



ATTACHMENTS

**Ordinary Council meeting
Separate Attachments 1**

Thursday, 26 June 2025

Table of Contents

11.1 Annual Plan 2025/26 - Adoption Report
Attachment 1 Annual Plan 2025/26 4

Finding the right

balance

Annual Plan 2025/26



Tauranga City



Draft

What is an Annual Plan?

Every three years Council develops a Long-term plan (LTP) in consultation with our community. This sets our vision, direction, budgets and work plans for each of the next 10 years.

Our current LTP was finalised in April 2024. The LTP is our 'lead' document and should be the first port of call if you require detailed information about our plans.

An annual plan is produced in the two years between each LTP being developed. It shows any changes to the LTP proposals for that year.

If there are no significant changes in the annual plan from what was proposed in the LTP, then Council are not required to consult with our community. If there are major changes, or Council chooses to engage with the community on its plans, then council does consult.

The rest of this document will outline the changes that have been made to our budgets and work plans compared with the LTP for the year starting 1 July 2025.

Annual report

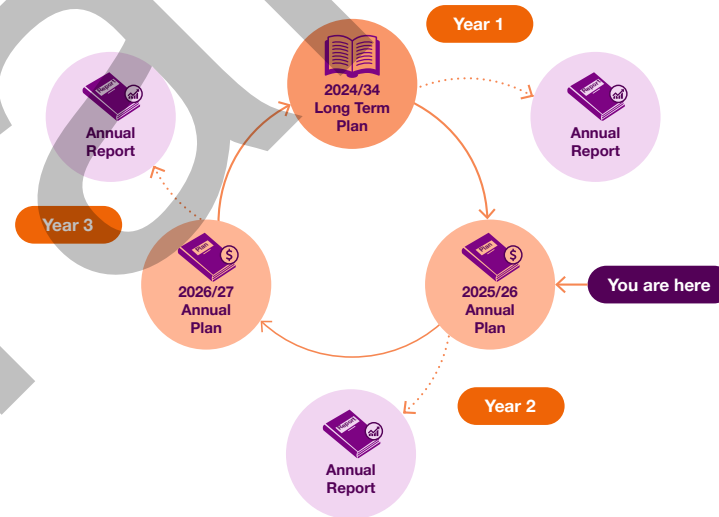
Every year Council also produces an annual report.

This is our main 'accountability' document. It shows our financial situation, how council has performed against the LTP and annual plan, what key decisions Council made, and whether council provided the services council said it would.

Quarterly and six-monthly reporting

Council also produces quarterly reports to track our progress against budgets and a six-monthly report to track our progress against non-financial performance targets.

Council planning and reporting cycle



All these documents are available on the 'Council' section of our website at www.tauranga.govt.nz

Kia ora

Welcome to our

Annual Plan 2025/26

This document outlines our budget and work plans for the year starting 1 July 2025 and identifies how these have changed from the proposals outlined for year two of our 2024-34 Long-term Plan.

Essentially, it sets our direction for the year while providing transparency and accountability for our community.



A message from the Mayor and Councillors

Tauranga City Council's Annual Plan 2025/26 aims to strike the right balance between investing in our city's future and rates affordability today.

During consultation about the draft plan in April, we held more than 20 community events, received 968 submissions and 68 people spoke to their submissions at hearings. We have considered everyone's feedback and have taken what we believe is a financially prudent approach to the organisation's work programme for the next financial year.

Our priorities were to achieve a balanced budget which invests in essential infrastructure and funds the depreciation on Council assets. This means we will be able to modernise or renew them when they reach the end of their useful lives, while also locking-in a wide range of cost savings to reduce the financial impacts on ratepayers. Around \$35 million of savings were identified, resulting in an average rates increase of 9.9% for the year - just over two percent less than the increase we originally consulted on, and more than half of the 20% increase we faced when we started the process.

Underlying our decision-making is a determination to ensure that every Council project and activity provides quality outcomes and real value for money for the people of Tauranga. That approach will continue throughout 2025/26 and beyond, as we look to deliver on this and future work plans.



We are very much aware that any rates increase will add to the level of financial hardship many people are experiencing. Unfortunately though, we do have to deal with the effects of past underinvestment in the infrastructure and community facilities our fast-growing city needs, and that has left us with some challenging choices.

We think the decisions we have made will ensure that Tauranga continues to progress towards the goal of being the best city in New Zealand. Our challenge now is to deliver on a work programme that includes close to \$500 million of capital investment projects, one of the biggest our city has ever delivered, while cementing-in cost savings and continuing to provide the essential services our people need.

While the budget is set, the focus is now on delivering at or under budget and ensuring every dollar spent drives value for our people. This is not the end, rather the beginning of the journey and we will continue to look for every opportunity for savings, respecting that every dollar is hard earned by the ratepayer.

We value your feedback, have listened to and considered every submission received, and will continue to do our utmost to deliver the liveable city of the future we all want.

Ngā mihi nui

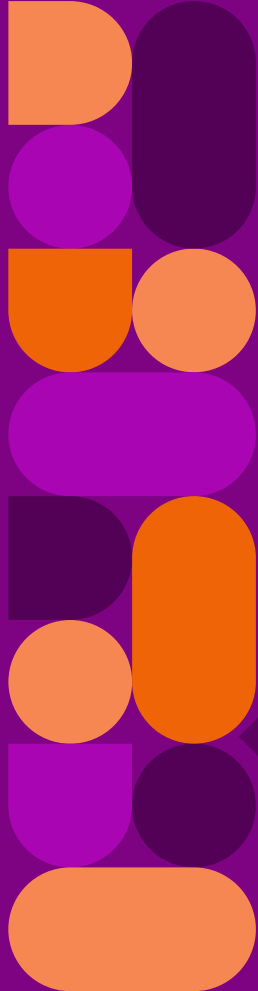
Mayor Mahé Drysdale



Contents

What Is an Annual Plan?	1	What This Means For Rates	25
Annual Report	1	Funding Impact Statement (FIS)	27
Quarterly and six-monthly reporting	1	Indicative Property Rates	52
Message from the Mayor	3	Financials In Detail	55
Contents	5	Introduction	57
Changes from year two of the Long-Term Plan 2024-34	7	Prospective Financial Statements	58
Key Financials	9	Financial Prudence	69
What Your Rates Pay For	12	Activity Funding Impact Statements	70
Changes to Operational Budgets from year two of the LTP	13	Capital Expenditure	96
Effect On Rates	14	Depreciation per Group of Activities	108
What Our Debt Will Pay For	14	Reserves	109
Changes to the Capital Programme From LTP	15		
Key Decisions Summary	18		
Decisions on Consultation Topics	18		
Decisions on Topics Raised by Submitters	19		
Decisions on Topics Raised in the Executive Report	22		
Policies and User Fees	23		

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Changes from year two of the Long-term Plan 2024-34



Tauranga City

Draft

Changes from year two of the Long-term Plan 2024-34

The rest of this document provides more detail on key changes from the year two proposals in our LTP. It applies to our budget and work plans for the year starting 1 July 2025.

Key Financials

As part of the annual plan process and under the direction of the new Elected Members, Council has revised its financial forecasts, including updates to the capital programme (mainly timing adjustments).

In terms of the organisational direction and major projects to be undertaken, our Annual Plan for 2025/26 is substantially similar to year two of the LTP, with adjustments resulting from the National Land Transport Programme (NLTP) released by the New Zealand Transport Agency some time later than the adoption of the LTP.

In addition, funding pressures have combined with the desire to demonstrate value for money, altogether resulting in financial statements that look rather different to those produced for year two of the LTP.

Funding pressures have resulted from:

- the decision to fully fund the additional depreciation resulting from previous extraordinarily high asset revaluations in order to balance the budget, rather than continuing to smooth the funding impact over time
- additional depreciation costs resulting from the timing of asset capitalisation and the impact of the latest asset revaluation
- a reduction in assumed growth from 1.5% to 0.5%.

The impact of the NLTP changes and the funding pressures just mentioned on rates was an increase of approximately \$27m or 8%.

Built into the LTP were savings targets of \$11m between employee costs and other operating costs.

In order to properly assign the existing savings targets and ameliorate the impacts of the funding pressures, an organisational efficiency project was initiated and along with managers, all staff were invited to feedback their suggestions of areas where savings might be made or revenues increased, without significant impact to our current levels of service. Elected members also considered some items that could reduce the rates increase.

While the project has now moved into stage two, looking at the form and function of the organisation, at the time of writing \$30m of rates-funded savings have been identified as a result of careful reconsideration of some projects, deferral of some work and staffing reductions. Additionally, a savings target of \$5.3m remains, and is expected to be found through process improvements, enhanced controls, and updating the structure of the organisation to better reflect the current operating environment.

Other changes in operational revenue and expenditure include increases in repairs and maintenance, rates, insurance and leasing costs, alongside timing changes to both funding and expenditure of the Tauriko West enablement projects (which while capital in nature are reported through the Statement of Comprehensive Revenue and Expenditure because the assets will be owned by NZTA).

Key financials

The main differences in capital budgets in the annual plan are around: the change in focus of the NLTP generated by the change in government, timing and cost of delivery, and carrying forward expenditure that was budgeted for 2024/25.

Overall, the financial impact of these changes is a net decrease in operating revenue of \$11m and a decrease in operating expenditure of \$16m, which is a decrease in operating deficit of \$5m. The effect on rates is a decrease of \$5m, noting that the IFF levy for Te Manawataki o Te Papa will also no longer be imposed.

The capital programme for 2025/26 (including operational projects of a capital nature) is \$502m which is an overall net decrease of \$42m from year two of the LTP. This includes \$61m for Tauriko West projects to be delivered and then assets owned by Waka Kotahi but for which Council is required to contribute funding. There are also vested assets and land sales bringing the total capital programme to \$506m.

Our Long-term Plan 2024-34 can be viewed at
www.tauranga.govt.nz/longtermplan

Key financials

Revised key financials

	2025 LTP	2026 LTP	2026 Annual Plan	Variance 2026 AP to LTP 2026
Debt summary				
Capital programme (\$m) ¹	431	457	425	(32)
Operational expenditure of a capital nature (\$m) ²	78	87	78	(9)
Net debt (\$m) ³	1,450	1,639	1,648	9
Debt to revenue ratio (Financial Strategy)	277%	272%	295%	23%
Debt to revenue ratio (LGFA compliance)	234%	223%	260%	37%
Financial limit on borrowing (debt to revenue ratio - bespoke)	285%	280%	330%	50%
Operational Summary				
Total revenue including all asset development revenue (\$m)	652	757	638	(119)
Capital subsidies (\$m) ⁴	119	161	61	(100)
Total operating revenue (\$m) ⁵	470	542	532	(10)
Total operating expenditure (\$m)	573	606	591	(15)
Balanced budget - LGFA requirement	102.6%	115.8%	100.2%	(15.5)%
Total rates (\$m) ⁶	333	373	368	(5)
Total Rates Increase (net growth and penalties)	13.1%	10.3%	9.9%	(0.4)%
IFF levies (approx increase on rates) ⁷	2.8%	2.2%	0.0%	(2.2)%
Total Ratepayer increase net growth⁸	15.9%	12.5%	9.9%	(2.6)%

¹ Net of land sales, vested assets, and new capital investment funded by Bay Venues Ltd.

² Including Tauriko West network connections (delivered by NZTA) \$61m and digital investment in software as a service \$10m.

³ Approximately 65% of debt is funded from rates and user fees. The remainder is funded by development contributions. Includes debt for the Te Manawataki ō Te Papa capital programme which was funded via IFF (levies) in the LTP.

⁴ Best estimate based on expected delivery of NZTA approved business cases.

⁵ Includes infrastructure funding and financing for the Transport System Plan programme of works.

⁶ Includes metered water income of \$43m.

⁷ The IFF planned in the LTP to finance Te Manawataki ō Te Papa has not gone ahead and the debt for this capital programme remains on balance sheet.

⁸ This is a gross average across all rating classes and properties.

Key financials

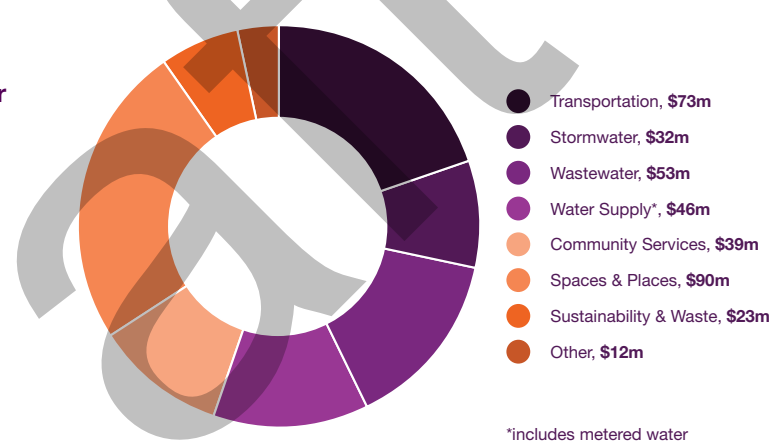
What your rates pay for

Your rates help cover the operational (day-to-day) costs of running a city. This includes providing important services and ensuring infrastructure is maintained. About 70% of our operational spending is covered by rates (including water meter revenue). The remainder is primarily covered by user fees and charges and subsidies from other organisations.

The rates graph (right) shows the services that your rates fund. Over half of your rates (56%) are spent on core network infrastructure (transportation, wastewater, water supply and stormwater), and a further 34% funds libraries, parks, recreation and other community facilities and services.

The activities not included in the graph that are mainly funded by user fees include Tauranga Airport, Building Services, Marine Facilities and the Historic Village. Support Services costs are met by both rates and activities that are not funded by rates.

Rates revenue (\$368m in 2025/26)



Key financials

Changes to operational budgets from year two of the LTP

Item	Variance to LTP Y2 \$'000	Explanation
Operating revenue excluding rates		
Operating grants and subsidies	(8,525)	Timing change relating to funding of Tauriko West enablement works along with additional waste minimisation subsidies and IFF revenue for Connecting Mt Maunganui.
Fees & charges	2,320	Increases in environmental planning fees, removal of Marine Precinct revenue, changes to parking fees.
Finance revenue	243	Forecast higher deposit levels for prefunding of debt maturities.
	(5,962)	
Expenditure		
Personnel expenditure	2,955	FTE reductions from organisational efficiency project, partly offset by additional FTE to deliver new City Operations contracts. Reversal of LTP savings targets (replaced by savings in other categories), plus adjustment down of offsetting capitalised salaries in Water Supply and Civic Development.
Depreciation	9,040	Increases resulting from recent capitalisation and asset revaluation, particularly in Spaces and Places, Transport, and Digital.
Finance expenses	(3,877)	Lower finance costs due to lower debt opening balances and assumed lower average cost of borrowing based on current interest rate forecasts.
Other operating expenses	(23,854)	Savings generated by more contracts delivered by the City Operations team, reductions in timing of payments related to Tauriko West enablement and in renewals funding for BVL, and removal of Marine Precinct expenditure. Offset by additional costs in rates, insurance, electricity and property and vehicle leasing. Other savings generated by organisational efficiency project.
	(15,736)	
Increase/(decrease) in operating deficit	(5,173)	

Key financials

Effect on rates

Although there are rates funded savings in this annual plan of \$35m, rates income has only decreased by \$5m against year two of the LTP.

This is because of:

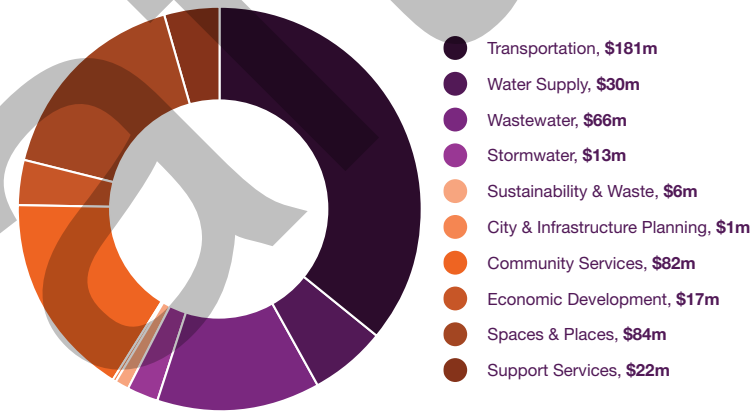
- The decision to balance the budget for the rapid increase to our depreciation costs rather than spread the impact over time (\$15m)
- Revision of the depreciation budget with updated expectations of capitalisation and revaluation (\$9m)
- Increases to leasing, rates and utilities costs (\$4m)
- Increased employee costs (\$3m) resulting largely from additional resource in city operations.

What our debt will pay for

Capital expenditure pays for buying or building new assets, renewing existing assets and improving them to deliver a better service. Some 58% of our capital works spending goes on core network infrastructure – transportation, wastewater, water supply and stormwater.

As a growing city we need to make sure that our infrastructure is in place at the right time and at the right standard to cater for increased demand. Borrowing for capital expenditure is the main driver of our debt. It is repaid over time either by rates and user fees (funding for depreciation) or by fees paid by developers. Funding for capital is also received as subsidies from third parties (\$61m), most notably central government.

Capital expenditure (\$502m* in 2025/26)



*Includes operational projects of a capital nature, excludes vested assets, asset sales and new capital investment by Bay Venues Ltd.

Key financials

Changes to the capital programme from LTP

The most significant changes (>\$2m) to our capital programme for this annual plan, compared with year two of the LTP, are in the table below.

Summary of changes to the capital programme

Programme	Per Year 2 of 2024-2034 LTP (\$'000s)	2025/26 Annual Plan (\$'000s)	Difference (\$'000s)	Explanation
Accessible Streets	2,977	900	(2,077)	Small walking and cycling improvements around the city. Budgets reduced due to less funding from NZ Transport Agency (NZTA) for walking and cycling projects.
Badminton Facility Development	0	2,054	2,054	Grant to Badminton BOP to develop an indoor facility reclassified as capital.
Bay Venues New Capital	10,636	800	(9,836)	Minor compliance upgrades across the Bay Venues managed community facilities network. Budgets deferred to later years of the LTP period.
Bus Infrastructure	12,504	16,487	3,983	Budget brought forward for the Taurikura Drive bus hub and associated road works to allow construction to be completed faster.
Cameron Road Stage 2	32,725	350	(32,375)	To further improve Cameron Rd corridor with more multi-modal options and allow for future intensification. Deferral due to NZTA funding not being included in the 2024-2027 National Land Transport Programme (NLTP). The detailed business case is being reworked to further review delivery options.
Capital Delivery Adjustment	(58,500)	0	58,500	Removal of the capital delivery adjustment from FY25 onwards.
City Centre Development	9,888	7,468	(2,420)	Improved streets within the city centre. Budget partly deferred due to prioritisation of projects.
City Centre Waterfront Development	4,394	7,156	2,762	Re-development of the Strand waterfront in conjunction with Te Manawataki ō Te Papa to make it an attractive destination for the community and visitors alike. The railway crossing upgrade at the North Reserve has been re-phased to FY26.
Community Centres	490	7,211	6,721	The completion of Gate Pā and Merivale community centres. Gate Pā community centre budget deferral from FY25 to FY26.

Key financials

Summary of changes to the capital programme

Programme	Per Year 2 of 2024-2034 LTP (\$'000s)	2025/26 Annual Plan (\$'000s)	Difference (\$'000s)	Explanation
Digital Services Capital Programme	20,826	12,225	(8,601)	Reduction of planned programme as resourcing is reprioritised.
Eastern Corridor - Pāpāmoa East Wairakei	31,683	27,991	(3,692)	Delivery of the new Pāpāmoa East Interchange (PEI) to allow for better traffic movement and provide for future growth. Project tracking ahead of delivery milestones which has allowed a portion of contingency budget to be released in 2025/26.
Hewletts Improvements	5,512	2,000	(3,512)	Project for design of local roads projects connecting into Hewletts Rd. Further NZTA funding past the indicative business case stage has not been prioritised in the 2024-2027 NLTP. Approval of budget to progress the Detailed Business Case development was agreed during Annual Plan deliberations, noting external funding partners will be sought.
Land Sales	2,132	0	(2,132)	Elder housing property disposals have been deferred due to unfavourable market conditions.
Local Roads Upgrades and Improvements	10,379	5,242	(5,137)	Roading projects to improve traffic around the city funded through the low cost low risk (LCLR) programme of work. Budgets reduced due to less funding from NZTA and prioritisation of projects.
Marine Facilities Upgrades & Renewals	5,075	9,453	4,378	Fisherman's Wharf and Bridge Wharf replacement. Additional budget is mainly for Bridge Wharf replacement.
Marine Precinct Upgrades & Renewals	5,756	16,193	10,437	Additional budget for Bridge Wharf replacement and new Alongside Wharf at Marine Precinct (both required as conditions of Vessel Works sale).
Memorial Park Aquatics & Recreation Hub	19,946	708	(19,238)	A new state of the art facility intended to replace the existing pool situated in Memorial Park. This project has been deferred while options are revisited.
Memorial Park to City Centre Pathway	3,203	0	(3,203)	Council have agreed not to proceed with this project connecting Memorial Park to the city centre, as not deemed a priority at this point in time.
Minor Safety Improvements	3,667	0	(3,667)	Small safety improvements projects (such as pedestrian crossings) previously funded through the LCLR programme of work that have now been deleted. Budgets removed due to less funding from NZTA and prioritisation of projects.
Mount College Pool Redevelopment	0	2,590	2,590	Additional budget to support the redevelopment and upgrade of the Mount College Pool agreed through Annual Plan deliberations, subject to due diligence.
Ōtūmoetai Multimodal	4,828	0	(4,828)	Walking and cycling projects in the Ōtūmoetai area which have been deleted due to less funding from NZTA and prioritisation of projects.

Key financials

Summary of changes to the capital programme

Programme	Per Year 2 of 2024-2034 LTP (\$'000s)	2025/26 Annual Plan (\$'000s)	Difference (\$'000s)	Explanation
Tauriko West Networks Connections	66,555	60,761	(5,794)	Tauriko West Enabling works to allow access for development in the area, linked to Tauriko Business Estate project. Budget reflects updated construction programme cashflow, noting overall construction remains on track for completion within original timeframes.
Te Manawataki o Te Papa	80,447	85,673	5,226	Revitalisation of the city centre through the construction of a new central library, museum and exhibition space around a landscaped plaza. Library construction costs have been re-phased resulting in a higher capital spend in FY26.
Te Papa Intensification	26,705	9,283	(17,422)	Upgrade of water supply network along Cameron Rd and other renewals and upgrades in the City Centre. Cameron Road Stage 2 project from 17th Ave to Barkes Corner delayed, in line with delayed timing of Transport project.
Water Network Upgrades & Renewals	13,258	10,569	(2,689)	Oropi trunk main upgrade delayed. Budgets reduced due to prioritisation of projects.
Water Supply Plant Upgrades & Renewals	6,332	1,690	(4,642)	Joyce Rd water treatment upgrade delayed. Budgets reduced due to prioritisation of projects.
Western Corridor - Pyes Pā West Growth Area	6,837	3,969	(2,868)	Budget for Pyes Pā West wetland 5 construction. Pond 12B inlet pipelines project deferred through prioritisation process.
Western Corridor - Tauriko Business Estate	4,572	17,293	12,721	Local Roading projects linked to Tauriko West Enabling Works project. Budget reflects updated timing from project managers and developers (for developer delivered components of works).
Welcome Bay, Turret Rd & 15th Ave Corridor	22,266	4,995	(17,271)	Project to deliver capacity improvements across the corridor to allow for better traffic movement. Budget reflects updated programme and procurement strategy for design and construction.
Western Corridor - Ring Rd	0	3,348	3,348	Widening roading corridor near the intersection of Matakokiri Drive to future proof. Update in expected timing of developer delivered project.



Key decisions summary

This section provides an overview of some other changes Council has made from the LTP for the year starting 1 July 2025. It summarises some key decisions Council made in the development of this annual plan after consultation with the public. More financial information can be found in sections two and three.

More information about submissions can be found in the minutes of Council's deliberation meetings on 26 May 2025. These can be found on our website at www.tauranga.govt.nz/council/meetings-agendas-and-minutes.

Decisions on consultation topics

Comprehensive review of fees and charges

- Council was already planning to undertake a comprehensive user fees and charges review for the next annual plan. Council asked for your feedback, and if you supported this review or not. A clear indication was that this was supported by the community with 77% of submitters saying that the review should be undertaken.
- The comprehensive review will consider all the feedback received during the consultation period and will be completed over the next year. It will be consulted on in early 2026.

Our overall plan

- All the feedback Council received on the annual plan was used in consideration of all decisions made throughout deliberations. See below for the decisions on topics raised in the executive report and decisions on topics raised by submitters. This shows how Council resolved an average rate increase of 9.9% for 2025/26, which is just over 2% less than the increase consulted on.

Rating policy proposals

- Council confirmed the changes to the definition of the industrial rating category to exclude any rating unit with a land area less than 250m², (or exclusive use area less than 250m² for cross lease or unit titles). These will instead be classified in the commercial rating category.
- Council also chose to continue with the Long-term Plan decision to move to a fixed proportion of the general rates for each rating category and change the proportions for the residential rating category to 65%, the commercial rating category to 15% and the industrial rating category to 20% by the 2027/28 rating year.

Key decisions summary

Decisions on topics raised by submitters

Provision of temporary toilets at Blake Park for winter netball season

- Council will provide additional facilities at Blake Park within existing budgets.

Mt Maunganui Cricket Club proposed pavilion and changing rooms

- Council will provide additional facilities for Mount Maunganui Cricket Club at Blake Park within existing budgets.

Multi-use Community Sports Hub at Gordon Spratt Reserve - Pāpāmoa Tennis Club

- Council made a commitment that staff are to work with Pāpāmoa Tennis Club on the feasibility of future facilities.

Pāpāmoa Rugby Club – facility and potential relocation

- Council has agreed to deliver, within existing budgets, a relocatable clubroom facility for the Pāpāmoa Rugby Club. Council also acknowledged the club's interest in relocating to a future active reserve.

Development of a sports facility hub at Arataki Park

- Council made a commitment for staff to work with Arataki Sports Club on the feasibility of future facilities.

Investment into development of the Judea Community Sport Club

- Council agreed to investment in lighting for the Judea Community Sport Club, subject to a feasibility study being undertaken by staff.

Funding for ARGOS Gym Sports for new kitchen and café facility

- Council declined the funding request from ARGOS Gym Sports.

Funding for upgrade of the third green at Bowls Matua

- Council declined the funding request from Bowls Matua. However, Council have recommended that Bowls Matua work with staff to refine the proposal, including seeking funding from non-council funders.

Development of the Pāpāmoa Shared Pathway

- Council will invest up to \$1 million in the stage two extension of the Pāpāmoa Shared Pathway, subject to this fitting within the existing annual plan capital budget.

Additional funding to support paid lifeguard services at Tay Street beach

- Council approved additional financial support for extending paid lifeguard services at Tay Street Beach over the summer months.

Funding for a SEATRAC sea access device

- Council acknowledged the potential value of the SEATRAC system and have requested that staff work with the submitter to prepare a feasibility study to inform any future investment in the system.

Funding for nature and biodiversity initiatives

- Council chose to retain the Nature and Biodiversity Action and Investment Plan budget at \$800,000 per annum.

Key decisions summary

Aquatic projects

- Council support was given to the development of a 50-metre outdoor training pool at Mount Maunganui College, subject to due diligence. Council also signalled its intent to allocate capital funding through the next Long-term Plan to keep the Ōtūmoetai Swimming Pool up and running.

Pāpāmoa Primary School request for Parton Road footpath widening

- Council agreed to widen the 105m section of the Parton Road path along the eastern boundary of Pāpāmoa Primary School, within the approved transport budgets.

Vale Street – request for pathway between Landscape Road and Bureta Road and additional pedestrian crossing facilities

- Council requested staff to collaborate with the submitter, who has offered to develop an early design for a path on the northern side of Vale Street (along the golf course) at no cost. The outcome of this investigation will be reported to the September City future Committee meeting.
- Council agreed for staff to work with schools and the community to understand pedestrian demand at various locations to support accessibility and safety to and from school.
- \$10,000 was allocated to operational expenditure to support further investigation into accessible crossing facilities between Vale Street and Pillans Point School.
- These projects have been added to the Community Response Programme, where they may be progressed if there is available budget within the transport programme.

Public place recycling bins and charity waivers

- Council agreed to reduce the number of co-mingled and glass recycling bins by converting them to general waste bins. To accompany this there will be enhanced education on the benefits of recycling.
- Council also retained the Charity Waiver Programme.

Proposal from Creative Bay of Plenty

- Council did not approve a requested increase of \$77,500 in the annual grant to Creative Bay of Plenty for the 2025/26 financial year.

Transport connections for Welcome Bay and Ōhauiti suburbs

- Council approved staff to undertake a high-level study (in-house) and initiate discussions with key partners identified in the report.

Funding for papakāinga developments

- \$400,000 was allocated to establish a Council-managed fund focused on assisting Tangata Whenua to progress papakāinga development. The first \$200,000 will be provided in 2025/26, funded from the unapplied allocation of elder housing proceeds included in the 2024/25 budget. A review will be undertaken before allocating a further \$200,000 in 2026/27, also funded from the elder housing sale proceeds.
- Council agreed to staff undertaking further work to identify the criteria on when and how the fund will be allocated, to provide assistance for tangata whenua to overcome current barriers to developing papakāinga.

Key decisions summary

Accessible Properties

- Council agreed to funding for the below technical investigations and planning, continuing to be allocated from the \$5m previously allocated to Accessible Properties, which remains in the 2027/28-year budget per the Long-term Plan (this may be brought forward in subsequent annual plans when timeframes are clearer). This includes a \$200,000 allocation for expenditure in 2025/26 which will be funded from the unutilised Housing Funds from 2024/25. This approach effectively widens the matters to which that funding can be applied.
- The scope of investigations and planning by Council will include integrated consideration of the following matters to support delivery of medium density housing by Accessible Properties and the private sector within the Gate Pā area:
 - stormwater, wastewater and water supply
 - movement, utilising existing studies and programmes developed to date
 - open space considerations, particularly in relation to rationalising existing open space to support growth and community wellbeing
 - engagement with Accessible Properties and other key landowners in the area, as required.
- Council staff will also establish engagement protocols with Accessible Properties through a non-binding memorandum of understanding, in line with Accessible Properties submission and above scope. This will align Council investigations and planning with key milestones of Accessible Properties development plans.

Connecting Mount Maunganui

- Council approved \$2m of expenditure to be brought forward into the Annual Plan 2025/26 from the 2027/28 financial year, to fund and progress the Connecting Mount Maunganui detailed business case – with a further \$1m to be brought forward into the Annual Plan 2026/27 in addition to the \$500,000 already allocated in that year. This will be financed through the existing transport-related Infrastructure Funding and Financing Levy (IFF), with no impact on rates (noting external funding will also be sought). This project will aim to address improving road safety and access to, from and through Mount Maunganui.

Domain Road

- Council directed staff to progress the investigation of refreshing the business case for inclusion of the project into the 2027–30 National Land Transport Programme for implementation in 2027/28 to 2028/29 subject to Council approval.
- Council also directed staff to work with the submitter to investigate the option of a shared pathway.

Pāpāmoa Beach Road

- Council supported the current road surfacing policy, recognising that it provides the long-term least-cost benefit to the ratepayer, by ensuring fit-for-purpose sealing is provided to all roads across the city, in a manner that continues to secure NZTA's 51% funding contribution.

Pāpāmoa park and ride

- Council resolved to do nothing at this point in time but noted that a park and ride in Pāpāmoa will be considered within future transport network planning (Transport System Plan and Regional Land Transport Plan).

Key decisions summary

Shared tsunami pathway

Council agreed to:

- Implement cost-effective upgrades (e.g., signage, obstruction removal, TEL access path) based on WSP report recommendations within existing operational budgets.
- Continue to work with the community working party to implement, review and educate the community.
- Review the capital expenditure options for tsunami pathways to ensure new tsunami modelling and recommendations are incorporated, and that this be done in time for inclusion into the budget for the 2026/27 Annual Plan and 2027-2037 Long-term Plan.
- Proactively engage with the developer to provide options for connections from the Pāpāmoa East Interchange into the Bell Road area.
- Investigate any synergies between any agreed legs of the proposed Eastern Arterial Cycleway and evacuation routes for consideration into the 2027 BOP Regional Land Transport Plan and funding via the 2027 National Land Transport Fund.

Decisions on topics raised in the executive report

The Executive Report to the annual plan deliberations meeting presented the following items, which were agreed:

- A reduction in operational expenditure of \$9.85m, a net result of further organisational reset savings partially offset by corrections and other cost adjustment updates.
- An additional \$156k to fund Bay Venues Limited to continue to operate the indoor sports centre at Memorial Park.
- The revised balanced budget would continue to exceed 100% and meets the Local Government Funding Agency (LGFA) requirements for a bespoke covenant.
- \$500,000 of funding to support ongoing development of the Ratepayer Assistance Scheme (RAS). This funding will be accounted for as a capital investment on the basis the RAS will be established, and this contribution forms part of an equity share in the RAS.

Council's final revised financials including the decisions generated by both submissions and the Executive Report (above) are now updated to total operating expenditure of \$591m, total revenue of \$638m and a total (amended) capital budget of \$502m. This equates to an overall rates increase of 9.9% after growth and a forecast total debt of \$1.65b by June 2026. Further financial details can be found in Section 3.

Key decisions summary

Policies and user fees

Alongside the annual plan, Council consulted on the draft Development Contributions Policy, and User Fees and Charges.

The main changes to these documents are outlined below. Full copies of the policy and user fees schedule for 2025/26 are available at www.tauranga.govt.nz in the Council section.

Development Contributions Policy 2025/26

We have also adopted the 2025/26 Development Contributions Policy. Since 2024/25, three new local catchments have been added in the west of the city and the citywide development contributions charges have been updated.

Citywide development contribution charges have increased by approximately 17%. The total increase has been driven by updated assumptions regarding the future of TCC's aquatics network, updated timing of capital expenditure for water and wastewater investment and the removal of the transport activity charge.

This represents an overall increase of \$5,122 (plus GST) for a house with three bedrooms.

A copy of the 2025/26 Development Contributions Policy is available at: www.tauranga.govt.nz/development-contributions

User Fees and Charges 2025/26

Council made a number of changes to user fees and charges. Most of these were small increases, in line with inflation (3%). More significant changes were made in the following areas:

- Airport Parking
- Beachside Holiday Park
- Building Services
- Cemeteries
- Development Works
- Food Premises
- Land Information
- Libraries
- Licence to Occupy
- Parking
- McLaren Falls

Glossary

Annual plan

This annual plan sets out our budget and work plans for the year starting 1 July 2025

Capital expenditure

Long-term projects to buy, maintain or improve major pieces of property. Sometimes called 'capex'

Financial indicators

Measurements that are used to determine our financial health

Funding and financing

Funding is the money we provide for something. Financing is the process of obtaining money – for example, from central government or a bank

Infrastructure

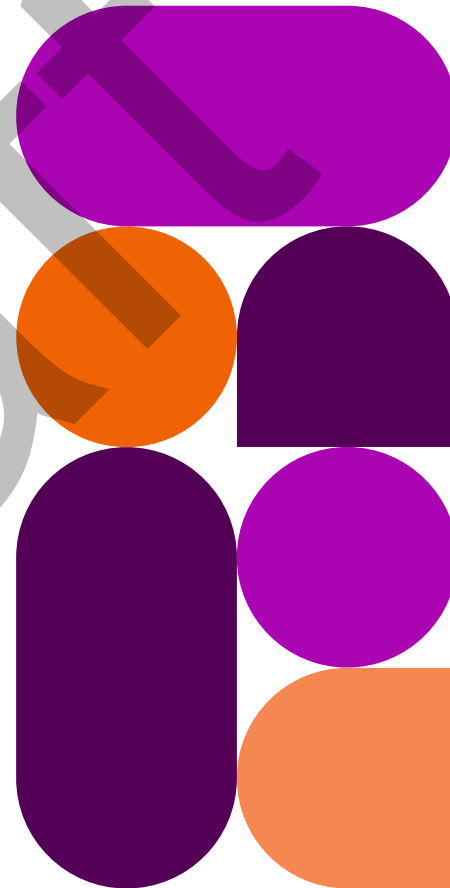
The physical things our city needs to run – like roads, water pipes, wastewater plants and community facilities

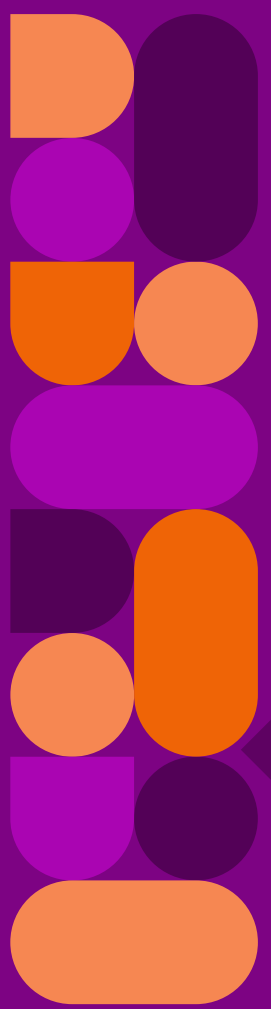
Long-term plan

A plan created every three years that sets our vision, direction, budgets and work plans for each of the next 10 years. Our current plan is for 2024-34, and the next one will be for 2027-37

Operational expenditure

The day-to-day spending that keeps us running. Sometimes called 'opex'





02

What this means for rates



Tauranga City

Draft

What this means for rates

Funding Impact Statement

The purpose of the funding impact statement is to provide information about the income and funding streams Council will use and an indication of the amount of funding Council will generate from each stream.

Council will use a mix of revenue sources to meet operating expenses, with major sources being general and targeted rates, land transport subsidies and fees and charges. Capital expenditure for new works will be funded from loans and development contributions, with capital renewals being funded from reserves (funded by rates) set aside for this purpose. Council has resolved to rate fund reserves for stormwater and risk management and to fund a depreciation reserve for Bay Venues Limited.

Where the revenue stream is rates an indicative level of rate, the mechanism used to assess the rate, and the activities that the rate funds, is described.

These indicative figures support the calculations in the rate sample models and are included to provide you with an indication of the level of rates Council are likely to assess on your rating unit in the coming year. So long as Council sets the rates in accordance with the system described in this statement, the amounts may change.

Rating information

The Funding Impact Statement should be read in conjunction with the Revenue and Financing Policy contained in the Long-term Plan. This can be obtained from our website.

Overview of rates

Council's rates, pursuant to the Local Government (Rating) Act 2002, for the 2025/26 year includes:

- A general rate set differentially
- A uniform annual general charge
- A targeted rate for economic development
- A targeted rate for stormwater set differentially
- A targeted rate for resilience set differentially
- A new targeted rate for Urban Infrastructure –Pyes Pā West
- Targeted rates for urban growth
- Targeted rates for waste services
- Targeted rates for wastewater disposal

What this means for rates - Funding Impact Statement

- Targeted rates for water supply
- A targeted rate for pool inspection
- Targeted rates for mainstreet activities
- Targeted rates for special services

As indicated above, there are several parts to a typical rates bill, some of which are fixed and others variable. The fixed rates (where everybody is charged the same amount) are:

- Wastewater rates – if you are or can be connected to council's wastewater system you will incur this fixed rate.
- Uniform Annual General Charge (UAGC) – this rate, charged on every separately used or inhabited part of a rating unit, ensures a minimum contribution from every ratepayer in the city.
- Waste Service rate – if your property is for residential use and it receives kerbside waste collection services you will be assessed this fixed rate (per capacity of bins provided) on every separately used or inhabited part of a rating unit.
- Garden Waste Service rate – if you have a residential use and receive kerbside garden waste collection service (optional) you will incur this fixed rate per bin provided, and frequency of collection.
- Urban Growth rate – if your property is in an area where urban growth costs provide a full, wide or city benefit you will pay this rate.

The variable rates (where you are charged differently from your neighbour) are:

- General rates – Council is setting this differentially which will mean that industrial ratepayers will have a higher general rate in the dollar than commercial ratepayers who will have a higher general rate in the dollar than residential ratepayers. This is to balance the overall impact of rates allocation for revenue needs on the whole community.

- Economic development rate – this is a rate charged to commercial and industrial properties only for development of Tauranga's economy.
- Mainstreet rates – commercial properties located within the four 'main street' areas in Tauranga City incur this rate for the continued delivery of their Mainstreet organisation programmes.
- Water rates – water rates are invoiced separately from your land rates bill. The amount charged is dependent on the amount of water used, and the connection size of the water meter supplying water service to a rating unit.
- Special services targeted rates – these are rates to The Lakes, Pāpāmoa Coast and Excelsa subdivisions in the city where the level of service required to maintain the subdivision is higher than usual across the city.
- Urban Infrastructure rate – if your property is in the Pyes Pā West area you will pay this new rate which part funds infrastructure.
- Resilience targeted rate – this is a rate for resilience infrastructure investments relating to water, wastewater, stormwater, transportation and emergency management.
- Stormwater targeted rate – this is a rate set differentially for existing and new stormwater and flood control infrastructure investments.

Where Council sets a targeted rate differentially this means that commercial and industrial ratepayers will have a higher targeted rate in the dollar than residential ratepayers. Council sets the Uniform Annual General Charge, and other targeted rates set on a uniform basis, excluding wastewater, to 10% of the total rates requirement over the next three years. This means that more of your rates bill will be based on your property value. Rates will be progressively higher for higher value properties. This will assist affordability for ratepayers, while ensuring that all ratepayers contribute a minimum amount for the services provided by Council.

The rates in this funding impact statement will apply in respect to every year in this Long-term Plan, notwithstanding that the amounts may change.

