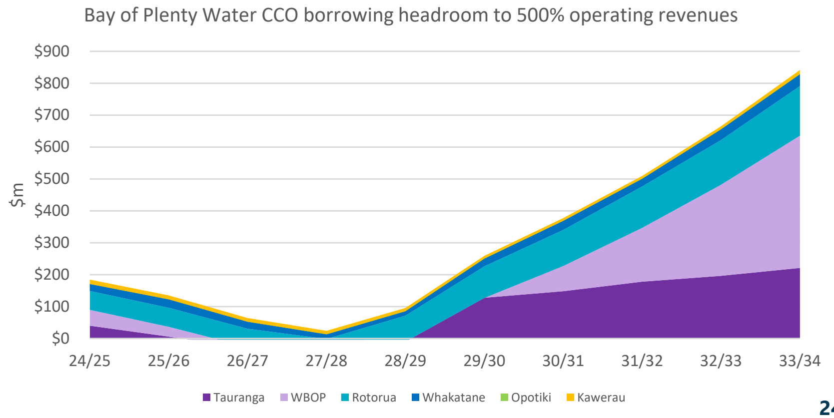
LGFA lending to Water CCOs will require FFO to net debt covenants as opposed to debt to revenue covenants, which is fundamentally different to council covenants for LGFA borrowing.

Each council has trade-off decisions to make between levels of revenue, investment and debt financing to strike an appropriate balance for consumers, as part of a regional Water CCO. **Each council should reevaluate the level of water services revenues required, for the level of investment proposed, to ensure compliance with expected LGFA covenants.**

On the following slide we have reset the revenue and debt financing, anchored to an FFO to debt ratio of 8% to demonstrate this.







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Bay of Plenty Water CCO financial viability – updated revenue and financing to meet minimum FFO requirement

Overview of water services revenues and debt financing at minimum FFO levels

The 2024-34 LTP projected levels of water services revenues are sufficient in aggregate across the Bay of Plenty councils to form a viable Bay of Plenty Water CCO.

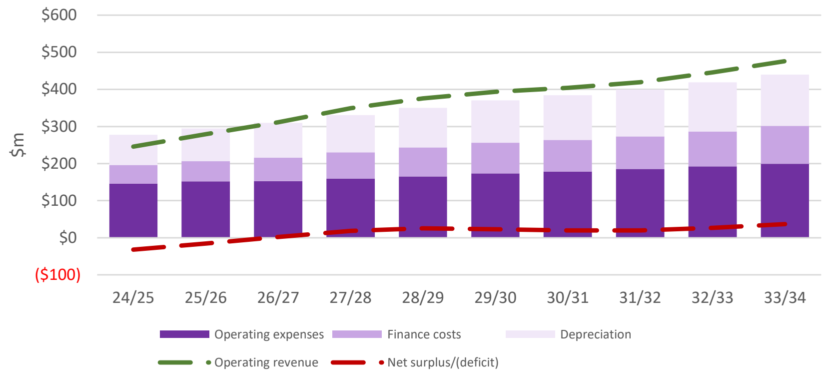
The financing efficiency of a regional CCO could be utilised to reset revenues to the minimum requirement to meet borrowing covenants – primarily on an FFO to net debt basis (assumed 8%).

We have modelled a Bay of Plenty Water CCO, amending the borrowing profile and revenue requirements to prudently utilise borrowing capacity and minimise revenue requirements, against the assumed minimum FFO requirement.

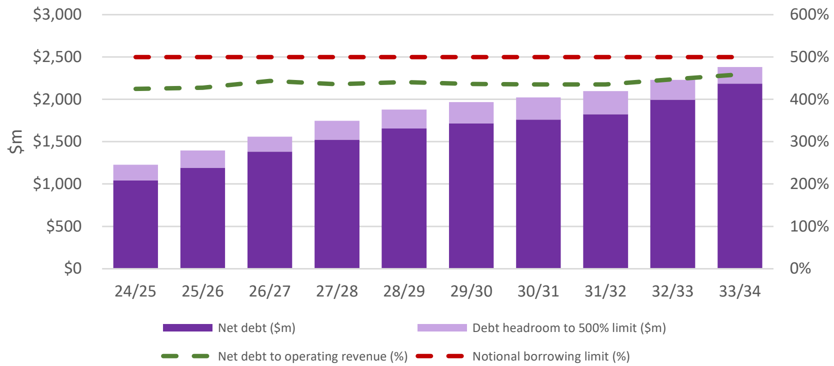
To meet a minimum FFO requirement would require lower revenue requirements in later years of the LTP period, as financing efficiencies kick in.

Each council has trade-off decisions to make between levels of revenue, investment and debt financing to strike an appropriate balance for consumers, as part of a regional Water CCO, which could unlock more efficient utilisation of financing and lower charges for consumers.

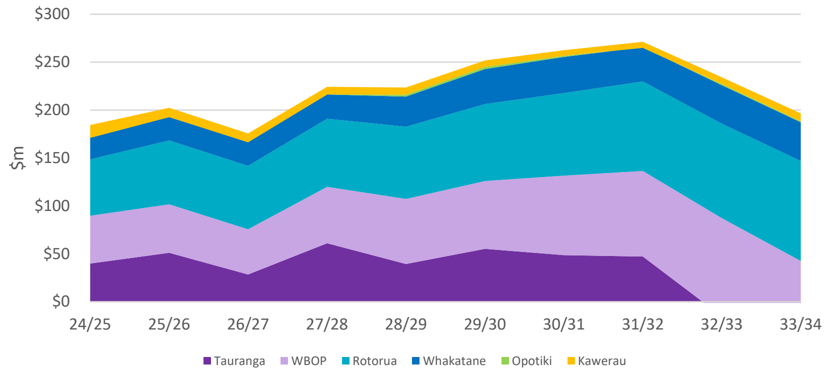
Bay of Plenty Water CCO operating revenues and expenses



Bay of Plenty Water CCO net debt to operating revenue



Bay of Plenty Water CCO borrowing headroom to 500% operating revenues



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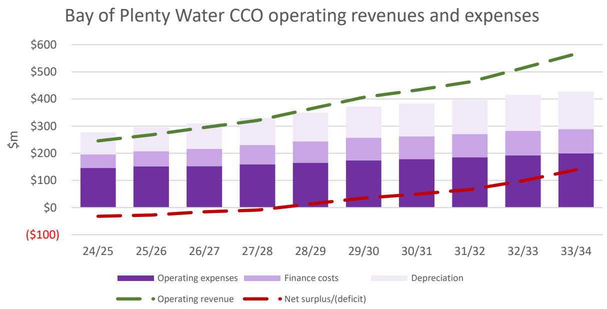
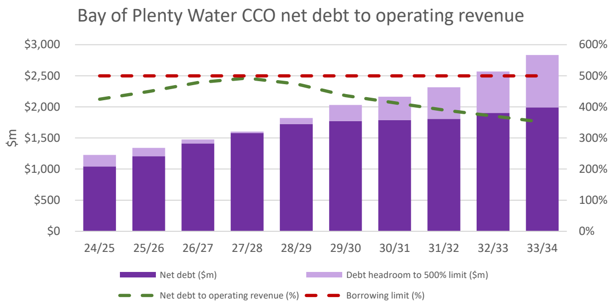
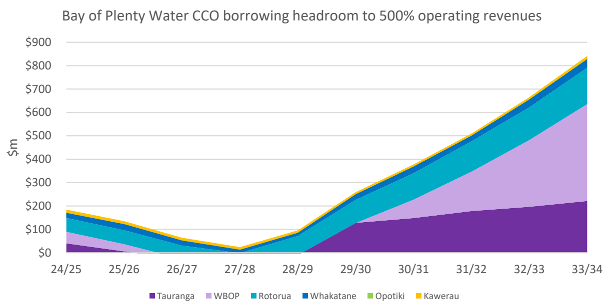
Comparing LTP projections to Bay of Plenty Water CCO projections that utilise debt financing in a way to meet expected LGFA covenants

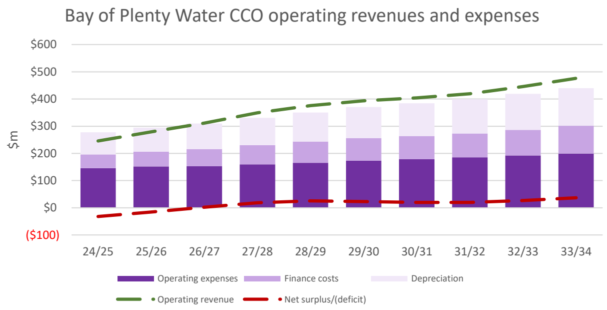
LTP projected revenues and debt financing

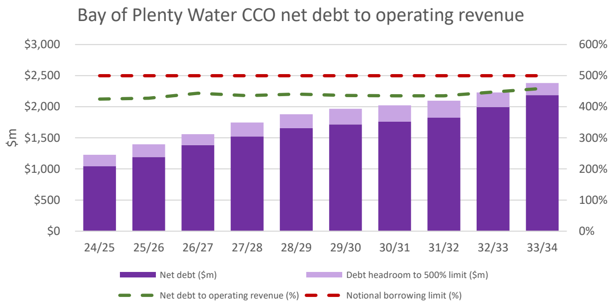


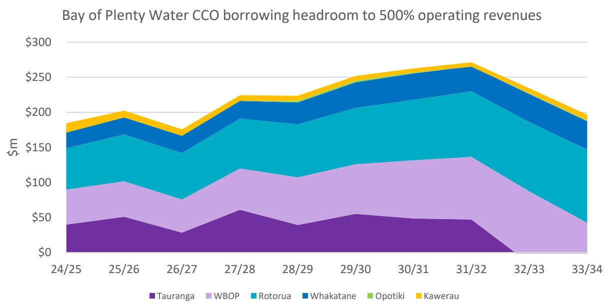




Regional Water CCO projections that meet assumed minimum FFO requirements (8%)







Comment on operating revenues and expenses

LTP projections show revenues increasing significantly above operating costs (including depreciation) in the last five years of LTP.

These operating revenue increases generate substantial operating cash margins, as depreciation is a non-cash item, which are used to pay down debt.

A regional Water CCO would not need to meet a 'balanced budget' requirement, so depreciation charges would not necessarily need to be covered by operating revenues, if that was inefficient from a financing perspective.

To meet a minimum 8% FFO requirement under a Bay of Plenty Water CCO would require lower revenue requirements in later years of the 2024-34 LTP period, as financing efficiencies kick in.

Comment on net debt to operating revenue

LGFA will treat the borrowings of a water CCO as separate to owning councils.

In LTPs water borrowing requirements are substantial and take councils up close to borrowing limits, meaning that revenue increases are required to pay down debt to more manageable levels over the ten-year LTP period.

With a Water CCO, this constraint is removed, replaced by a shareholding council guarantee or uncalled capital.

This means that substantial projected revenue increases could be avoided, if a Bay of Plenty Water CCO maintained its leverage position towards its borrowing limit, while prudently ensuring that a minimum FFO to debt ratio is maintained.

Comment on net debt to operating revenue

Due to LTP projected revenue increases and debt repayments in the last 5 years of the LTP period, a Bay of Plenty Water CCO that adopted those baseline projections would result in significant underutilisation of borrowing capacity from FY29/30, paid for by increases in revenues and charges to households.

Setting revenues to a target FFO to debt ratio means that debt is prudently managed by generating the amount of operating cashflow that is needed to service and pay down the debt over a reasonable time period.

Utilisation of borrowing capacity, for any given level of capital investment over time, results in lower revenue requirements and lower charges to consumers.

A Bay of Plenty Water CCO would need to determine an appropriate level of borrowing headroom to prudently manage risk and maintain an ability to respond to shocks or urgent investment requirements.

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Scenarios for Bay of Plenty councils' water services provision

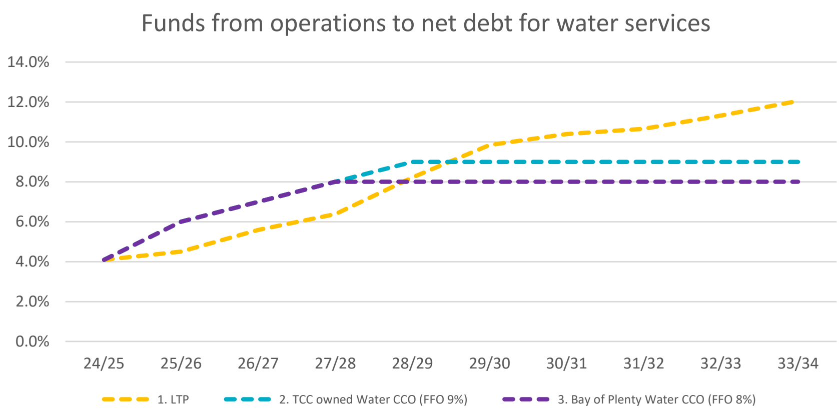
ANNEX 6

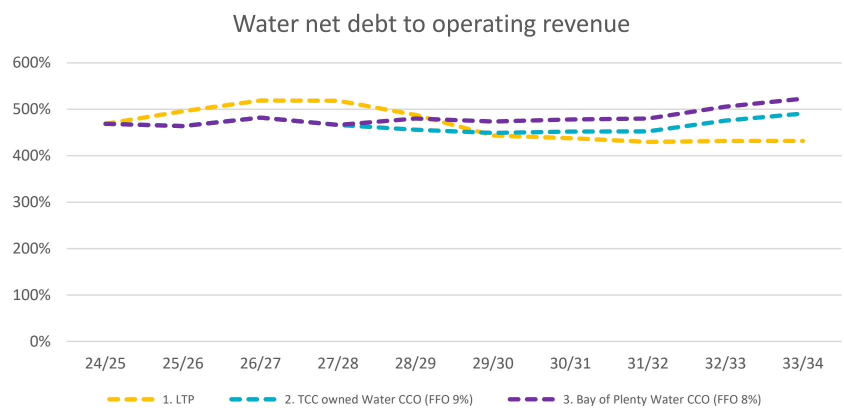
Tauranga City Council

Tauranga City Council – borrowing metrics

Debt to revenue and 'FFO to net debt' metrics under scenarios

- The FFO to net debt metrics below are the key driving assumption of revenues, charges and borrowing requirements under the various scenarios.
- A higher FFO requirement means more revenues to support a given level of borrowings.
- **The higher the FFO, the more financially sustainable the service**. This, however, **needs to balanced against affordability considerations**.
- The scenarios have been developed and compared:
  - Scenario **1. LTP**: 2024-34 LTP projections;
  - Scenario **2. TCC owned Water CCO (FFO 9%)**: 2024-34 LTP projections, modified so that a target FFO to debt ratio of 9% is met from 1 July 2028 onwards; and
  - Scenario **3. Bay of Plenty Water CCO (FFO 8%)**: 2024-34 LTP projections, modified so that a target FFO to debt ratio of 8% is met from 1 July 2028 onwards.
- Establishing a Water CCO would enable a lower FFO to net debt ratio than projected in Tauranga City Council's 2024-34 LTP. A Bay of Plenty Water CCO would be able to maintain a lower minimum FFO to net debt ratio than a Tauranga City Council owned Water CCO.





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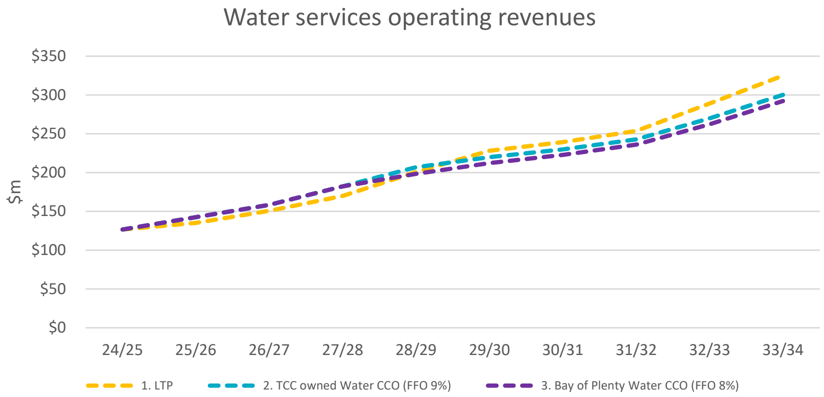
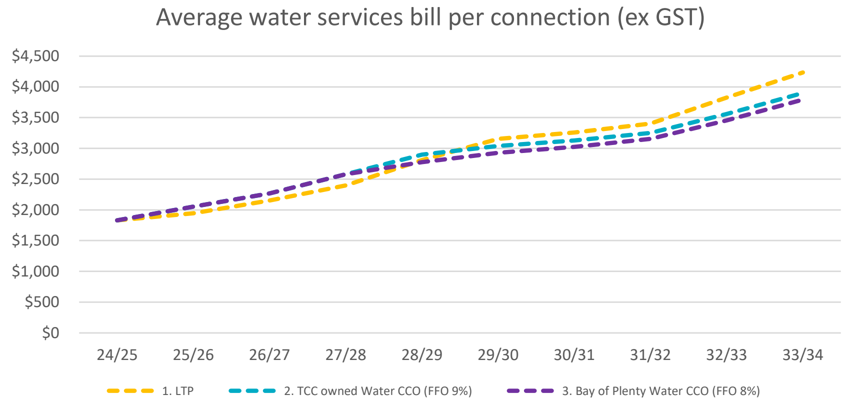
Tauranga City Council – revenue and charges

Revenue and pricing requirements under scenarios

- The 2024-34 LTP projects water services revenues to increase from $127 million in FY24/25 to $325 million in FY33/34 (+157% over nine years).
- This results in calculated average charges increasing from $1,829+GST in FY24/25 to $4,236+GST in FY33/34 (+132% over nine years).
- Under the Water CCO scenarios run below, water services operating revenues (and charges) could be set lower than projected in the 2024-34 LTP.
- Establishing a Water CCO would enable lower minimum operating revenue and charges to support the borrowings required to deliver Tauranga City Council's water services capital programme.
- A Bay of Plenty Water CCO could result in marginally lower charges to consumers than a Tauranga City Council owned Water CCO, due to requiring lower minimum operating revenues to support FFO to net debt covenants.





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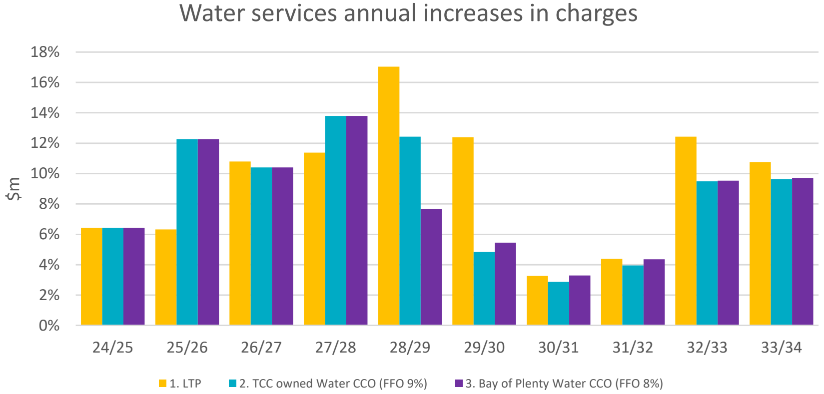
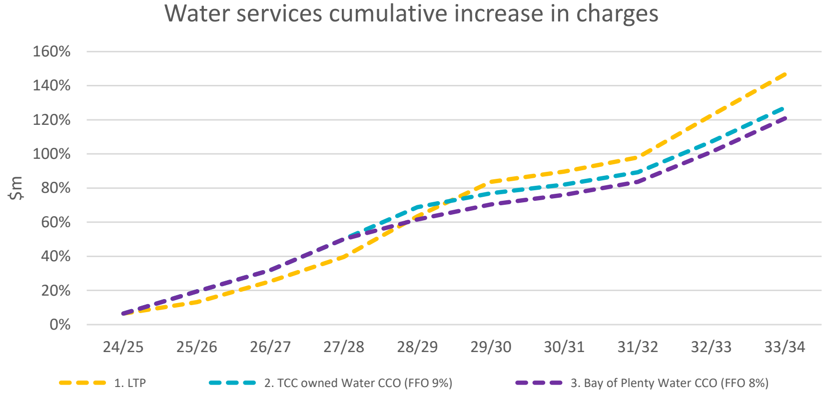
Tauranga City Council – price increases per year

Annual price increases under scenarios

- Setting water services revenues to meet minimum FFO requirements, for the given level of investment and operating costs, would result in lower charges than set out in the 2024-34 LTP, if a Water CCO is established.
- Consideration could be given to smoothing the impact of price increases over a number of years to bring revenues up to financially sustainable levels, and avoid one-off price shocks.
- Tauranga City Council would also receive significant new borrowing headroom as owning council from establishing a Water CCO. This new borrowing headroom could be used to reduce non-water rates requirements. The following slide sets this out in further detail.





Price increases	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34
Scenario 1. LTP	6%	6%	11%	11%	17%	12%	3%	4%	12%	11%
Scenario 2. TCC owned Water CCO (FFO 9%)	6%	12%	10%	14%	12%	5%	3%	4%	9%	10%
Scenario 3. Bay of Plenty Water CCO (FFO 8%)	6%	12%	10%	14%	8%	5%	3%	4%	10%	10%

Price increases cumulative	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34
Scenario 1. LTP	6%	13%	25%	40%	63%	84%	90%	98%	123%	147%
Scenario 2. TCC owned Water CCO (FFO 9%)	6%	19%	32%	50%	69%	77%	82%	89%	107%	127%
Scenario 3. Bay of Plenty Water CCO (FFO 8%)	6%	19%	32%	50%	62%	70%	76%	84%	101%	121%

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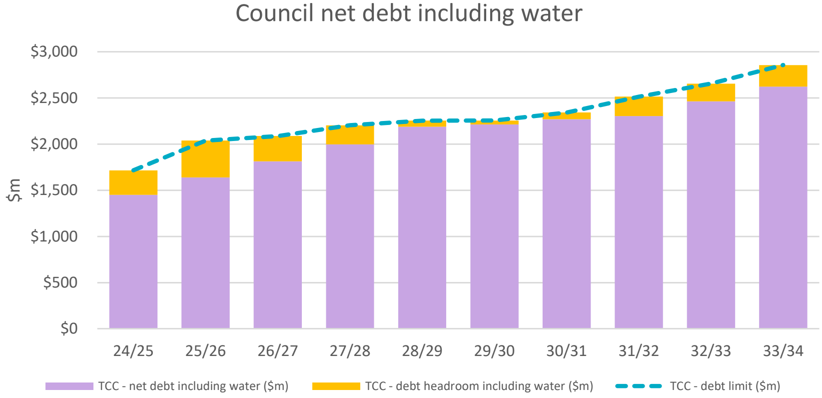
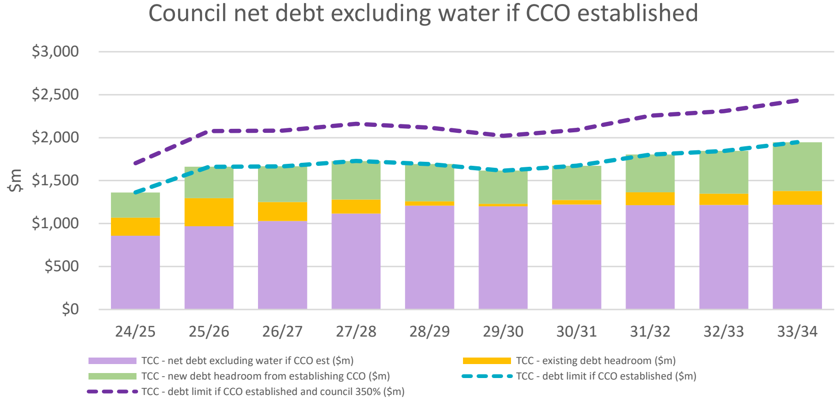
Establishing a Water CCO creates new borrowing headroom for TCC

Impact on council financial position from establishing a Water CCO

- LGFA has committed to lend to water CCOs and treat their debt as separate to owning councils' debt, where there is a guarantee or uncalled capital from owning councils in place, and adherence to prudent credit criteria. This means that LGFA would exclude a water CCO's water services debts from owning council's borrowing covenants (e.g., in debt to revenue calculations).
- At an all-council level, Tauranga City Council's debt to revenue is projected to peak at 275% in FY29/30 (against a limit of 280%), before reducing to 257% in FY33/34.
- Because water services are higher leveraged than other council business, establishing a Water CCO and excluding water services revenues and debts from LGFA's consideration of Tauranga City Council would create significant new borrowing headroom for TCC. **By FY33/34 this creates $568 million in new borrowing capacity for TCC**. At LTP projected revenues, **net debt to revenue would reduce to 175% by FY33/34**.
- If TCC also secured increased borrowing capacity from LGFA as a high-growth council (to 350% of revenues), then this would add a further $487 million in borrowing capacity for TCC by FY33/34.
- New borrowing headroom created for TCC would significantly improve the council's financial position. This could allow general rates to be reduced, using this new borrowing capacity to fund future non-water infrastructure investment that would otherwise be rates funded.
- Consideration could also be given as to how TCC borrowing capacity could potentially be utilised to support water services investment requirements, through this would require corporate financing and structuring advice.





Council net debt to operating revenue if CCO established ($m)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Operating revenue - excluding water services	486	593	595	617	605	577	597	644	659	695
Net debt - excluding water services	858	969	1,030	1,117	1,209	1,201	1,221	1,213	1,215	1,219
Net debt to operating revenue - excluding water services	176%	163%	173%	181%	200%	208%	204%	188%	184%	175%
Debt headroom created for TCC from establishing a Water CCO ($m)	293	366	416	450	434	386	399	440	498	568
Net debt to operating revenue - including water services (LTP)	237%	225%	243%	254%	272%	275%	271%	257%	260%	257%

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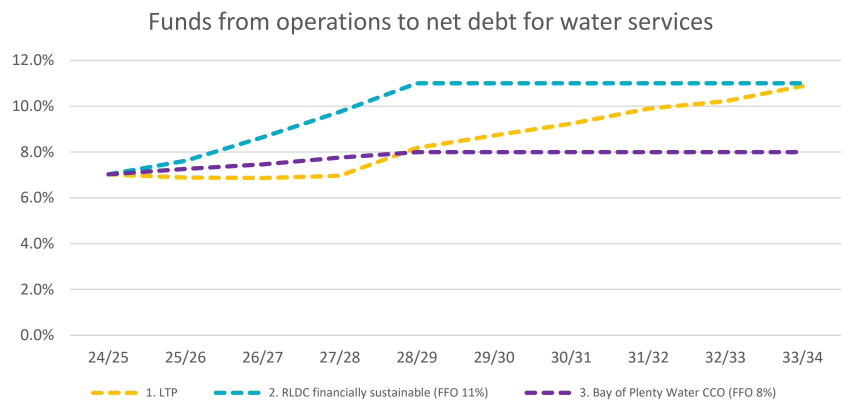
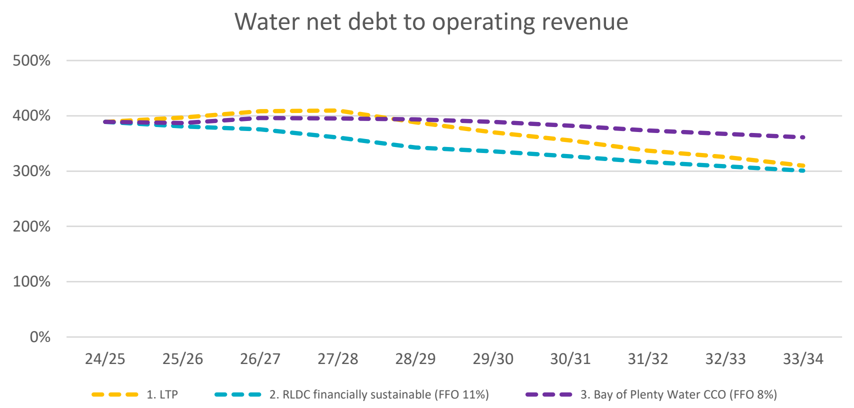
Rotorua Lakes District Council

Rotorua Lakes District Council (RLDC) – borrowing metrics

Debt to revenue and 'FFO to net debt' metrics under scenarios

- The FFO to net debt metrics below are the key driving assumption of revenues, charges and borrowing requirements under the various scenarios.
- A higher FFO requirement means more revenues to support a given level of borrowings.
- **The higher the FFO, the more financially sustainable the service**. This, however, **needs to balanced against affordability considerations**.
- The scenarios have been developed and compared:
    - Scenario **1. LTP**: 2024-34 LTP projections;
    - Scenario **2. RLDC financially sustainable (FFO 11%)**: 2024-34 LTP projections, modified so that a target FFO to debt ratio of 11% is met from 1 July 2028 onwards (this applies to in-house delivery or a RLDC owned Water CCO); and
    - Scenario **3. Bay of Plenty Water CCO (FFO 8%)**: 2024-34 LTP projections, modified so that a target FFO to debt ratio of 8% is met from 1 July 2028 onwards.
- Establishing a Bay of Plenty Water CCO would enable a lower FFO to net debt ratio than projected in RLDC's 2024-34 LTP. This in turn enables greater leverage on a net debt to revenue basis.





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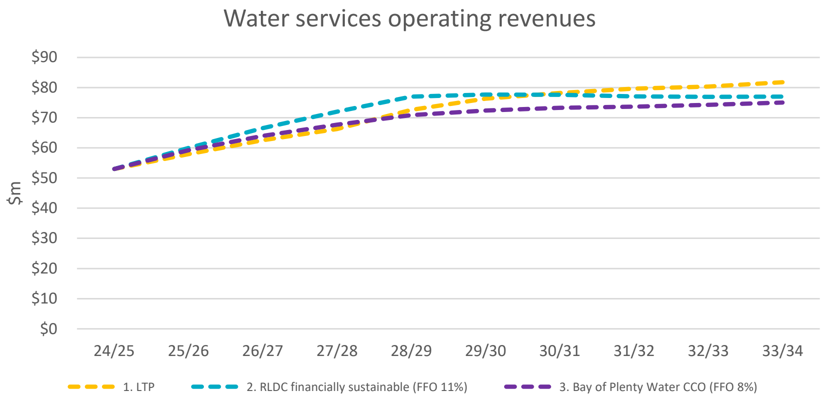
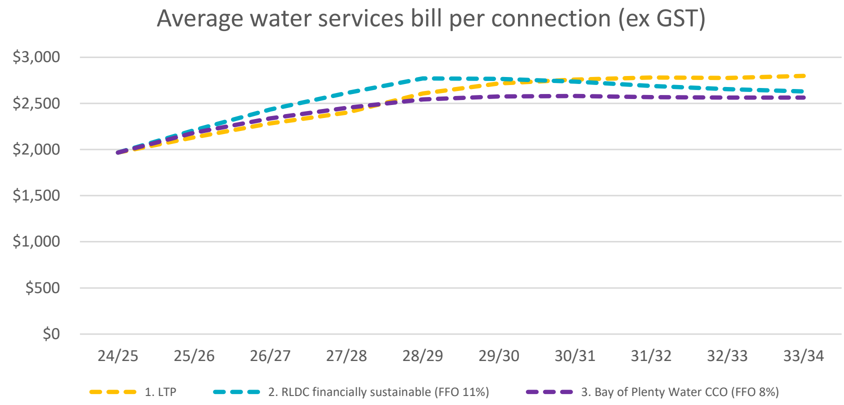
Rotorua Lakes District Council – revenue and charges

Revenue and pricing requirements under scenarios

- The 2024-34 LTP projects water services revenues to increase from $53 million in FY24/25 to $82 million in FY33/34 (+54% over nine years).
- This results in calculated average charges increasing from $1,966+GST in FY24/25 to $2,799+GST in FY33/34 (+42% over nine years).
- Under the Water CCO scenarios run below, water services operating revenues (and charges) could be set lower than projected in the 2024-34 LTP.
- Establishing a Bay of Plenty Water CCO would enable lower minimum operating revenue and charges to support the borrowings required to deliver RLDC's water services capital programme.





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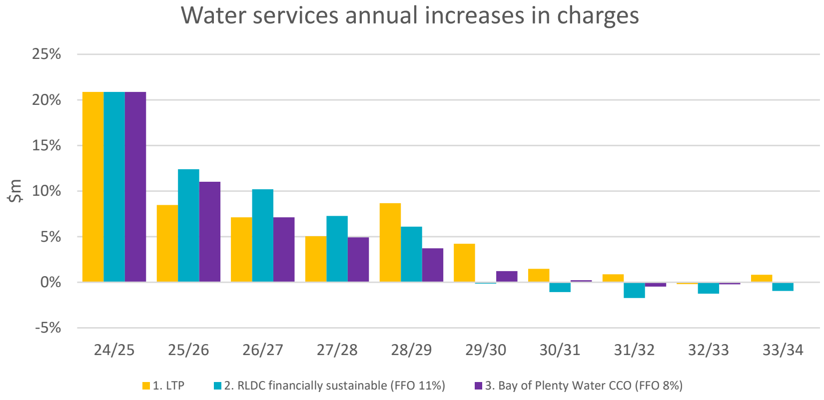
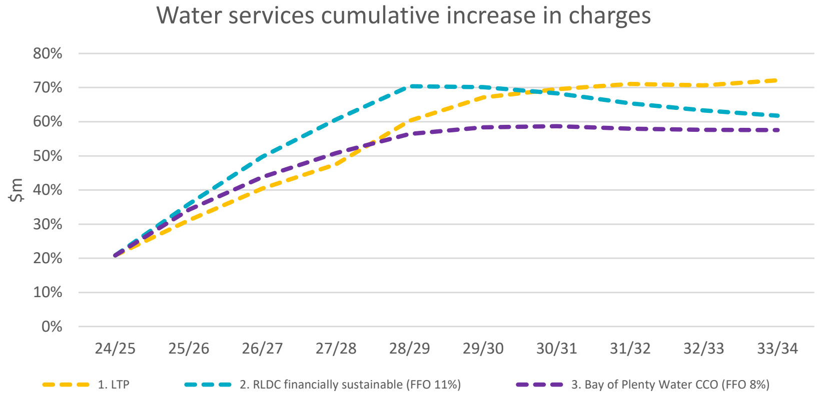
Rotorua Lakes District Council – price increases per year

Annual price increases under scenarios

- Setting water services revenues to meet minimum FFO requirements, for the given level of investment and operating costs, would result in lower charges than set out in the 2024-34 LTP, if a Bay of Plenty Water CCO is established.
- Consideration could be given to smoothing the impact of price increases over a number of years to bring revenues up to financially sustainable levels, and avoid one-off price shocks.
- Rotorua Lakes District Council would also receive significant new borrowing headroom as owning council from establishing a Water CCO. This new borrowing headroom could be used to reduce non-water rates requirements. The following slide sets this out in further detail.





Price increases	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34
Scenario 1. LTP	21%	8%	7%	5%	9%	4%	1%	1%	0%	1%
Scenario 2. RLDC financially sustainable (FFO 11%)	21%	12%	10%	7%	6%	0%	-1%	-2%	-1%	-1%
Scenario 3. Bay of Plenty Water CCO (FFO 8%)	21%	11%	7%	5%	4%	1%	0%	0%	0%	0%

Price increases cumulative	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34
Scenario 1. LTP	21%	31%	40%	48%	60%	67%	70%	71%	71%	72%
Scenario 2. RLDC financially sustainable (FFO 11%)	21%	36%	50%	61%	70%	70%	68%	65%	63%	62%
Scenario 3. Bay of Plenty Water CCO (FFO 8%)	21%	34%	44%	51%	56%	58%	59%	58%	58%	58%

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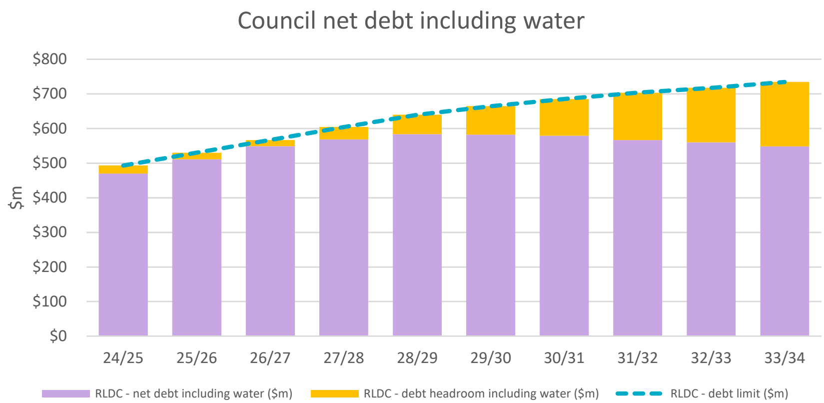
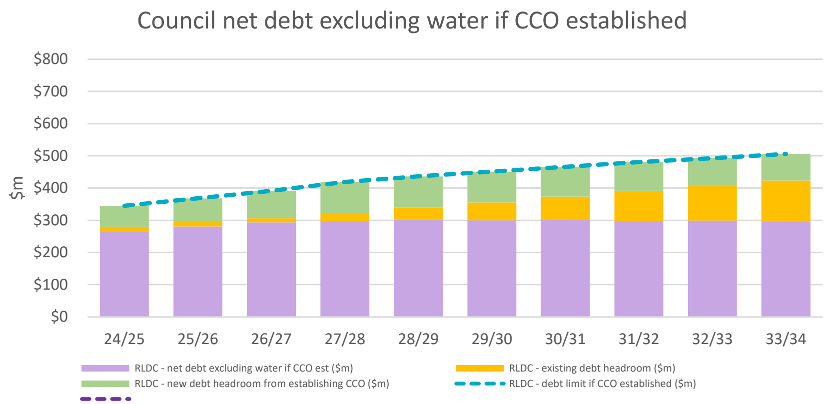
Establishing a Water CCO creates new borrowing headroom for RLDC

Impact on council financial position from establishing a Water CCO

- LGFA has committed to lend to water CCOs and treat their debt as separate to owning councils' debt, where there is a guarantee or uncalled capital from owning councils in place, and adherence to prudent credit criteria. This means that LGFA would exclude a water CCO's water services debts from owning council's borrowing covenants (e.g., in debt to revenue calculations).
- At an all-council level, RLDCs debt to revenue is projected to peak at 271% in FY26/27 (against a limit of 280%), before reducing to 209% in FY33/34.
- Because water services are higher leveraged than other council business, establishing a Water CCO and excluding water services revenues and debts from LGFA's consideration of RLDC would create significant new borrowing headroom for RLDC. **By FY33/34 this creates $83 million in new borrowing capacity for RLDC**. At LTP projected revenues, **net debt to revenue would reduce to 163% by FY33/34**.
- New borrowing headroom created for RLDC would significantly improve the council's financial position. This could allow general rates to be reduced, using this new borrowing capacity to fund future non-water infrastructure investment that would otherwise be rates funded.





Council net debt to operating revenue if CCO established ($m)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Operating revenue - excluding water services	123	131	140	150	156	161	167	172	176	181
Net debt - excluding water services	264	281	294	297	302	300	301	299	299	295
Net debt to operating revenue - excluding water services	214%	214%	210%	199%	194%	186%	181%	174%	170%	163%
Debt headroom created for RLDC from establishing a Water CCO ($m)	65	74	86	97	96	95	93	89	86	83
Net debt to operating revenue - including water services (LTP)	267%	270%	271%	263%	255%	245%	237%	226%	219%	209%

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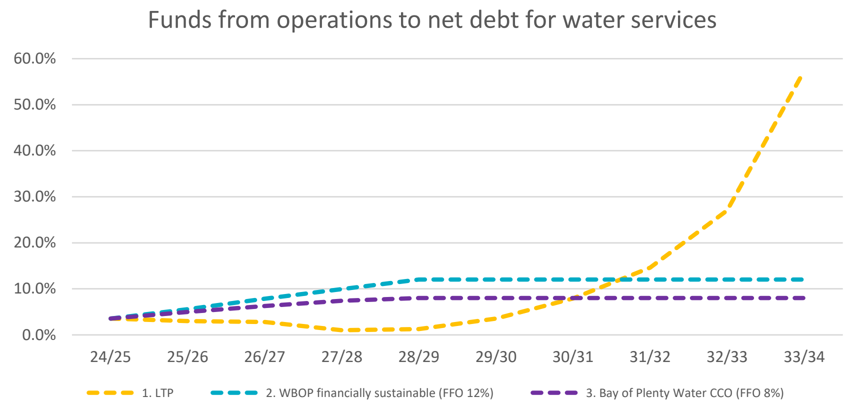
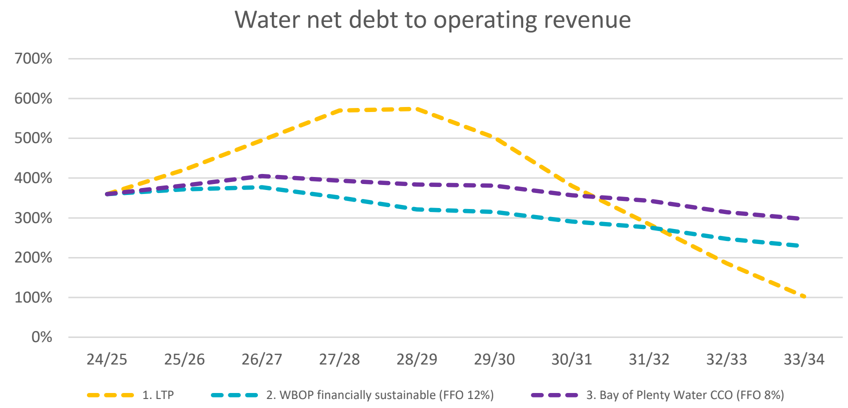
Western Bay of Plenty District Council

Western Bay of Plenty District Council (WBOP) – borrowing metrics

Debt to revenue and 'FFO to net debt' metrics under scenarios

- The FFO to net debt metrics below are the key driving assumption of revenues, charges and borrowing requirements under the various scenarios.
- A higher FFO requirement means more revenues to support a given level of borrowings.
- **The higher the FFO, the more financially sustainable the service**. This, however, **needs to balanced against affordability considerations**.
- The scenarios have been developed and compared:
  - Scenario **1. LTP**: 2024-34 LTP projections;
  - Scenario **2. WBOP financially sustainable (FFO 12%)**: 2024-34 LTP projections, modified so that a target FFO to debt ratio of 12% is met from 1 July 2028 onwards (this applies to in-house delivery or a WBOP owned Water CCO); and
  - Scenario **3. Bay of Plenty Water CCO (FFO 8%)**: 2024-34 LTP projections, modified so that a target FFO to debt ratio of 8% is met from 1 July 2028 onwards.
- Financially sustainable water services provision for WBOP requires a higher FFO to net debt than shown in the first half of the 2024-34 LTP. Establishing a Bay of Plenty Water CCO, however, would enable leverage to be kept at minimum required FFO to net debt levels, negating the requirement for future revenue and price increases to repay water services borrowings by FY33/34.





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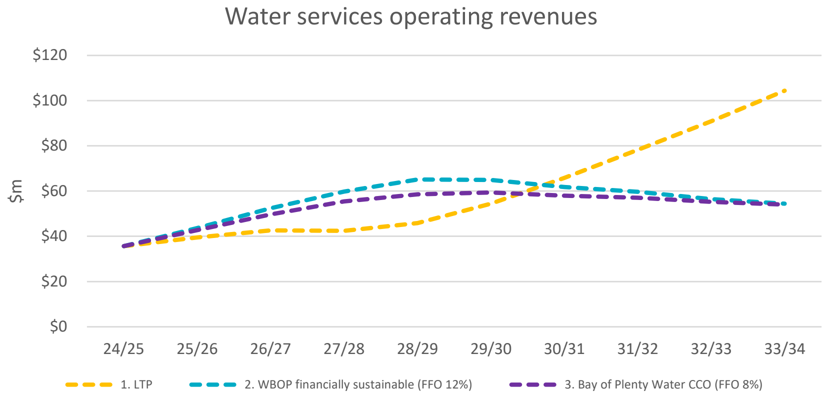
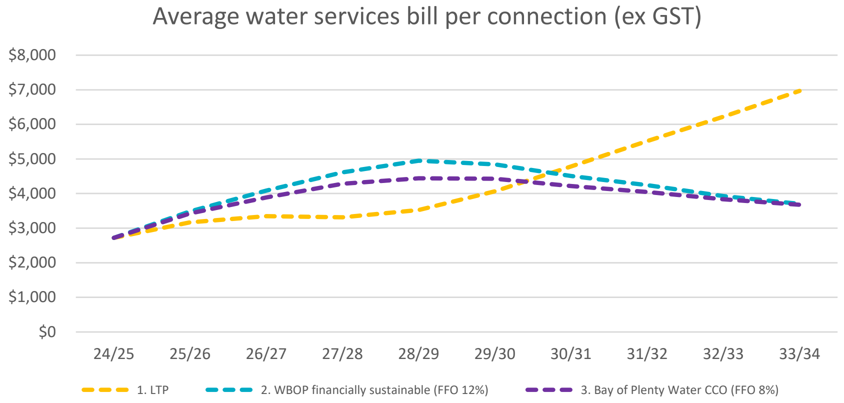
Western Bay of Plenty District Council – revenue and charges

Revenue and pricing requirements under scenarios

- The 2024-34 LTP projects water services revenues to increase from $36 million in FY24/25 to $104 million in FY33/34 (+193% over nine years).
- This results in calculated average charges increasing from $2,721+GST in FY24/25 to $6,968+GST in FY33/34 (+156% over nine years).
- Under a Bay of Plenty Water CCO, water services operating revenues (and charges) would need to be higher than set out in the first half of the LTP period (which is required for financially sustainable water services); however results in significant savings in the second half of the LTP period.
- Establishing a Bay of Plenty Water CCO would enable lower minimum operating revenue and charges to support the borrowings required to deliver WBOP's water services capital programme than would otherwise be required on a financially sustainable basis in-house or for a WBOP owned Water CCO..





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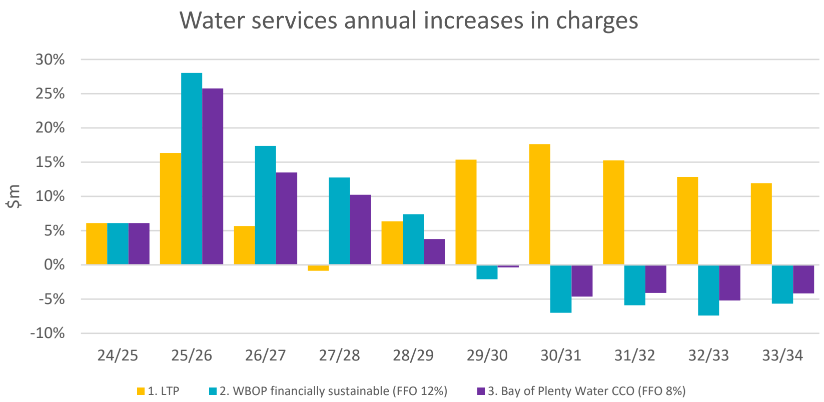
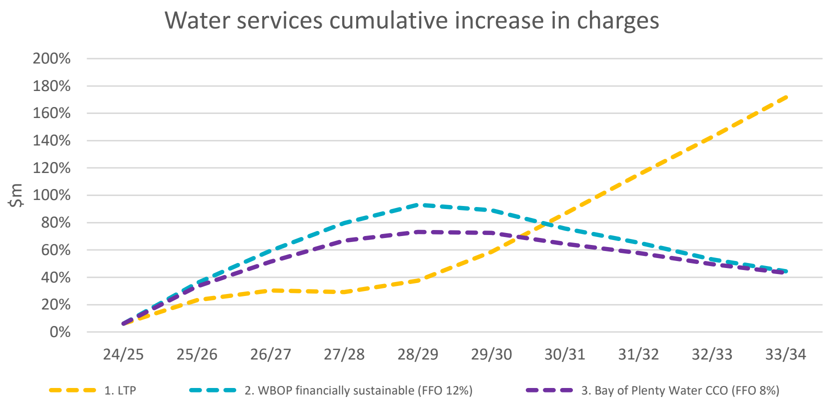
Western Bay of Plenty District Council – price increases per year

Annual price increases under scenarios

- Setting water services revenues to meet minimum FFO requirements, for the given level of investment and operating costs, would result in lower charges than set out in the 2024-34 LTP, if a Bay of Plenty Water CCO is established.
- Consideration could be given to smoothing the impact of price increases over a number of years to bring revenues up to financially sustainable levels, and avoid one-off price shocks.
- WBOP would also receive significant new borrowing headroom as owning council from establishing a Water CCO. This new borrowing headroom could be used to reduce non-water rates requirements. The following slide sets this out in further detail.





Price increases	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34
Scenario 1. LTP	6%	16%	6%	-1%	6%	15%	18%	15%	13%	12%
Scenario 2. WBOP financially sustainable (FFO 12%)	6%	28%	17%	13%	7%	-2%	-7%	-6%	-7%	-6%
Scenario 3. Bay of Plenty Water CCO (FFO 8%)	6%	26%	13%	10%	4%	0%	-5%	-4%	-5%	-4%

Price increases cumulative	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34
Scenario 1. LTP	6%	23%	30%	29%	37%	59%	87%	115%	143%	172%
Scenario 2. WBOP financially sustainable (FFO 12%)	6%	36%	59%	80%	93%	89%	76%	65%	53%	44%
Scenario 3. Bay of Plenty Water CCO (FFO 8%)	6%	33%	51%	67%	73%	73%	65%	58%	50%	43%

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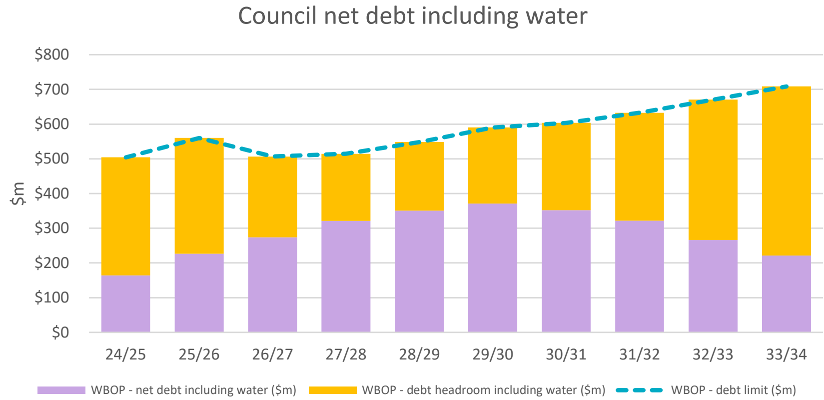
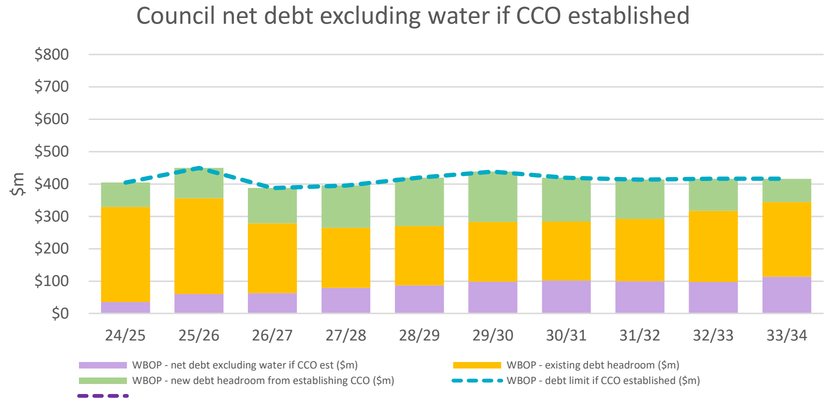
Establishing a Water CCO creates new borrowing headroom for WBOP

Impact on council financial position from establishing a Water CCO

- LGFA has committed to lend to water CCOs and treat their debt as separate to owning councils' debt, where there is a guarantee or uncalled capital from owning councils in place, and adherence to prudent credit criteria. This means that LGFA would exclude a water CCO's water services debts from owning council's borrowing covenants (e.g., in debt to revenue calculations).
- At an all-council level, WBOPs debt to revenue is projected to peak at 179% in FY28/29 (against a covenant of 280%, and council self-imposed limit of 200%), before being paid down to 87% in FY33/34.
- Because water services are higher leveraged than other council business, establishing a Water CCO and excluding water services revenues and debts from LGFA's consideration of WBOP would create significant new borrowing headroom for WBOP. **By FY28/29 this creates $181 million in new borrowing capacity for WBOP**. At LTP projected revenues, **net debt to revenue would reduce from the LTP projected 179% to 58% in FY28/29**.
- New borrowing headroom created for WBOP would significantly improve the council's financial position. This could allow general rates to be reduced, using this new borrowing capacity to fund future non-water infrastructure investment that would otherwise be rates funded.





Council net debt to operating revenue if CCO established ($m)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Operating revenue - excluding water services	144	161	138	141	150	157	150	148	149	149
Net debt - excluding water services	36	60	63	79	87	98	102	99	97	114
Net debt to operating revenue - excluding water services	25%	38%	45%	56%	58%	63%	68%	67%	65%	77%
Debt headroom created for WBOP from establishing a Water CCO ($m)	96	121	147	168	181	177	143	111	68	16
Net debt to operating revenue - including water services (LTP)	91%	113%	151%	175%	179%	176%	163%	142%	111%	87%

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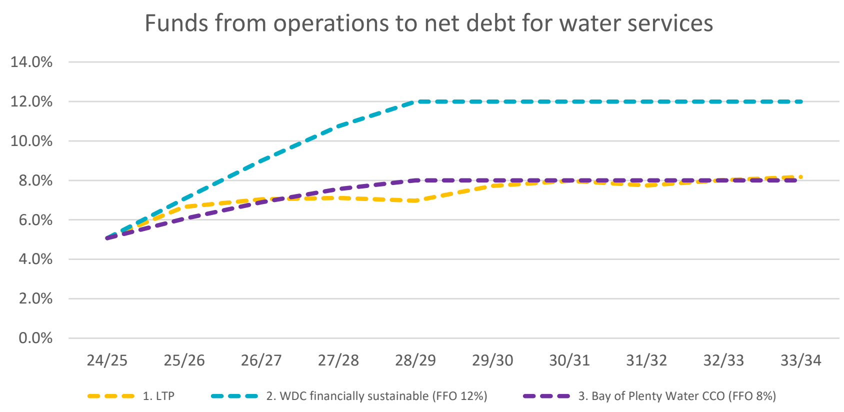
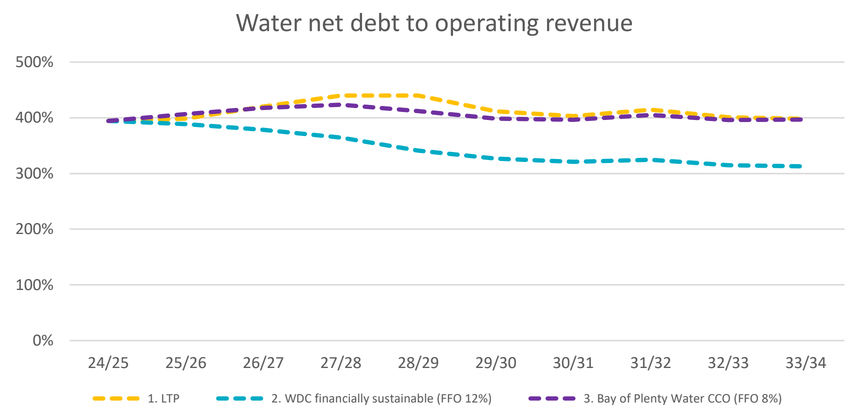
Whakatane District Council

Whakatane District Council (WDC) – borrowing metrics

Debt to revenue and 'FFO to net debt' metrics under scenarios

- The FFO to net debt metrics below are the key driving assumption of revenues, charges and borrowing requirements under the various scenarios.
- A higher FFO requirement means more revenues to support a given level of borrowings.
- **The higher the FFO, the more financially sustainable the service**. This, however, **needs to balanced against affordability considerations**.
- The scenarios have been developed and compared:
  - Scenario **1. LTP**: 2024-34 LTP projections;
  - Scenario **2. WDC financially sustainable (FFO 12%)**: 2024-34 LTP projections, modified so that a target FFO to debt ratio of 12% is met from 1 July 2028 onwards (this applies to in-house delivery or a WDC owned Water CCO); and
  - Scenario **3. Bay of Plenty Water CCO (FFO 8%)**: 2024-34 LTP projections, modified so that a target FFO to debt ratio of 8% is met from 1 July 2028 onwards.
- The 2024-34 LTP projections for WDC's water services are materially in line with requirements under a Bay of Plenty Water CCO. Financially sustainable water services provision for in-house delivery, or under a WDC owned Water CCO, would likely require a higher FFO (and higher revenues) and lower leverage than set out in the 2024-34 LTP.





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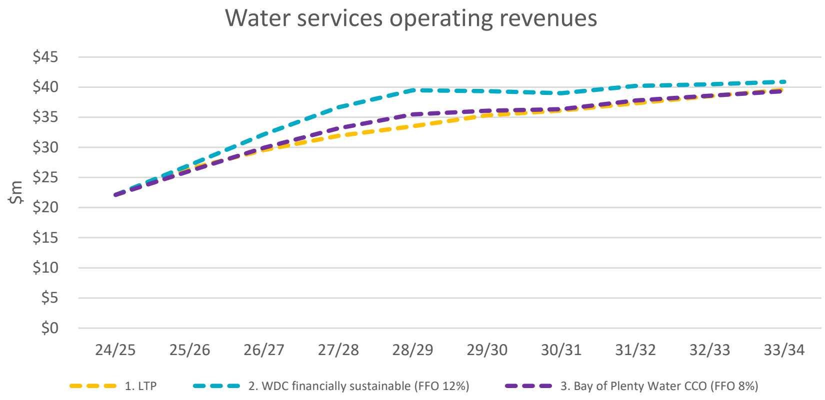
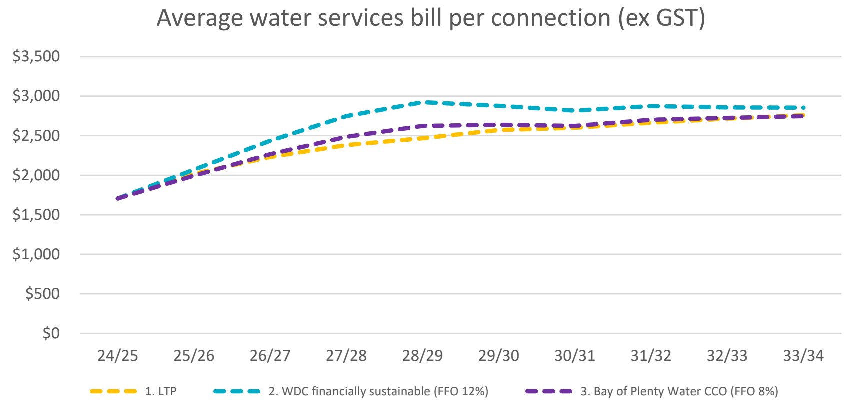
Whakatane District Council – revenue and charges

Revenue and pricing requirements under scenarios

- The 2024-34 LTP projects water services revenues to increase from $22 million in FY24/25 to $40 million in FY33/34 (+79% over nine years).
- This results in calculated average charges increasing from $1,707+GST in FY24/25 to $2,760+GST in FY33/34 (+62% over nine years).
- The 2024-34 LTP projections for WDC's water services are materially in line with requirements under a Bay of Plenty Water CCO.
- In-house water services delivery, or a WDC owned Water CCO, would likely require higher revenues and charges than set out in the 2024-34 LTP (at the LTP assumed levels of operating costs and investment required) to be financially sustainable.
- Establishing a Bay of Plenty Water CCO would therefore enable lower minimum operating revenue and charges to support the borrowings required to deliver WDC's water services capital programme.





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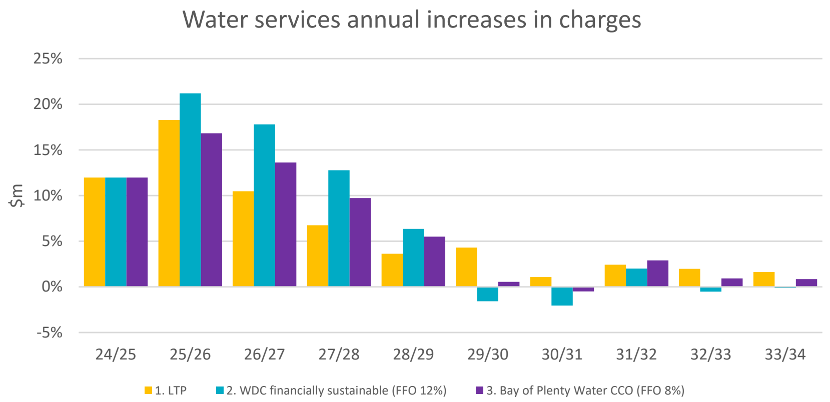
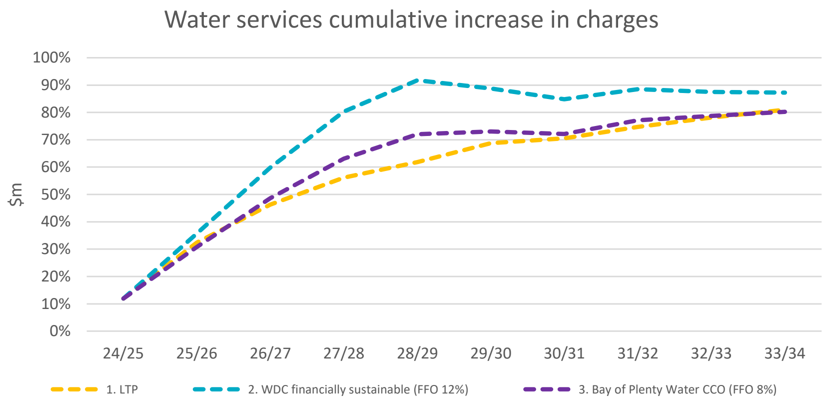
Whakatane District Council – price increases per year

Annual price increases under scenarios

- A Bay of Plenty Water CCO would require water services revenues materially in line with the 2024-34 LTP.
- Consideration could be given to smoothing the impact of price increases over a number of years to bring revenues up to financially sustainable levels, and avoid one-off price shocks.
- Whakatane District Council would also receive significant new borrowing headroom as owning council from establishing a Water CCO. This new borrowing headroom could be used to reduce non-water rates requirements. The following slide sets this out in further detail.





Price increases	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34
Scenario 1. LTP	12%	18%	10%	7%	4%	4%	1%	2%	2%	2%
Scenario 2. WDC financially sustainable (FFO 12%)	12%	21%	18%	13%	6%	-2%	-2%	2%	-1%	0%
Scenario 3. Bay of Plenty Water CCO (FFO 8%)	12%	17%	14%	10%	5%	1%	0%	3%	1%	1%

Price increases cumulative	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34
Scenario 1. LTP	12%	32%	46%	56%	62%	69%	71%	75%	78%	81%
Scenario 2. WDC financially sustainable (FFO 12%)	12%	36%	60%	80%	92%	89%	85%	88%	87%	87%
Scenario 3. Bay of Plenty Water CCO (FFO 8%)	12%	31%	49%	63%	72%	73%	72%	77%	79%	80%

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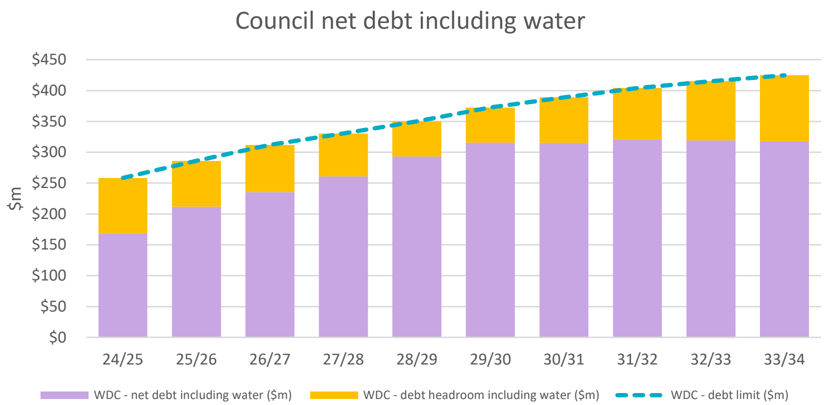
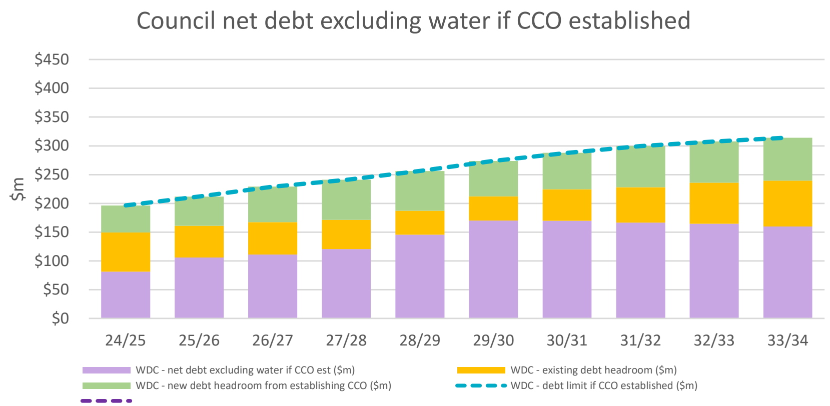
Establishing a Water CCO creates new borrowing headroom for WDC

Impact on council financial position from establishing a Water CCO

- LGFA has committed to lend to water CCOs and treat their debt as separate to owning councils' debt, where there is a guarantee or uncalled capital from owning councils in place, and adherence to prudent credit criteria. This means that LGFA would exclude a water CCO's water services debts from owning council's borrowing covenants (e.g., in debt to revenue calculations).
- At an all-council level, WDC's debt to revenue is projected to peak at 237% in FY29/30 (against a covenant of 280%), reducing to 209% by FY33/34.
- Because water services are higher leveraged than other council business, establishing a Water CCO and excluding water services revenues and debts from LGFA's consideration of WDC would create significant new borrowing headroom for WBOP. **By FY33/34 this creates $75 million in new borrowing capacity for WDC**. At LTP projected revenues, **net debt to revenue would reduce from the LTP projected peak of 237% to 174% in FY29/30**.
- New borrowing headroom created for WDC would significantly improve the council's financial position. This could allow general rates to be reduced, using this new borrowing capacity to fund future non-water infrastructure investment that would otherwise be rates funded.





Council net debt to operating revenue if CCO established ($m)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Operating revenue - excluding water services	70	76	82	86	92	98	103	107	110	112
Net debt - excluding water services	81	106	111	121	146	170	170	167	165	160
Net debt to operating revenue - excluding water services	116%	140%	136%	140%	159%	174%	165%	156%	150%	143%
Debt headroom created for WDC from establishing a Water CCO ($m)	47	51	62	70	69	62	64	72	72	75
Net debt to operating revenue - including water services (LTP)	183%	207%	211%	221%	234%	237%	227%	223%	215%	209%

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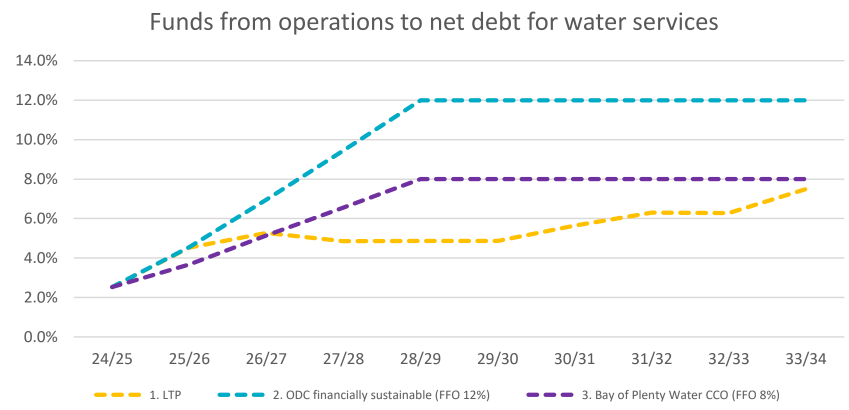
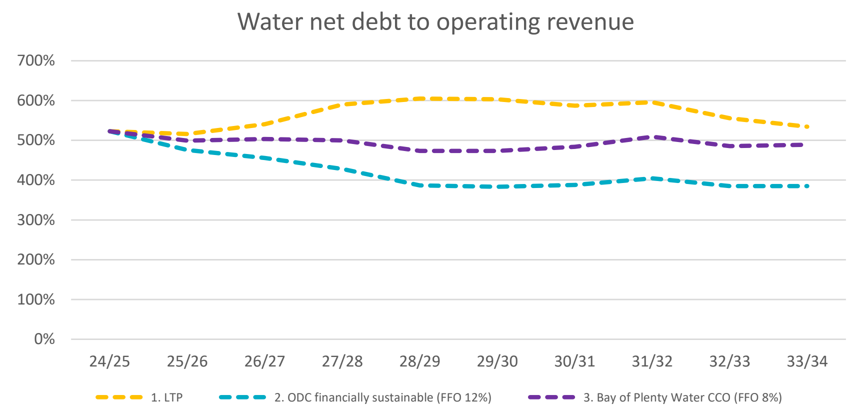
Opotiki District Council

Opotiki District Council (ODC) – borrowing metrics

Debt to revenue and 'FFO to net debt' metrics under scenarios

- The FFO to net debt metrics below are the key driving assumption of revenues, charges and borrowing requirements under the various scenarios.
- A higher FFO requirement means more revenues to support a given level of borrowings.
- **The higher the FFO, the more financially sustainable the service**. This, however, **needs to balanced against affordability considerations**.
- The scenarios have been developed and compared:
    - Scenario **1. LTP**: 2024-34 LTP projections;
    - Scenario **2. ODC financially sustainable (FFO 12%)**: 2024-34 LTP projections, modified so that a target FFO to debt ratio of 12% is met from 1 July 2028 onwards (this applies to in-house delivery or an ODC owned Water CCO); and
    - Scenario **3. Bay of Plenty Water CCO (FFO 8%)**: 2024-34 LTP projections, modified so that a target FFO to debt ratio of 8% is met from 1 July 2028 onwards.
- Where a minimum FFO to net debt requirement is met by 1 July 2028, water leverage is lower than LTP. This is due to requiring higher revenues to provide the necessary operating cash margins. Establishing a Bay of Plenty Water CCO, however, would enable a lower minimum FFO and higher leverage (requiring relatively lower revenues) than an ODC Water CCO, or in-house delivery with the same financial sustainability characteristics.





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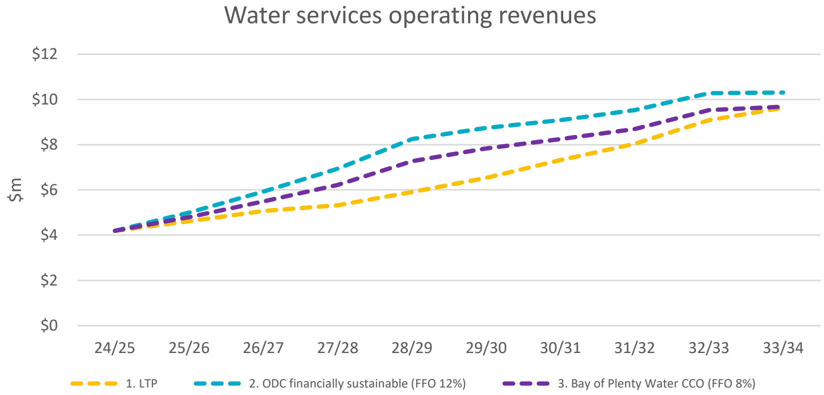
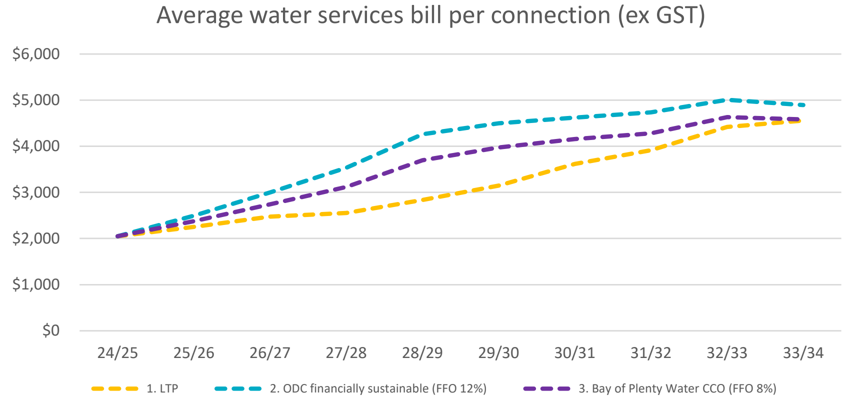
Opotiki District Council – revenue and charges

Revenue and pricing requirements under scenarios

- The 2024-34 LTP projects water services revenues to increase from $4 million in FY24/25 to $10 million in FY33/34 (+130% over nine years).
- This results in calculated average charges increasing from $2,049+GST in FY24/25 to $4,558+GST in FY33/34 (+122% over nine years).
- The 2024-34 LTP projections for ODC's water services are lower than requirements under a Bay of Plenty Water CCO, due to the LTP providing a lower FFO to net debt than a bankable stand-alone service would require.
- In-house water services delivery, or an ODC owned Water CCO, would likely require higher revenues and charges than set out in the 2024-34 LTP (at the LTP assumed levels of operating costs and investment required) to have similar financial sustainability characteristics as a Bay of Plenty Water CCO.
- The proposed capital investment requirement is the largest driver of revenue requirements, and required charges to consumers. A lower capital programme, or changes to timing of delivery, would have a significant impact on household charges. Changes to wastewater standards and new National Engineering Design Standards should assist in reducing the capital investment requirement for ODC against what is provisioned in the LTP.





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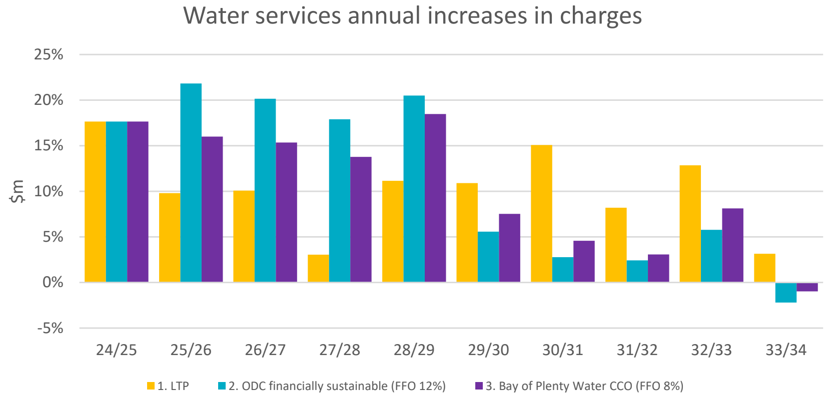
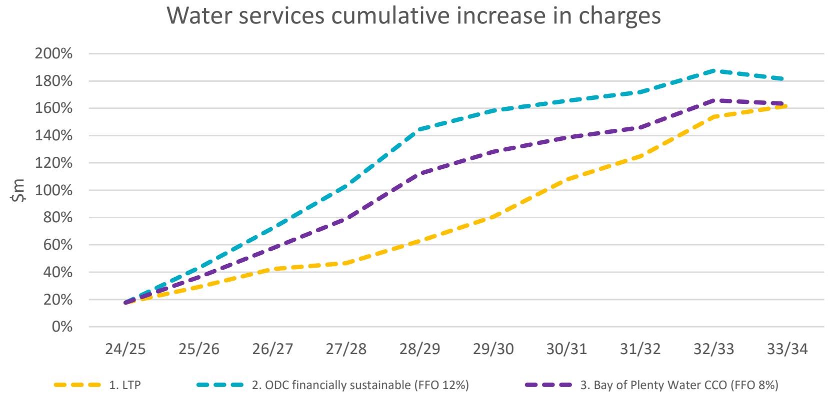
Opotiki District Council – price increases per year

Annual price increases under scenarios

- A Bay of Plenty Water CCO would require higher water services revenues than set out in the 2024-34 LTP to provide the necessary operating cash margins.
- Consideration could be given to smoothing the impact of price increases over a number of years to bring revenues up to financially sustainable levels, and avoid one-off price shocks.
- Opotiki District Council would receive significant new borrowing headroom as owning council from establishing a Water CCO. This new borrowing headroom could be used to reduce non-water rates requirements. The following slide sets this out in further detail.





Price increases	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34
Scenario 1. LTP	18%	10%	10%	3%	11%	11%	15%	8%	13%	3%
Scenario 2. ODC financially sustainable (FFO 12%)	18%	22%	20%	18%	20%	6%	3%	2%	6%	-2%
Scenario 3. Bay of Plenty Water CCO (FFO 8%)	18%	16%	15%	14%	18%	8%	5%	3%	8%	-1%

Price increases cumulative	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34
Scenario 1. LTP	18%	29%	42%	47%	63%	81%	108%	125%	154%	162%
Scenario 2. ODC financially sustainable (FFO 12%)	18%	43%	72%	103%	145%	158%	165%	172%	188%	181%
Scenario 3. Bay of Plenty Water CCO (FFO 8%)	18%	36%	57%	79%	112%	128%	139%	146%	166%	163%

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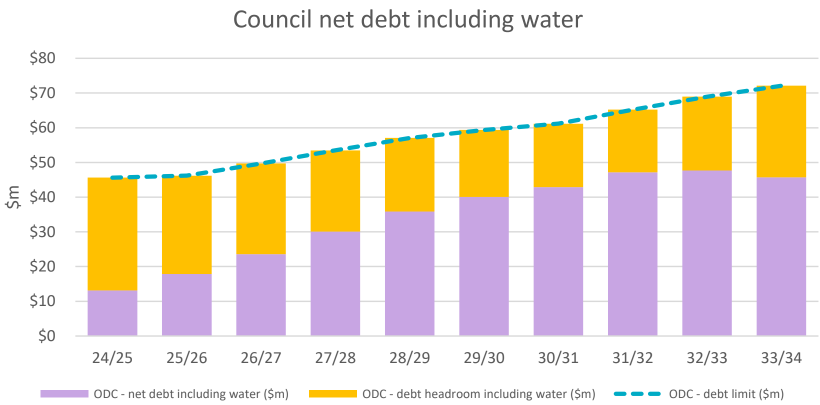
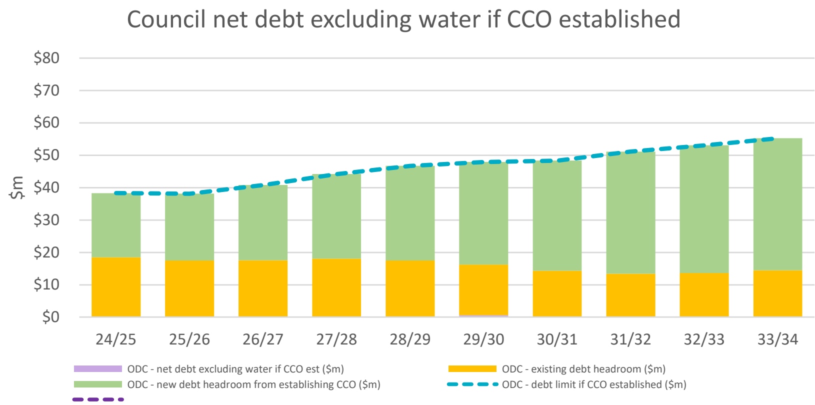
Establishing a Water CCO creates new borrowing headroom for ODC

Impact on council financial position from establishing a Water CCO

- LGFA has committed to lend to water CCOs and treat their debt as separate to owning councils' debt, where there is a guarantee or uncalled capital from owning councils in place, and adherence to prudent credit criteria. This means that LGFA would exclude a water CCO's water services debts from owning council's borrowing covenants (e.g., in debt to revenue calculations).
- At an all-council level, ODC's debt to revenue is projected to peak at 127% in FY31/32 (against a covenant of 175%), reducing to 111% by FY33/34.
- Because water services are higher leveraged than other council business, establishing a Water CCO and excluding water services revenues and debts from LGFA's consideration of ODC would create significant new borrowing headroom for ODC, eliminating all council debt. **By FY33/34 this creates $41 million in new borrowing capacity for ODC**. **ODC would effectively have no debt** at LTP projected levels of revenues, as the council's borrowings relate to water services, which would transfer to a CCO.
- New borrowing headroom created for ODC would significantly improve the council's financial position. This could allow general rates to be reduced, using this new borrowing capacity to fund future non-water infrastructure investment that would otherwise be rates funded.





Council net debt to operating revenue if CCO established ($m)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Operating revenue - excluding water services	22	22	23	25	27	27	28	29	30	32
Net debt - excluding water services	(9)	(6)	(4)	(1)	0	1	(0)	(1)	(3)	(6)
Net debt to operating revenue - excluding water services	-40%	-27%	-16%	-5%	1%	2%	0%	-2%	-9%	-18%
Debt headroom created for ODC from establishing a Water CCO ($m)	20	21	23	26	29	32	34	38	39	41
Net debt to operating revenue - including water services (LTP)	50%	68%	83%	98%	110%	118%	123%	127%	121%	111%

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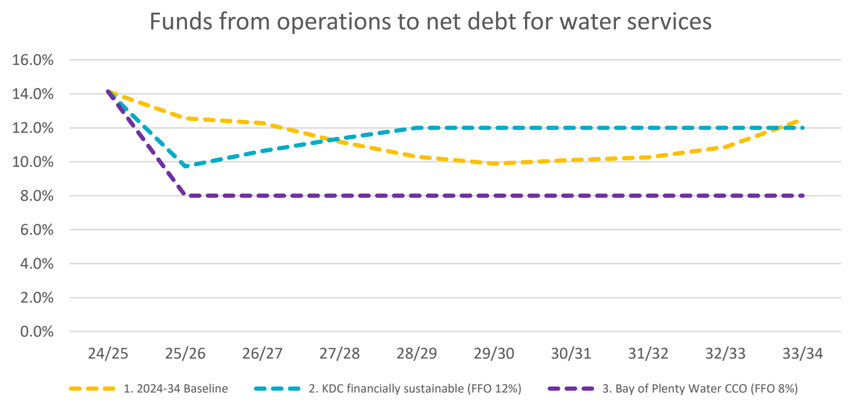
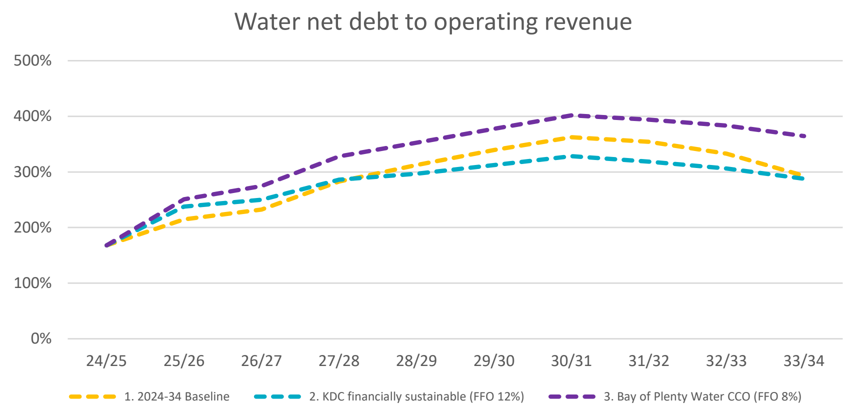
Kawerau District Council

Kawerau District Council (KDC) – borrowing metrics

Debt to revenue and 'FFO to net debt' metrics under scenarios

- The FFO to net debt metrics below are the key driving assumption of revenues, charges and borrowing requirements under the various scenarios.
- A higher FFO requirement means more revenues to support a given level of borrowings.
- **The higher the FFO, the more financially sustainable the service**. This, however, **needs to balanced against affordability considerations**.
- The scenarios have been developed and compared:
  - Scenario **1. 2024-34 Baseline**: baseline 2024-34 projections provided by KDC officers.
  - Scenario **2. KDC financially sustainable (FFO 12%)**: baseline 2024-34 projections , modified so that a target FFO to debt ratio of 12% is met from 1 July 2028 onwards (this applies to in-house delivery or a KDC owned Water CCO); and
  - Scenario **3. Bay of Plenty Water CCO (FFO 8%)**: baseline 2024-34 projections , modified so that a target FFO to debt ratio of 8% is met from 1 July 2028 onwards.
- The minimum FFO to net debt requirements under the tested scenarios is lower than set out in KDC baseline financial projections. Establishing a Bay of Plenty Water CCO, would enable a lower minimum FFO and higher leverage (requiring marginally lower revenues).





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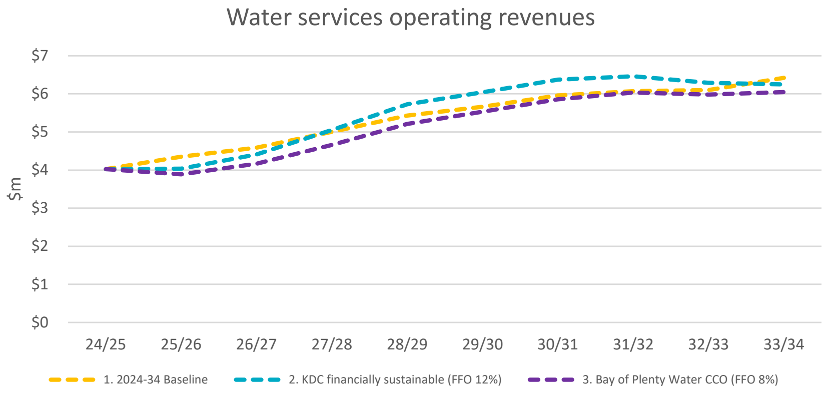
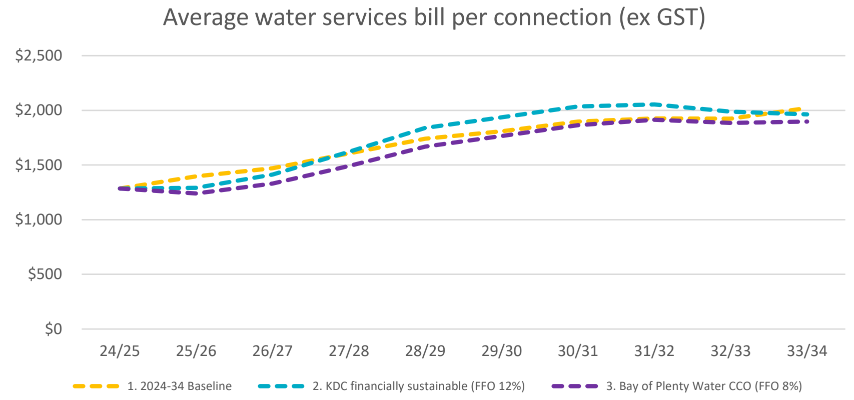
Kawerau District Council – revenue and charges

Revenue and pricing requirements under scenarios

- The 2024-34 baseline financial projections provided by KDC officers shows water services revenues to increase from $4.0 million in FY24/25 to $6.4 million in FY33/34 (+60% over nine years).
- This results in calculated average charges increasing from $1,285+GST in FY24/25 to $2,020+GST in FY33/34 (+57% over nine years).
- The baseline projected revenue requirements are materially in line with minimum revenue requirements under a Bay of Plenty Water CCO.





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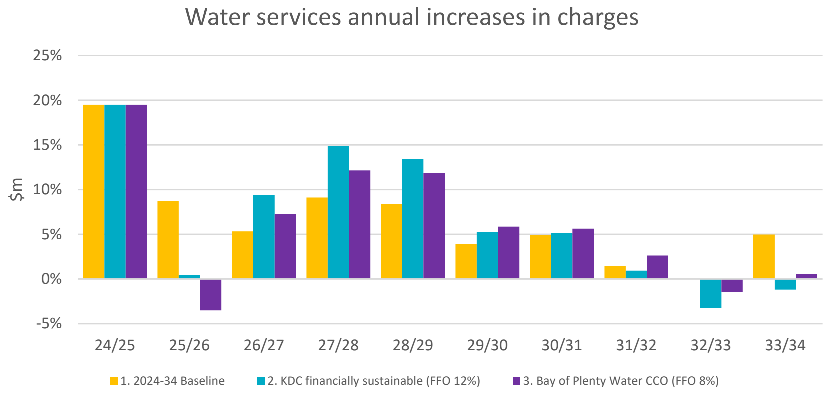
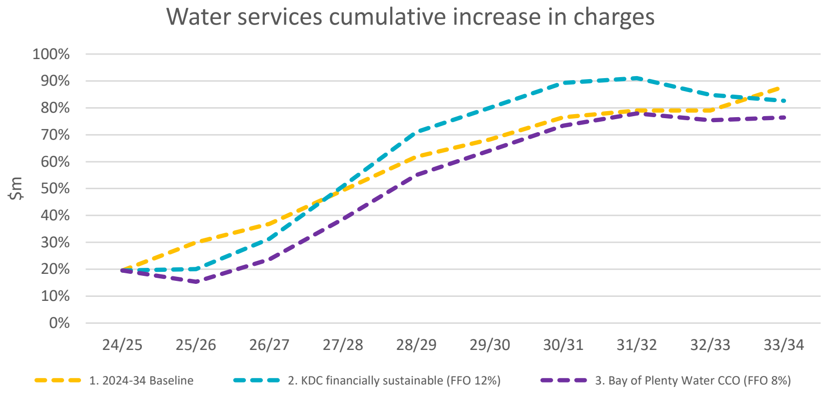
Kawerau District Council – price increases per year

Annual price increases under scenarios

- Revenues and charges to households would be materially similar whether delivered in-house or as part of a Bay of Plenty Water CCO.
- Consideration could be given to smoothing the impact of price increases over a number of years to bring revenues up to financially sustainable levels, and avoid one-off price shocks.
- Kawerau District Council would, however, receive significant new borrowing headroom as owning council from establishing a Water CCO. This new borrowing headroom could be used to reduce non-water rates requirements. The following slide sets this out in further detail.





Price increases	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34
Scenario 1. 2024-34 Baseline	20%	9%	5%	9%	8%	4%	5%	1%	0%	5%
Scenario 2. KDC financially sustainable (FFO 12%)	20%	0%	9%	15%	13%	5%	5%	1%	-3%	-1%
Scenario 3. Bay of Plenty Water CCO (FFO 8%)	20%	-4%	7%	12%	12%	6%	6%	3%	-1%	1%

Price increases cumulative	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34
Scenario 1. 2024-34 Baseline	20%	30%	37%	49%	62%	68%	77%	79%	79%	88%
Scenario 2. KDC financially sustainable (FFO 12%)	20%	20%	31%	51%	71%	80%	89%	91%	85%	83%
Scenario 3. Bay of Plenty Water CCO (FFO 8%)	20%	15%	24%	39%	55%	64%	73%	78%	75%	76%

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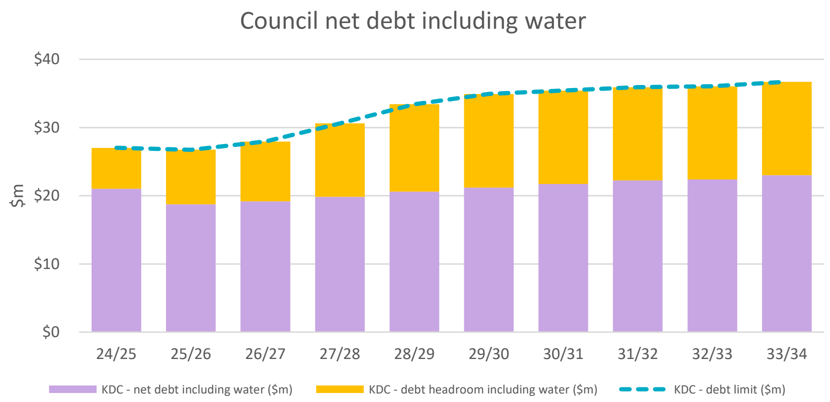
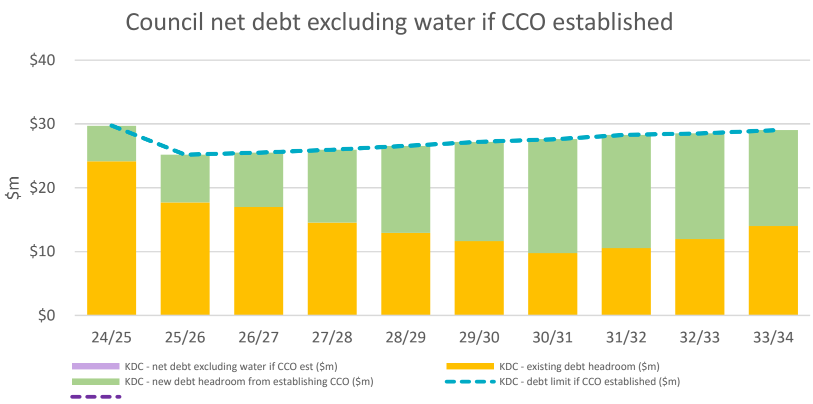
Establishing a Water CCO creates new borrowing headroom for KDC

Impact on council financial position from establishing a Water CCO

- LGFA has committed to lend to water CCOs and treat their debt as separate to owning councils' debt, where there is a guarantee or uncalled capital from owning councils in place, and adherence to prudent credit criteria. This means that LGFA would exclude a water CCO's water services debts from owning council's borrowing covenants (e.g., in debt to revenue calculations).
- At an all-council level, KDC's debt to revenue is projected to peak at 65% in FY29/30 (against a covenant of 280%), reducing to 60% by FY33/34. Virtually all of KDC's borrowings relate to water services.
- Because water services are higher leveraged than other council business, establishing a Water CCO and excluding water services revenues and debts from LGFA's consideration of KDC would create significant new borrowing headroom for KDC, eliminating all council debt. **By FY33/34 this creates $15 million in new borrowing capacity for KDC**. **KDC would effectively have no debt** at LTP projected levels of revenues, as the council's borrowings relate to water services, which would transfer to a CCO.
- New borrowing headroom created for KDC would significantly improve the council's financial position. This could allow general rates to be reduced, using this new borrowing capacity to fund future non-water infrastructure investment that would otherwise be rates funded.





Council net debt to operating revenue if CCO established ($m)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Operating revenue - excluding water services	17	14	15	15	15	16	16	16	16	17
Net debt - excluding water services	(1)	(1)	(2)	(3)	(4)	(6)	(8)	(8)	(7)	(5)
Net debt to operating revenue - excluding water services	-4%	-9%	-13%	-23%	-27%	-35%	-50%	-48%	-41%	-31%
Debt headroom created for KDC from establishing a Water CCO ($m)	6	7	9	11	14	16	18	18	17	15
Net debt to operating revenue - including water services (LTP)	29%	43%	46%	54%	62%	65%	63%	62%	61%	60%

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