



AGENDA

Ordinary Council meeting Tuesday, 24 March 2026

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

Date: Tuesday, 24 March 2026

Time: 9:30 am

**Location: Tauranga City Council Chambers, Mareanui
L1, 90 Devonport Road
Tauranga**

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

**Marty Grenfell
Chief Executive**

Terms of reference – Council

Membership

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

Role

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

Scope

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

- Authorise all expenditure not delegated to officers, Committees or other subordinate decision-making bodies of Council.
- Make appointments of members to the council-controlled organisation Boards of Directors/Trustees and representatives of Council to external organisations.
- Undertake statutory duties in regard to Council-controlled organisations, including reviewing statements of intent, with the exception of the Local Government Funding Agency where such roles are delegated to the City Delivery Committee. (Note that monitoring of all Council-controlled organisations' performance is undertaken by the City Delivery Committee. This also includes Priority One reporting.)
- Consider all matters related to Local Water Done Well.
- Consider any matters referred from any of the Standing or Special Committees, Joint Committees, Chief Executive or General Managers.
- Review and monitor the Chief Executive's performance.
- Develop Long Term Plans and Annual Plans including hearings, deliberations and adoption.

Procedural matters

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

Regulatory matters

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

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1 OPENING KARAKIA

2 APOLOGIES

3 PUBLIC FORUM

3.1 Matt Cowley - Tauranga Business Awards

ATTACHMENTS

Nil

3.2 Shad Rolleston on behalf of the Tangata Whenua Working Group Members

ATTACHMENTS

Nil

3.3 Sam Allen

ATTACHMENTS

Nil

4 ACCEPTANCE OF LATE ITEMS

5 CONFIDENTIAL BUSINESS TO BE TRANSFERRED INTO THE OPEN

6 CHANGE TO THE ORDER OF BUSINESS

7 CONFIRMATION OF MINUTES

7.1 Minutes of the Council meeting held on 10 February 2026

File Number: A19859702

Author: Clare Sullivan, Senior Governance Advisor

Authoriser: Sarah Holmes, Team Leader: Governance & CCO Support Services

RECOMMENDATIONS

That the Minutes of the Council meeting held on 10 February 2026 be confirmed as a true and correct record.

ATTACHMENTS

1. Minutes of the Council meeting held on 10 February 2026



DRAFT MINUTES

**Ordinary Council meeting
Tuesday, 10 February 2026**

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**MINUTES OF TAURANGA CITY COUNCIL
ORDINARY COUNCIL MEETING
HELD AT THE TAURANGA CITY COUNCIL CHAMBERS, L1, 90 DEVONPORT ROAD,
TAURANGA
ON TUESDAY, 10 FEBRUARY 2026 AT 9:30 AM**

MEMBERS PRESENT: Mayor Mahé Drysdale, Deputy Mayor Jen Scoular, Cr Hautapu Baker, Cr Glen Crowther, Cr Rick Curach, Cr Steve Morris, Cr Marten Rozeboom, Cr Kevin Schuler, Cr Rod Taylor, Cr Hēmi Rolleston

IN ATTENDANCE: Marty Grenfell (Chief Executive), Christine Jones (General Manager: Strategy, Partnerships & Growth), Craig Rice (Chief Operating & Financial Officer), Sarah Omundsen (General Manager: Regulatory & Community), Reneke van Soest (Operations & Infrastructure), Charles Lane (Team Leader: Commercial Legal), Stephen Burton (Transformation Lead – Water Services), Frazer Smith (Manager: Strategic Finance & Growth), Cathy Davidson (Water Organisation Establishment Lead), Wally Potts (Head of City Waters), Jeremy Boase, (Head of Strategy, Governance & Climate Resilience), Tracey Hughes (Manager: Organisational Financial Performance & Corporate Planning), Susan Braid (Finance Lead Capital Performance & Community Investment), Andrew Mead, (Head of City Planning & Growth), Janine Speedy (Team Leader: City Planning), Carl Lucca (Team Leader: Structure Planning), Mike Seabourne (Head of Transport), Shawn Geard (Manager: Transport System), Caroline Lim (CCO Specialist), Clare Sullivan (Senior Governance Advisor), Caroline Irvin (Governance Advisor),

Timestamps are included beside each of the items and relate to the recording of the meeting held on 10 February 2026 on the [Council's YouTube channel](#)

1 OPENING KARAKIA

Cr Hēmi Rolleston opened the meeting with a karakia.

Reflection and moment of silence

The Mayor paid tribute to Sir Tim Shabolt, former Mayor of Waitakere City and Invercargill City who died on 8 January, and Jules Radich, former Mayor and Councillor of Dunedin City who died on 4 January. He acknowledged the service they provided and paid respect to their families. Council marked their passing with a moment of silence.

Achievement of Sam Ruthe

The Mayor noted the recent achievement of Sam Ruthe who on 1 February broke the NZ mile record – a record that had stood for 44 years – and a world under-18 best record in Boston. The Mayor extended the Council's best wishes to Sam for his continued success.

2 APOLOGIES

Nil

3 PUBLIC FORUM

3.1 Richard Longley - Miro St Parking

- Mr Longley spoke to the Miro Street Parking Improvements report. In his opinion, the proposal of a one-way system was a major drawback and a significant inconvenience that would affect a number of people.
- He estimated that there were 128 mailboxes/dwellings on the particular section of Miro Street.
- He noted that only a small percentage of people had gone to the consultation meeting.
- He wanted the street to be kept two way. He also asked that a 30km speed limit be installed or speed humps introduced on the street. He had spoken to about 12 residents on Miro Street.
- He asked that Council not accept the recommendation in the report.

4 ACCEPTANCE OF LATE ITEMS

Nil

5 CONFIDENTIAL BUSINESS TO BE TRANSFERRED INTO THE OPEN

Nil

6 CHANGE TO THE ORDER OF BUSINESS

The Chair advised that supplementary agenda item 11.1: Draft Annual Plan would be addressed before item 11.5: User Fees and Charges report.

7 CONFIRMATION OF MINUTES

7.1 Minutes of the Council meeting held on 16 December 2025

RESOLUTION CO/26/2/1

Moved: Cr Hēmi Rolleston

Seconded: Cr Glen Crowther

That the Minutes of the Council meeting held on 16 December 2025 be confirmed as a true and correct record subject to a correction to item 11.9, Regulatory Hearings Panel Term and Appointment Process, to amend the date in resolutions b) and c) to 24 March, not 3 April as previously resolved.

CARRIED

7.2 Minutes of the Council meeting held on 2 February 2026

RESOLUTION CO/26/2/2

Moved: Cr Kevin Schuler
Seconded: Cr Rod Taylor

That the Minutes of the Council meeting held on 2 February 2026 be confirmed as a true and correct record.

CARRIED

8 DECLARATION OF CONFLICTS OF INTEREST

Nil

9 DEPUTATIONS, PRESENTATIONS, PETITIONS

Nil

10 RECOMMENDATIONS FROM OTHER COMMITTEES

Nil

11 BUSINESS

Timestamp: 35 minutes

11.1 Local Water Done Well - Options for Stormwater

Staff Christine Jones, General Manager Strategy, Partnerships & Growth
Charles Lane, Team Leader: Commercial Legal
Stephen Burton, Transformation Lead – Water Services
Frazer Smith, Manager: Strategic Finance & Growth
Cathy Davidson, Water Organisation Establishment Lead
Wally Potts, Head of City Waters

At 11.11am the meeting adjourned.

At 11.22am the meeting resumed in open.

MOTION

Moved: Cr Marten Rozeboom
Seconded: Cr Kevin Schuler

That the Council:

- (a) Receives the report "Local Water Done Well - Options for Stormwater".
- (b) Approves maintaining an integrated approach for the responsibility and delivery of stormwater, water supply and wastewater, i.e. a single organisation will both hold responsibility and provide service delivery for all three water functions.
- (c) Notes that if, following consideration of due diligence matters, Council continues to establish a multi-council Water Organisation with Western Bay of Plenty District Council, this will result in the responsibility for, and delivery of, stormwater services

transferring to the Water Organisation along with water supply and wastewater.

- (d) Approves that Council's general approach will be for Tauranga City Council to retain ownership of land used for stormwater purposes, regardless of whether this land is subject to the Reserves Act 1977 and regardless of whether a Water Organisation is established.
- (e) Notes that if a Water Organisation is established, exceptions to retention of land ownership can be considered by Council on a case-by-case basis.
- (f) Approves that Council's general approach is that the Water Service Provider for stormwater shall own stormwater 'hard' infrastructure assets, such as all pipes, pumps, dams, inlets and outlets etc.
- (g) Notes that Council may choose to influence stormwater charging by a Water Organisation via foundation documents (the Constitution and Shareholders Agreement).

AN AMENDMENT WAS PROPOSED:

Moved: Cr Hautapu Baker

Seconded: Cr Steve Morris

That the Council:

Replace recommendation (g) with the following:

- (g) Supports the inclusion of a 'carve out' in the founding documents and that Council discusses with the other partners the ability for Tauranga City Council elected members to directly set stormwater charges for its residents.

For: Mayor Mahé Drysdale, Deputy Mayor Jen Scoular, Cr Hautapu Baker, Cr Glen Crowther, Cr Rick Curach, Cr Steve Morris, Cr Hēmi Rolleston, Cr Kevin Schuler and Cr Rod Taylor

Against: Cr Marten Rozeboom

CARRIED 9/1

At 12.38pm the meeting adjourned.

At 1.49pm the meeting resumed in open.

A FURTHER AMENDMENT WAS PROPOSED

Moved: Cr Steve Morris

Seconded: Cr Hautapu Baker

That the Council:

- (h) Notes that Council may consider a pass-through model whereby the Water Organisation invoices Tauranga City Council for stormwater services and Council recovers those costs via targeted rates. Requests the Chief Executive to report back with issues and options, including compliance with the Local Government (Water Services) Act 2025, affordability and equity impacts, and mechanisms to avoid double-charging.

For: Mayor Mahé Drysdale, Deputy Mayor Jen Scoular, Cr Hautapu Baker, Cr Glen Crowther, Cr Rick Curach, Cr Steve Morris, Cr Kevin Schuler and Cr Rod Taylor

Against: Cr Hēmi Rolleston and Cr Marten Rozeboom

CARRIED 8/2

The substantive motion was taken in parts.

RESOLUTION CO/26/2/3

Moved: Cr Marten Rozeboom

Seconded: Cr Kevin Schuler

Part 1

That the Council:

- (a) Receives the report "Local Water Done Well - Options for Stormwater".
- (d) Approves that Council's general approach will be for Tauranga City Council to retain ownership of land used for stormwater purposes, regardless of whether this land is subject to the Reserves Act 1977 and regardless of whether a Water Organisation is established.
- (e) Notes that if a Water Organisation is established, exceptions to retention of land ownership can be considered by Council on a case-by-case basis.
- (g) Supports the inclusion of a 'carve out' in the founding documents and that Council discusses with the other partners the ability for TCC elected members to directly set stormwater charges for its residents.
- (h) Notes that Council may consider a pass-through model whereby the Water Organisation invoices Tauranga City Council for stormwater services and Council recovers those costs via targeted rates. Requests the Chief Executive to report back with issues and options, including compliance with the Local Government (Water Services) Act 2025, affordability and equity impacts, and mechanisms to avoid double-charging.

For: Mayor Mahé Drysdale, Deputy Mayor Jen Scoular, Cr Hautapu Baker, Cr Rick Curach, Cr Steve Morris, Cr Marten Rozeboom, Cr Kevin Schuler and Cr Rod Taylor

Against: Cr Glen Crowther, Cr Hēmi Rolleston

CARRIED 8/2**Part 2**

That the Council:

- (b) Approves maintaining an integrated approach for the responsibility and delivery of stormwater, water supply and wastewater, i.e. a single organisation will both hold responsibility and provide service delivery for all three water functions.
- (c) Notes that if, following consideration of due diligence matters, Council continues to establish a multi-council Water Organisation with Western Bay of Plenty District Council, this will result in the responsibility for, and delivery of, stormwater services transferring to the Water Organisation along with water supply and wastewater.

For: Mayor Mahé Drysdale, Cr Hautapu Baker, Cr Steve Morris, Cr Marten Rozeboom, Cr Kevin Schuler and Cr Rod Taylor

Against: Deputy Mayor Jen Scoular, Cr Glen Crowther, Cr Rick Curach and Cr Hēmi Rolleston

CARRIED 6/4

Part 3

That the Council

- (f) Approves that Council's general approach is that the Water Service Provider for stormwater shall own stormwater 'hard' infrastructure assets, such as all pipes, pumps, dams, inlets and outlets etc.

For: Mayor Mahé Drysdale, Cr Hautapu Baker, Cr Glen Crowther, Cr Steve Morris, Cr Hēmi Rolleston, Cr Marten Rozeboom, Cr Kevin Schuler and Cr Rod Taylor

Against: Deputy Mayor Jen Scoular, Cr Rick Curach

CARRIED 8/2

Timestamp: 4 hours and 44 minutes

11.2 Submission on Planning Bill and Natural Environment Bill

Staff Andrew Mead, Head of City Planning & Growth
Janine Speedy, Team Leader: City Planning
Carl Lucca, Team Leader, Structure Planning

At 2.15pm, Cr Hautapu Baker withdrew from the meeting.

Action requested

- That staff receive feedback from Te Rangapū on their views on the submission.

RESOLUTION CO/26/2/4

Moved: Cr Steve Morris

Seconded: Cr Marten Rozeboom

That the Council:

- (a) Receives the report "Submission on Planning Bill and Natural Environment Bill".
- (b) Endorse the key submission points included as Attachment 1 on the Planning Bill and Natural Environment Bill to be included in a detailed submission to the Select Committee.
- (c) Delegates to the Chief Executive to approve the submission on the Planning Bill and Natural Environment Bill to the Select Committee.

CARRIED

Cr Hautapu Baker was not present for the vote on this item.

Timestamp 4 hours and 58 minutes

11.3 Draft Submission on Simplifying Local Government proposal

Staff Jeremy Boase, Head of Strategy, Governance & Climate Resilience

Action requested:

- That staff engage with Te Rangapū and iwi chairs on the submission on Simplifying Local Government.

At 2.41pm, Cr Hautapu Baker re-entered the meeting.

RESOLUTION CO/26/2/5

Moved: Cr Rod Taylor

Seconded: Cr Marten Rozeboom

That the Council:

- (a) Receives the report "Draft submission on Simplifying Local Government proposal".
- (b) Approves the draft submission "Tauranga City Council Submission – Simplifying Local Government draft proposal" included as Attachment 1 to this report.
- (c) Delegates authority to the General Manager: Strategy, Partnerships & Growth to make minor drafting, typographical, and presentation amendments as required prior to formally lodging the submission ahead of the 20 February 2026 deadline.
- (d) Delegates authority to the City Future committee to approve the submission, if following discussion, changes are more than minor.

CARRIED

Timestamp 5 hours and 19 minutes

11.4 Rates Capping Submission

Staff Jeremy Boase, Head of Strategy, Governance & Climate Resilience

RESOLUTION CO/26/2/6

Moved: Mayor Mahé Drysdale

Seconded: Cr Kevin Schuler

That the Council:

- (a) Receives the report "Rates Capping Submission".
- (b) Retrospectively endorses Council's submission to the Department of Internal Affairs on the government's rate capping proposal, included as Attachment 1.

CARRIED

Timestamp: 5 hours and 21 minutes

11.9 Draft Annual Plan 2026/27

Staff Craig Rice, Chief Operating & Financial Officer
Christine Jones, General Manager, Strategy, Partnerships & Growth
Tracey Hughes, Manager: Organisational Financial Performance & Corporate Planning
Susan Braid, Finance Lead Capital Performance & Community Investment
Jeremy Boase, Head of Strategy, Governance & Climate Resilience

Action requested:

- That staff look at opex savings before any levels of service changes.

The motions were taken in parts.

Part 1

RESOLUTION CO/26/2/7

Moved: Mayor Mahé Drysdale

Seconded: Deputy Mayor Jen Scoular

That the Council:

- (a) Receives the report "Draft Annual Plan 2026/27".
- (b) Notes the maximum limit on rates increase for Year 3 of the 2024-34 Long Term Plan (LTP) was 12% net of growth and the rates increase net of growth for 2027 was 10.4%.
- (c) Asks for a draft budget with options of 7.5% rates increase net of growth, after separating three waters rates and charges:
 - (i) Set the capital programme, of \$450m including carry forwards and contingency. The projects and contingency to be reported separately.

CARRIED

EXTENSION OF MEETING TIME

RESOLUTION CO/26/2/8

Moved: Cr Marten Rozeboom

Seconded: Cr Kevin Schuler

That the Council meeting extends beyond six hours.

CARRIED

Part 2

RESOLUTION CO/26/2/9

Moved: Mayor Mahé Drysdale

Seconded: Cr Kevin Schuler

That the Council:

- (c) Asks for a draft budget with options of 7.5% rates increase net of growth, after separating three waters rates and charges:
 - (ii) A reduction in operational expenditure from **Attachment 1** and **Confidential Attachment 2** of \$2.7M.
 - (iii) Additional savings target across the organisation of \$1.6M, noting the details of this are to be found by the executive prior to the final budget.
 - (iv) Reductions in charges under the waste collection rate of \$1.3M of revenue to reflect budgeted costs of delivering this service.

CARRIED

Part 3**RESOLUTION CO/26/2/10**

Moved: Mayor Mahé Drysdale

Seconded: Cr Rod Taylor

That the Council:

- (c) Asks for a draft budget with options of 7.5% rates increase net of growth, after separating three waters rates and charges:
 - (v) Increase in user fee revenue by \$0.3M from applying 3% inflation rather than 2.3% annual inflation that was assumed in the draft budget.

CARRIED

Part 4**RESOLUTION CO/26/2/11**

Moved: Mayor Mahé Drysdale

Seconded: Deputy Mayor Jen Scoular

That the Council:

- (d) Notes there are potential additional savings for next year's rates as a result of lower capital delivery in 2025/26 leading to lower debt. This depends on the level of carry forward budget approved with potential savings of \$1 to \$2m in interest costs for 2026/27. Provide a clear calculation of interest and depreciation for both years.

CARRIED

Part 5**RESOLUTION CO/26/2/12**

Moved: Mayor Mahé Drysdale

Seconded: Cr Kevin Schuler

That the Council:

- (e) Agrees the service provision that council would consider for expenditure reduction to achieve rates saving, noting an overall reduction in rates funded expenditure of \$4.5 to \$5.3m would be required to achieve a rates increase of 7.5%, from the options provided in **Confidential Attachment 3** (with the three waters activities separately disclosed).

CARRIED

Part 6**RESOLUTION CO/26/2/13**

Moved: Mayor Mahé Drysdale

Seconded: Deputy Mayor Jen Scoular

That the Council:

- (f) Requests details of the budget adjustments required by resolution in all of the above be provided at the April Council meeting for final decision-making.

CARRIED

Part 7

RESOLUTION CO/26/2/14

Moved: Cr Steve Morris

Seconded: Deputy Mayor Jen Scoular

That the Council:

- (g) Provides all reporting in three columns, excluding waters, waters and total at a detailed level.

CARRIED**Part 8****Resolution CO/26/2/15**

Moved: Cr Rick Curach

Seconded: Cr Rod Taylor

That the Council:

- (h) Adopts “option 1: do not consult” approach to consultation for the annual plan 2026/27, assuming level of service changes contemplated by resolution (e) are not significant in terms of the Local Government Act 2002.

For: Mayor Mahé Drysdale, Deputy Mayor Jen Scoular, Cr Hautapu Baker, Cr Rick Curach, Cr Steve Morris, Cr Hēmi Rolleston, Cr Marten Rozeboom, Cr Kevin Schuler and Cr Rod Taylor

Against: Cr Glen Crowther

CARRIED 9/1

- (i) Undertakes community engagement on the draft annual plan, and in anticipation of the long-term plan, include a demographically-sound and independent survey, by direct appointment of the same supplier as the annual plan 2025/26, with 1000 respondents
- (j) Attachments 2 and 3 can be transferred into the open once the annual plan has been adopted.

CARRIED

At 4.19pm the meeting adjourned.

At 4.30pm the meeting resumed in open.

Timestamp: 7 hours and 14 minutes

11.5 User Fees and Charges Review - Issues and Options

Staff Christine Jones, General Manager, Strategy, Partnerships & Growth

Actions requested

That staff:

- Provide options regarding the crematorium fees for the 24 March Council meeting.
- For future reports leave the Te Ao section in the report and add a statement.

RESOLUTION CO/26/2/16

Moved: Mayor Mahé Drysdale

Seconded: Cr Marten Rozeboom

That the Council:

- (a) Receives the report "User Fees and Charges Review - Issues and Options".
- (b) Notes the work done to date on the user fees and charges review by staff and elected members and agrees to defer further progress on all aspects of the review until the long-term plan process which will be progressed during 2026.

CARRIED

Timestamp: 7 hours and 24 minutes

11.6 Transport Resolutions Report No.59

Staff Mike Seabourne, Head of Transport
Shawn Geard, Manager: Transport System

RESOLUTION CO/26/2/17

Moved: Cr Rod Taylor

Seconded: Cr Marten Rozeboom

That the Council:

- (a) Receives the report "Transport Resolutions Report No.59".
- (b) Resolves to implement the proposed traffic and parking controls for general safety, operational, or amenity purposes as detailed in Attachment A - including Attachment 7.1, 7.2, 7.7, 7.8,7.9,7.16, 7.21, 7.25
- (c) That these changes take effect on or after 11 February 2026, subject to the installation of appropriate signs and road markings where necessary.

CARRIED

Timestamp: 7 hours and 32 minutes

11.7 Bay of Plenty Mayoral Forum Triennial Agreement 2025-2028

Staff Jeremy Boase, Head of Strategy, Governance & Climate Resilience

RESOLUTION CO/26/2/18

Moved: Mayor Mahé Drysdale

Seconded: Cr Glen Crowther

That the Council:

- (a) Receives the report "Bay of Plenty Mayoral Forum Triennial Agreement 2025-2028".
- (b) Endorses the draft Bay of Plenty Mayoral Forum Triennial Agreement 2025-2028, included as Attachment 1.
- (c) Endorses the draft Bay of Plenty Mayoral Forum Terms of Reference, included as

Attachment 2.

- (d) Authorises the Mayor to sign the Triennial Agreement on behalf of Tauranga City Council.
- (e) Supports a review of the Triennial Agreement commencing no later than six months after it is signed to ensure that it remains relevant given ongoing government reforms of the local government sector, and requests that the Mayor formally communicate this to the other signatories.

CARRIED

Timestamp: 7 hours and 41 minutes

11.8 Miro Street Parking Improvements

Staff Mike Seabourne, Head of Transport
Shawn Geard, Manager: Transport System

Action requested

- That staff provide a regular report on which transport projects might be uplifted for additional savings.

The motion was taken in parts.

RESOLUTION CO/26/2/19

Moved: Deputy Mayor Jen Scoular

Seconded: Cr Kevin Schuler

Part 1

That the Council:

- (a) Receives the report "Miro Street Parking Improvements".
- (b) Endorses converting Miro Street (between Matai Street and Hinau Street) to a One-Way-Street with angled parking to improve parking for residents of Miro Street at the cost of up to \$315,000.
- (d) That the potential expansion of the one-way system to northern section of Miro Street and Tawa Street is planned as a future stage in the next LTP.
- (e) That the estimated saving against budget of \$735,000, is re-prioritised to deliver rapidly deployable projects, in accordance with City Delivery Committee Resolution CDC/25/0/7 (recommendation (e) of the report "Transport Minor Safety and Accessibility Prioritisation and Programme Status" from 15 December 2025).

CARRIED

Part 2

That the Council:

- (c) Constructs a footpath on the eastern side of Miro Street between Matai Street and Hinau Street to both improve accessibility for the angled carparking and also to mitigate any continued berm parking issues – without formally banning berm parking at this time at the cost of up to \$150,000.

For: Mayor Mahé Drysdale, Deputy Mayor Jen Scoular, Cr Hautapu Baker, Cr Marten Rozeboom, Cr Kevin Schuler and Cr Rod Taylor

Against: Cr Glen Crowther, Cr Rick Curach, Cr Steve Morris and Cr Hēmi Rolleston

CARRIED 6/4

12 DISCUSSION OF LATE ITEMS

Nil

13 PUBLIC EXCLUDED SESSION

Resolution to exclude the public

RESOLUTION CO/26/2/20

Moved: Deputy Mayor Jen Scoular

Seconded: Cr Marten Rozeboom

That the public be excluded from the following parts of the proceedings of this meeting at 5.24pm.

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

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
<p>13.1 - Public Excluded Minutes of the Council meeting held on 26 August 2025</p>	<p>s6(b) - The making available of the information would be likely to endanger the safety of any person</p> <p>s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons</p> <p>s7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information</p> <p>s7(2)(g) - The withholding of the information is necessary to maintain legal professional privilege</p> <p>s7(2)(h) - The withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities</p> <p>s7(2)(i) - The withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</p>	<p>s48(1)(a) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7</p>

<p>13.2 - Public Excluded Minutes of the Council meeting held on 16 September 2025</p>	<p>s7(2)(h) - The withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities</p> <p>s7(2)(i) - The withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</p>	<p>s48(1)(a) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7</p>
<p>13.3 - Public Excluded Minutes of the Council meeting held on 29 October 2025</p>	<p>s7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information</p> <p>s7(2)(h) - The withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities</p> <p>s7(2)(i) - The withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</p>	<p>s48(1)(a) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7</p>
<p>13.4 - Public Excluded Minutes of the Council meeting held on 16 December 2025</p>	<p>s6(b) - The making available of the information would be likely to endanger the safety of any person</p> <p>s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons</p> <p>s7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information</p> <p>s7(2)(d) - The withholding of the information is necessary to avoid prejudice to measures protecting the health or safety of members of the public</p> <p>s7(2)(g) - The withholding of the information is necessary to maintain legal professional privilege</p> <p>s7(2)(h) - The withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities</p> <p>s7(2)(i) - The withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including</p>	<p>s48(1)(a) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7</p>

	commercial and industrial negotiations)	
13.5 - Council-Controlled Organisations - Board Appointments beyond 30 June 2026	s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons	s48(1)(a) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
Confidential Attachment 2 - 11.1 - Draft Annual Plan 2026/27	s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons s7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information	s48(1)(a) the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
Confidential Attachment 3 - 11.1 - Draft Annual Plan 2026/27	s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons s7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information	s48(1)(a) the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7

CARRIED

The meeting resumed in open at 6.13pm.

14 CLOSING KARAKIA

Cr Rolleston closed the meeting with a karakia.

The meeting closed at 6.13 pm

The minutes of this meeting were confirmed as a true and correct record at the Ordinary Council meeting held on 24 March 2026.

8 DECLARATION OF CONFLICTS OF INTEREST

9 DEPUTATIONS, PRESENTATIONS, PETITIONS

Nil

10 RECOMMENDATIONS FROM OTHER COMMITTEES

Nil

11 BUSINESS

11.1 Local Water Done Well - Project Update

File Number: A19779936

Author: Cathy Davidson, Manager: Directorate Services
Fiona Nalder, Principal Strategic Advisor

Authoriser: Christine Jones, General Manager: Strategy, Partnerships & Growth

Please note that this report contains confidential attachments.

Public Excluded Attachment	Reason why Public Excluded
Item 11.1 - Local Water Done Well - Project Update - Attachment 1 - Detailed Budget Information	s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons. s7(2)(i) - The withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).

PURPOSE OF THE REPORT

- To provide an update of the following project matters – the establishment budget (the budget up until 1 July 2027), digital programme, recruitment of a Chief Executive, name and identity development, and key milestones for the project post-April 2026, and to seek approval for the overarching principle of maintaining or bettering current Tangata Whenua arrangements.

RECOMMENDATIONS

That the Council:

- Receives the report "Local Water Done Well - Project Update".
- Notes that future project updates will be provided via the quarterly reporting against the Water Services Delivery Plan (beginning April 2026) to the Department of Internal Affairs.
- Adopts the principle of maintaining Tangata Whenua participation, engagement and arrangements, with existing commitments and practices either retained or bettered during, and following, the transition to a Water Organisation.
- Notes the future key milestones in this report, and the list of topics scheduled for consideration and further work post-April 2026 as provided by **Attachment 3**.
- Attachment 1** can be transferred into the open following negotiations with suppliers.

EXECUTIVE SUMMARY

- Tauranga City Council (Council), in partnership with Western Bay of Plenty District Council (WBOPDC), is progressing the establishment of a multi-council Water Organisation (WO) as part of the Government’s Local Water Done Well (LWDW) reform programme.
- The WO is scheduled to ‘go live’ on 1 July 2027, and this report provides an update on key components required to support that transition. These include the establishment budget, progress of the digital programme, recruitment of the Establishment Chief Executive and

Board, development of the organisation’s name and identity, key project milestones following April 2026, and the Te Ao Māori approach underpinning the work.

4. This report is one of four reports being presented to Council on 24 March 2026 addressing Local Water Done Well matters, and should be considered alongside the three companion reports addressing commercial terms, due diligence and the financial implications of establishing a WO.

Establishment budget

5. Council’s share of the combined establishment and digital budget for the WO (leading up until July 2027) is provided in Table 1 below. Further details are provided by confidential Attachment 1.

Table 1: Original approved budget versus revised budget projection

	Original Budget	TCC Current Budget	TCC Updated Projection
TOTAL	\$9,464,000	\$8,638,776	\$8,527,945
Projected Saving			\$110,831

Digital programme

6. The digital programme, a partnership with IAWAI and WBOPDC, has two major phases.
7. Phase 1, approved in December 2025, focuses on achieving exit from Watercare by October 2026 and establishing standalone asset, work order, and GIS systems for all three partner organisations. Infor is the lead technology provider and key contractual arrangements are in place.
8. Phase 2, commencing following Council’s decision on 2 April 2026, will establish the full suite of organisational systems for the future WO. This will include consideration of billing, finance, customer, regulatory, and HR/payroll functions. An estimated amount for Council’s share of the proposed investment for Phase 2 is included in the draft Annual Plan. A business case and commercial proposal will be presented to Council in June 2026, and this will also seek approval of Phase 2 budget requirements.
9. No financial details are provided within this open report due to commercial sensitivity (Phase 1) and to protect Council’s negotiation position (Phase 2).

Recruitment

10. Recruitment for the Establishment Chief Executive is well advanced, with interviews underway and a preferred candidate expected to be appointed in April 2026, should Council confirm establishment of the WO. Recruitment of the Chair and Board will follow shortly thereafter.

Name and identity for the WO

11. Work is also underway to develop a proposed name and identity for the WO. This will be undertaken collaboratively with the Joint Working Group, comprising elected members and Tangata Whenua representatives (with wider Tangata Whenua involvement), to ensure cultural integrity, clarity of purpose, legal suitability, and long-term applicability.

Work post-April 2026

12. Key milestones after April 2026 include recruitment, development of the Transfer Agreement, development of the Statement of Expectations, progression of organisational policies and strategies, and ongoing reporting to the Department of Internal Affairs, together with list of topics for further consideration and work as identified by the Joint Working Group.
13. Following the 2 April decision, it is intended to move from the current Joint Working Group to a Joint Committee, and a new terms of reference will be developed for the Committee and brought to Council.

Te Ao Māori

14. A strong Te Ao Māori approach remains central to the project. Tangata Whenua representatives sit alongside Councillors on the Joint Working Group, guiding the development of recommendations. This report seeks Council endorsement of the principle that existing Tangata Whenua engagement arrangements will be maintained or bettered through, and after, the transition to a WO. Further work, such as developing engagement and remuneration policies, will occur after April 2026. It is proposed that Tangata Whenua will sit on the future Joint Committee, together with Councillors.

BACKGROUND

15. Tauranga City Council (Council), in partnership with Western Bay of Plenty District Council (WBOPDC, is progressing the establishment of a Multi-Council Water Organisation (WO) in response to the Government's Local Water Done Well (LWDW) reform programme. The WO has a 'go live' date of 1 July 2027.
16. On 15 August 2026 Council passed resolutions (CO/25/0/22) requesting:
 - a project plan for the establishment of the proposed water organisation.
 - quarterly reports to Council on engagement, progress against the project plan, work completed in the previous quarter and work proposed for the upcoming quarter, including budget tracking and risks.
17. Council endorsed the Multi-Council Water Organisation Summary Plan (including Due Diligence) on 29 October 2025. This plan sets out the approved approach to complete the necessary steps to establish the WO. It was prepared based on the Commitment Agreement between the two councils and the approved Water Service Delivery Plans (WSDP).
18. Since October Council has received the following reports progressing the establishment of the proposed WO
 - 16 December 2025 – Project Update and Recruitment
 - 16 December 2025 – Digital Programme
 - 10 February 2026 – Options for Stormwater
19. This project update is being presented to Council on 24 March 2026 alongside three additional Local Water Done Well reports covering the proposed commercial terms, the financial implications of establishing a WO, and the due diligence findings. These four reports, when considered holistically, progress establishment work and provide a comprehensive project update on the work completed to establish the WO.
20. The matters covered by this report are:
 - Establishment budget (the budget up until 1 July 2027)
 - Digital programme
 - Recruitment of a Chief Executive
 - Name and identity development
 - Key milestones for the project post-April 2026
 - Te Ao Māori approach

Establishment budget

21. Council's share of the combined establishment and digital budget for the WO (leading up until July 2027) is provided in Table 1 below. Further details are provided by Confidential Attachment 1.

Table 1: Original approved budget versus revised budget projection

	Original Budget	TCC Current Budget	TCC Updated Projection
TOTAL	\$9,464,000*	\$8,638,776	\$8,527,945
Projected Saving			\$110,831

* Establishment plus Phase 1 Digital

22. Budget sharing arrangements between Council and WBOPDC are set out by the Commitment Agreement.
23. People and workforce considerations are discussed in more detail in the companion Local Water Done Well – Due Diligence report. The two councils (TCC and WBOPDC) will work together with the WO to transfer staff to suitably similar roles in the WO and, where necessary, will look to minimise redundancy costs through a sinking lid approach. Overall, it will be important to the success of the WO to retain skilled staff and existing organisational knowledge.
24. All budgets, establishment and digital, are debt funded opex and will be transferred to the proposed WO.

Digital programme

25. Note: no financial detail (approved budgets or future estimated funding requirements) is included in this section due to commercial sensitivity and to protect Council’s negotiation position.
26. The Local Water Done Well Digital programme has two phases:
 - Phase 1 - exit from Watercare by October 2026
 - Phase 2 – establish digital services for the proposed WO by on 1 July 2027

Phase 1 – exit from Watercare

27. Phase 1 was approved by Council in December 2026 and is being delivered in partnership with WBOPDC and IAWAI, delivering significant cost savings for all three parties. Infor has been selected as the technology provider and costs are being shared by the three parties (IAWAI 50%, Council/TCC 35%, WBOPDC 15%). A Joint Project Agreement governs cost sharing, procurement and management of Phase 1.
28. Phase 1 will deliver standalone Asset and Work Order Management capabilities for all three organisations, alongside integration with Council’s existing GIS capabilities. A new GIS capability will also be established for IAWAI as part of the programme.
29. Phase 1 is on track for completion by the end of October 2026. Contractual agreements with all key providers have been signed or are close to execution, including Infor, Ernst & Young (data migration), Watercare, and Downer.

Phase 2 – standing up of WO capabilities

30. Delivery of Phase 2 will commence following Council’s decision whether to continue with the establishment of a WO (due 2 April 2026). The scope of Phase 2 will consider billing, finance, customer, regulatory, and HR & payroll systems and processes and full IT architecture requirements will be considered against what services will continue to be provided by Council in the short term.
31. If Council decides to proceed with establishment of a WO, commercial negotiations with delivery vendors will commence in April, and a business case will be presented for Council consideration in June 2026. The current partnership approach with WBOPDC and IAWAI is proposed to continue for Phase 2. An estimate of Council’s share for the proposed

investment in Phase 2 is included in the draft Annual Plan, and this will be brought to Council for approval in June 2026 along with the business case.

Recruitment of an Establishment Chief Executive and Board of Directors

32. On 16 December 2025 Council approved the recruitment and appointment of a WO Establishment Chief Executive (CO/25/0/6).
33. Several strong applicants applied for the position. Shortlisting has been completed and the interview process began on 13 March 2026. If Council decides to proceed with establishment of the WO on 2 April 2026, an accompanying 2 April Council report will seek approval to make a formal offer to the preferred candidate. This will initially be on a 2-year fixed term basis, with the potential for the appointment to become an ongoing arrangement.
34. The appointed Chief Executive will commence in the role depending on availability (mid-2026 at the latest).
35. Following the 2 April decision, it is recommended that recruitment commence for the Board of Directors of the WO. Recruitment will initially focus on appointing a Chair and two Board members, with the remainder of the Board to be appointed in advance of the 1 July 2027 'go live' date. A Council paper seeking approval to recruit the Board is scheduled for 21 April 2026.

Developing the name and identity for the proposed Water Organisation

36. A high-level project outlining the process for development a name and identity for the proposed WO is provided as Attachment 2. The objective is to develop and adopt a name for the proposed WO ahead of incorporation, so that the chosen name is used in legal documentation establishing the WO.
37. The proposed name will be brought to Council for approval.
38. The recommended approach is to work with the members of the Joint Working Group (includes elected members from Council and WBOPDC, and Tangata Whenua representatives) to develop a proposed name. Council staff and wider Tangata Whenua involvement is also proposed. A full brand development process is not proposed, as this is intended to occur later to enable the participation of the WO Chair and Board, and the WO Chief Executive.
39. The following key requirements have been identified.
 - Clear connection to purpose – the name should make it apparent that the organisation is focussed on the delivery of water services and values environmental stewardship.
 - Geographic relevance and identity, whilst also future-proofed so that other councils can join later.
 - Memorable, simple and easy to use.
 - Offer longevity, flexibility and legal practicality.
 - Be culturally appropriate and recognise partnership (potentially bilingual).
 - Differentiation from competitors.
 - Trademarked, the identity/name/brand is owned by the WO.

Key milestones - post-April 2026

40. Work has commenced on developing a project plan for post-April, based on the assumption that Council will continue towards establishment of a multi-council WO. The following are high-level milestones.
 - First report on implementation of the Water Services Delivery Plan due to the Department of Internal Affairs in April 2026

- Appoint Chief Executive in April 2026 (subject to Council decision, 2 April 2026), commence recruitment of executive management roles from May 2026.
 - Commence recruitment of a Chair and partial Board in April 2026
 - Commence development of a Transfer Agreement in April 2026 (must be in place for 'go live' date of 2 July 2027).
 - Develop a Statement of Expectations, April to December 2026
 - Establish staff pathways for transition to the WO, commencing April 2026
 - Develop an operations focussed transition plan, commencing April 2026
 - Return to Council with a Phase 2 digital business case in June 2026
 - Commence development of a Water Services Strategy in July 2026
 - 'Go live' date for multi-council WO is 1 July 2027.
41. In addition to the high-level milestones above, the Joint Working Group (a group consisting of elected members from Council and WBOPDC, and Tangata Whenua representatives) has identified issues and work to be progressed post-April 2026. These are provided in Attachment 3 and will be considered and incorporated into future work programmes as appropriate.

TE AO MĀORI APPROACH

42. Council is working in partnership with Tangata Whenua on the establishment of the proposed WO, ensuring that Council's Te Ao Māori principles are considered and integrated into project work. Tangata Whenua were invited to select representatives to work alongside elected members to represent the interests of all Iwi, Hapū, Māori entities, tāngata whenua forums and whenua Māori trusts.
43. Tangata Whenua appointed the following representatives:
- Hakopa Tapiata
 - Kiritapu Allan
 - Kylie Smallman
 - Roana Bennett
 - Rohario Murray
 - Shadrach Rolleston
44. These representatives are members of the Joint Working Group, along with elected members from Council and WBOPDC. The Joint Working Group has been considering a range of work related to the establishment of the proposed WO and making recommendations for decision-making by Council and WBOPDC.
45. A stocktake of existing Tangata Whenua arrangements in place at Council and WBOPDC was presented to the Joint Working Group on 23 February 2026 alongside a suggested approach for transitioning existing arrangements to the WO. In response, the Joint Working Group agreed to recommend to both Councils that they:
- Adopt the principle of maintaining Tangata Whenua participation, engagement and arrangements, with existing commitments and practices either retained or bettered during, and following, the transition to a Water Organisation.
 - Agree that developing a Tangata Whenua Engagement Policy and a Tangata Whenua Remuneration Policy is to be a priority for the Water Organisation, and note that this will be considered for inclusion in the Statement of Expectations.
 - Agree that the Water Organisation is to consider each existing arrangement (as identified in each Council's Tangata Whenua stocktake) and assess and identify how they will be

transferred across to Water Organisation, and note that this will be considered for inclusion in the Statement of Expectations.

- Explore the development of an overarching Tangata Whenua Framework, including strategic guidance and input.
46. This report presents the first recommendation above for Council consideration. The remaining recommendations relate to work intended to occur post-April, once Council has decided whether to proceed with establishment of a WO. These will be addressed by future project plans and work programmes (refer also to Attachment 2).
47. The Council paper ‘Local Water Done Well – Commercial Terms’, a companion paper to this report, presents a suite of Commercial Terms for Council decision. In addition to various matters relating to the Shareholders, Shareholding and the Board, it also recommends forming a Joint Committee which includes Tangata Whenua, alongside elected members from Council and WBOPDC.
48. The proposed Joint Committee will replace the Joint Working Group. Including Tangata Whenua representatives enables their continued involvement in governance discussions.

STATUTORY CONTEXT

49. The matters in this report form part of Council’s overall response to the government’s Local Water Done Well reform programme and associated legislation. There are no specific statutory compliance matters to be considered in respect of this report.

STRATEGIC ALIGNMENT

50. Council’s overall response to the Local Water Done Well reforms supports delivery of the following community outcomes.

	Contributes
We are an inclusive city	<input type="checkbox"/>
We value, protect and enhance the environment	<input checked="" type="checkbox"/>
We are a well-planned city that is easy to move around	<input checked="" type="checkbox"/>
We are a city that supports business and education	<input type="checkbox"/>
We are a vibrant city that embraces events	<input type="checkbox"/>

51. This report, and the wider water reform programme, are part of ensuring Tauranga has water services that are sustainable, affordable, well-planned and maintained, and of high quality.

OPTIONS ANALYSIS

52. This report seeks approval of the overarching principle of maintaining Tangata Whenua participation, engagement and arrangements, with existing commitments and practices either retained or bettered during, and following, the transition to a WO, as recommended by the Joint Working Group

Option one: approve the overarching principle that Tangata Whenua participation, engagement and arrangements will be maintained or bettered during, and following, transition to a WO. (RECOMMEDED)

Advantages	Disadvantages
Supports the agreed upon recommendation of the Joint Working Group. Provides clarity for Tangata Whenua regarding continuation of existing arrangements (with opportunity to improve upon these over time).	Sets the direction for the WO ahead of appointing a Chief Executive, Chair and Board.

<p>Sets the WO up for organisational success by setting a baseline for Tangata Whenua which follows existing practices and arrangements.</p> <p>Demonstrates Council compliance with s81 of the Local Government Act 2002 (Contributions to decision-making processes by Māori).</p>	
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Option one: do not approve the overarching principle that Tangata Whenua participation, engagement and arrangements will be maintained or bettered during, and following, transition to a WO. (NOT RECOMMENDED)

Advantages	Disadvantages
<p>Does not set direction for the WO ahead of appointing a Chief Executive, Chair and Board, retaining flexibility.</p>	<p>Does not support the agreed upon recommendation of the Joint Working Group.</p> <p>Prolongs uncertainty for Tangata Whenua regarding the position of the WO.</p> <p>May cause operational difficulties for the WO, if key practices, arrangements, agreements and policy positions are not maintained.</p> <p>Requires alternative arrangements to ensure compliance with s81 of the Local Government Act 2002 (Contributions to decision-making processes by Māori).</p>

FINANCIAL CONSIDERATIONS

- 53. The financial implications of establishing a WO are discussed in the accompanying 24 March 2026 Council report ‘Local Water Done Well – Financial Implications’.
- 54. An update on establishment costs is provided earlier in the report.

LEGAL IMPLICATIONS / RISKS

- 55. The legal considerations related to establishing a WO with WBOPDC are discussed in the accompanying 24 March 2026 Council report ‘Local Water Done Well – Commercial Terms’. This paper presents recommended commercial terms for Council approval. Once approved, and subject to Council’s final decision to proceed with establishing a WO on 2 April 2026, these will inform the drafting of foundation documents for the WO (e.g. the Constitution).

CLIMATE IMPACT

- 56. This report has no direct climate impacts, however the proposed WO will enable an integrated sub-regional approach to the management and delivery of water, wastewater and stormwater services, providing opportunities for improved climate and environmental outcomes over time.

CONSULTATION / ENGAGEMENT

- 57. Engagement regarding the option of establishing a multi-council Water Organisation occurred alongside Council’s 2025/2026 Annual Plan consultation process.

SIGNIFICANCE

58. The Local Government Act 2002 requires an assessment of the significance of matters, issues, proposals and decisions in this report against Council's Significance and Engagement Policy. Council acknowledges that in some instances a matter, issue, proposal or decision may have a high degree of importance to individuals, groups, or agencies affected by the report.
59. In making this assessment, consideration has been given to the likely impact, and likely consequences for:
- (a) the current and future social, economic, environmental, or cultural well-being of the district or region
 - (b) any persons who are likely to be particularly affected by, or interested in, the decisions.
 - (c) the capacity of the local authority to perform its role, and the financial and other costs of doing so.
60. In accordance with the considerations above, criteria and thresholds in the policy, it is considered that the decisions proposed by this report are of medium significance. The recommendations are focused on enabling participation of Tangata Whenua, have minimal cost implications, and propose an approach which is based on existing arrangements.
61. The decision of whether to proceed with establishment of a WO is of high significance and was consulted on alongside the 2025/2026 Annual Plan. This decision will be brought to Council on 2 April 2026, but will not require further consultation prior to decision-making.





ENGAGEMENT

62. Taking into consideration the above assessment, that the decisions are of medium significance, officers are of the opinion that no further engagement is required prior to Council making a decision, noting that the required engagement has already occurred in 2025 (alongside consultation for the 2025/26 Annual Plan).

NEXT STEPS

63. The next steps for this project depend on Council decisions scheduled for 2 April 2026. If Council decides to continue to establish a WO with WBOPDC, next steps will include:
- Seeking Council approval to appoint the preferred candidate as the Establishment Chief Executive for the WO.
 - Seeking approval to initiate the Board appointments.
 - Establishing the formal Joint Committee.
 - Developing a work programme through to 1 July 2027 to establish the WO and set it up for success. This will include transition pathways for staff.
 - Scoping Phase 2 of the digital programme, ahead of bringing a proposal to Council for consideration in June 2026.
 - Commencing work to develop key policies, processes and plans for the WO, including a Tangata Whenua Engagement Policy and a Tangata Whenua Remuneration Policy, alongside development of other required policies and plans such as a Significance and Engagement Policy and the Water Services Strategy.

ATTACHMENTS

1. **Detailed Budget Information - A19930973 - Public Excluded**
2. **Name and identity development for Water Organisation - A19917686**  
3. **Items for consideration and inclusion in forward work programme - A19917684**  

**Water
Services****Project plan: Water Organisation name and identity development****March 2026**

Purpose: The following project plan outlines a recommended approach to developing a name and identity for the new joint Water Organisation for Tauranga City Council and Western Bay District Council, noting that the name should be enduring and supports further councils to be part of the Water Organisation in the future.

Objective: To develop a name and identity for the Water Organisation which is culturally grounded, legally and practically sound, and reflects its purpose, and aspirations. Additionally, to ensure the name, and identity is flexible and future-proof, not requiring re-work in the future should additional councils join.

Outcomes: The requirements by 1 June 2026 (or in time for the company name to be incorporated on legal documents) are:

- A name for the Water Organisation – an identity that is meaningful, enduring, and trusted
- And later (deadline TBC) a logo supported by a brand – that is cohesive and confident that builds trust and clarity.

These outcomes would be supported by:

- Mini brand guidelines and tone of voice
- Key messages

Background:

Creating a brand is a process. Strong brand foundations are generally required before creating a new brand identity and include the purpose, vision, mission, values, and positioning. These foundations ensure the name and logo are not just attractive, but meaningful, enduring, and trusted. They give leadership confidence that every decision reflects the entity's identity and future direction.

From a communications perspective, we see this as an opportunity to create a name and brand that truly reflects and resonates with staff, the people of Western Bay, Tauranga City, elected members, Tangata Whenua, stakeholders and all those who will engage with the new entity. It will need to be sufficiently flexible to include other parties in the future.

For this reason, the process should ensure that the voices, values, and aspirations of our diverse communities, collective ratepayers and staff are woven into the brand.

Importantly, the brand would also need to reflect and embody what we understand our stakeholders care about; namely cost, control, ownership, quality, and cultural identity.

For these reasons, we recommend creating a brand personality and tone of voice that feels right for internal communications, customer service, water invoices, and every other public touchpoint.

By learning from other new water entities and established utility providers - and building on our own community strengths - we can position the new water entity as a strategic leader, not just another water organisation. With time, we would like it to become a trusted, recognisable, and respected brand, comparable to Mercury or PowerCo.

Key requirements - summary

The key requirements sought to be achieved in developing a name and brand for a Water Organisation are:

1. Clear connection to purpose;
The name should make it immediately obvious that the organisation is connected to water services, infrastructure (drinking water, wastewater, stormwater), and environmental stewardship.
2. Geographic relevance and identity
Needs to be future proofed for other Councils joining later.
3. Memorability, simplicity and ease of use
4. Longevity, flexibility and legal practicality
5. Cultural appropriateness and partnership¹
6. Differentiation from competitors
7. Trademarked, identity/name/brand is owned by the Water Organisation.

Recommended approach—After considering a range of options (see appendix 1 at end of document for the options) staff recommend undertaking a process involving the JWG and staff to develop a name which meets the identified key requirements. This process would be led by an internal creative design team with oversight from the respective council communications and engagement managers.

Noting: the identity/naming workshops could be used as the basis for later brand work when it is fully developed once a CE has been appointed.

Summary of recommended process:

- Waters staff workshops (two) – to create a mini identity blueprint
- Joint Working Group workshop – to discuss our foundations and identity
- Cultural workshop with Tangata Whenua – to discuss cultural values and narratives
- Close the loop session with JWG – share back what we heard
- Design phase (comms/design team) – develop and refine initial name/identity concepts
- Concept review with JWL representatives – review two name/identify concepts and provide feedback
- Council endorsement

¹ Consider bilingual name to be given

- Mini brand guidelines created

Risks and mitigations:

Creating a new entity, especially one formed through merging council operations, is a defining moment to establish identity, purpose, and trust. While the timeline to develop an identity or name quickly is understandable, we note there are some real risks in doing so without first establishing strong brand foundations.

Risk	Context	Mitigation
Limited foundation documents. Not limited to: <ul style="list-style-type: none"> • Purpose statement: Why the entity exists • Vision & Mission: Where we're heading and how we'll get there • Values: Principles that shape behavior and decisions • Positioning: How we want to be perceived by stakeholders 	Brand foundations are the blueprint for identity. They safeguard cultural integrity, strategic alignment, and public trust, making naming and design a powerful expression of who we are, how we are perceived and where we're going.	We do have a Water Services Delivery Plan and Waters Legislation. We also have the principles in the Commitment Agreement. See appendix 2. If CE is appointed and onboard in April / May that CE can participate to ensure they are comfortable with strategic positioning and can be involved in the naming and brand journey at the same time.
Short timeframe	A request to confirm the name by 1 June	Utilise time available until 1 June to best effect – beginning with some name identity work.
Strategic misalignment	A name chosen in isolation may fail to reflect the shared vision and values of all partners, leading to confusion about what the entity truly represents.	Targeted engagement with stakeholders, namely the Joint Working Group, to ensure cultural values and narratives are appropriately considered.
Cultural integrity	Overlooking cultural narratives damages our relationships and credibility.	Working with our Tangata Whenua representatives.
Reputation risked by not giving branding a strong focus	Reworking a name at a later date creates public confusion, erodes trust, and undermines the integrity of the brand story.	Initiating a focused process around brand development will create a body of data which will support decision making.

Risk of rework	Redesigning after launch would waste resources, and slow momentum.	Taking people on the journey to create a brand together will reduce this risk.
If a name is developed before the brand, the two may not be well aligned	Reverse engineering may be required to make the brand story fit the name.	Even with careful planning, this risk may be hard to completely overcome.

We acknowledge that with the absence of some of the strategic documents necessary to begin this process that we would want to work closely with our stakeholders to ensure strategic alignment, cultural integrity, and trust throughout the journey.

Proposed process

To support the development of this work, we will be running two workshops with the Waters project team and in-house design team to create a Mini identity blueprint. The workshops will be scheduled when the process has been agreed.

A well-crafted identity blueprint is critical to creating a name that commands trust and clarity. It ensures every design choice reflects our purpose and values, equipping our team with a shared framework to communicate consistently and meaningfully, while building an identity that resonates with and is understood by our audience.

Step 1: Develop Mini identity blueprint

Identity:

- **Purpose:** Why does the joint Waters Organisation exist in one sentence?
- **Vision:** What is the aspirational future (what does success look like)?
- **Brand essence/tagline:** One short phrase describing the heart of the brand.

Brand positioning: target audience/problem and need

- **Audience personas and target audiences:** Define a broad group of people that our product, and messages is intended to reach. It is usually defined by demographics, behaviours, needs, or interests. This is a high-level “who” you are speaking to.
- **Key insights/emotional drivers:** Why should audiences care? (What’s in it for me?) Not just about the problem, but what motivates them emotionally (pride, responsibility etc).
- **Brand promise:** This is the “why they should care.” Could include a measurable outcome if possible. This will give our promise credibility.

Key messaging and storytelling

- **Core messages:** Short, clear points everyone can communicate. We should include statistics, case studies, or examples to back each message. This builds credibility.
- **Tone of voice:** How does the organisation “speak”. Example: Approachable, expert, community focused.

Step 2: Brand/identity foundations/research

- Who: Joint Working Group representatives and communications and engagement leadership/design leads.
- Purpose: Go through any previous engagement, the mini identity blueprint (from step 1), gather input on values, vision, and attitudes to water.
- Activity: Workshop facilitated internally, with identification of next steps.
- **Duration: 2-3 hours**

Step 3: Cultural session

- Who: tangata whenua and communications and engagement leadership/design leads.
- Purpose: facilitator (to be confirmed) initiates workshop to integrate cultural perspectives alongside Joint Working Group representative insights.
- **Duration: 2 hours**

Step 4: Joint session to close the loop

- Who: Joint Governance Group and communications and engagement leadership/design leads.
- Purpose: facilitated session to bring the insights from the above two together to develop concepts and refine based on agreed foundations.
- **Duration: 1 hour**

Step 5: Design phase

- Who: Communications workstream.
- Purpose: Develop concepts and refine based on agreed foundations.
- **Duration: One month**

Step 6: Concept review

- Who: 1x Western Bay councillor 1x Tauranga City councillor and 1x Tangata Whenua representative and waters staff representation.
- Purpose: Review and discuss two design/name concepts; provide feedback and direction. Followed by selection and presentation to Joint Governance Group and Tangata Whenua representatives.
- **Duration: 90 min**

Step 7: Council endorsement

- Seek both Councils endorsement of name and identity work.

Step 8: Mini brand guidelines created

- Who: Council designers together with communications leads – lead delivery of mini brand guidelines and key messages.
- Purpose: Finalise guidelines.

Appendix 1 – Options for Name Development

Option	Pros	Considerations	Recommend
Brand consultant	A dedicated specialist to facilitate the naming/branding process	<ul style="list-style-type: none"> • Cost – would vary but budget approx. \$60,000 	No
Community consultation	Community can be taken on the journey and can own the name	<ul style="list-style-type: none"> • Can be a lengthy process • Requires financial investment to promote the consultation appropriately • Previous community consultation could inform thinking • Would not consider staff as a key stakeholder in the process • Scope of consultation needs to be clear • May be more difficult to secure a name that meets all the key requirements. 	No
Joint Working Group, Tangata Whenua and staff	<ul style="list-style-type: none"> • Tangata Whenua would be involved to work together on a name • Any previous community consultation could help inform workshops • It would reflect views of staff as staff have opportunity to be involved • Comms Teams (shared resources) have skills to lead the project 	<ul style="list-style-type: none"> • Risk of internal bias towards more 'acceptable' options and not challenging norms • Comms team staff juggling multiple priorities may create time pressures • External consultants can provide a level of neutrality that stakeholders value 	Yes

Appendix 2

Key Strategic Principles (Approved by Councils)	
1. Affordability	The WSO is operated in a way that ensures water services are affordability focused and equitable for all communities, balancing cost-effectiveness with long-term service quality and sustainability
2. Transparency	The WSO will operate with transparency and accountability to its shareholder councils and communities, ensuring clear, timely, and accessible information to build trust and support informed participation
3. Safe and resilient	The WSO will deliver water services that are safe, reliable, and resilient—protecting public health and adapting to changing environmental, infrastructure, and community needs over time
4. Environmental Wellbeing	The WSO has a kaitiaki role caring for the health and wellbeing of water for the benefit of the environment, communities, and future generations
5. WSO is set up to be successful	The shareholder councils are committed to establishing the joint waters WSO with the right governance, capabilities, and direction to enable long-term operational success and public value from day one
6. Iwi Hapū	The WSO will uphold Treaty of Waitangi obligations and commitments, existing formal relationships, and maintain open engagement through support of established Iwi and Hapū collectives.

LIVE DOCUMENT: Last updated 6 March 2026

LWDW: Ongoing list of “Park and Return” items

Purpose

Tauranga City Council (“**TCC**”) and Western Bay of Plenty District Council (“**WBOPDC**”) are undertaking due diligence and establishment planning for a proposed joint Water Organisation (“**WO**”) under the Local Government (Water Services) Act 2025 (the “**Act**”) to deliver water services.

The JWG has met on numerous occasions to take reports from staff and to discuss matters relating to the establishment of the WO. Throughout those JWG meetings, a number of topics have arisen where staff and the JWG members have agreed to “park and return” to the issue at a later date. The purpose this document is to maintain a “live” list of such items, with an explanation and proposed timeframe / mechanism for closing out each issue. ¹

Parked item	Explanation / Description	Timeframe / Mechanism to close out item
Clarification of WO’s commitment to Treaty / Tiriti principles and Treaty / Tiriti settlement obligations. Also clarification on the Tangata Whenua Partnership approach with the WO	Tangata Whenua reps on the JWG have queried where and how the WO’s commitment to Treaty / Tiriti principles and Treaty / Tiriti settlement obligations will be recorded. A Tangata Whenua Partnership paper was included in the agenda of a JWG meeting and discussed. The paper information some of the conversations and direction. Further discussions required as and when the WO arrangements are put in place.	The intention is to address these topics initially within the Shareholders’ Agreement, Constitution and the Statement of Expectations. Beyond that, the WO may address these topics further within WO policies authored by the WO.
Tangata Whenua stocktake	Review of each element of the Tangata Whenua stocktake, ² and determine how each item will be addressed in the WO environment.	This topic will form part of the transitional workplan for the WO.
Dividends	Staff are instructed to reiterate in the Statement of Expectations that dividends not permitted unless there is unanimous shareholder approval plus approval from the WO’s Board of Directors (by ordinary Board resolution) subject to meeting any solvency and statutory tests (as per Companies Act). Staff are asked to emphasise that exceptional circumstances would need to be in place before any dividends would be permitted	This topic will be addressed in the Statement of Expectations (and also the Shareholders’ Agreement)

¹ Once an item has been revisited, and a consensus reached by the JWG, the item will be removed from this document.

² Which was presented to the JWG on 23 February 2026.

LIVE DOCUMENT: Last updated 6 March 2026

Parked item	Explanation / Description	Timeframe / Mechanism to close out item
Introduce flexibility re size of SRF	JWG members have requested that staff include flexibility for the number of members for each party to change (i.e. reduce) as more Councils become shareholders. So they may decide to have 3 members each initially while there are 3 parties on the SRF. But by the time additional Councils join as shareholders, it may be more appropriate for each party on the SRF to only have 2 reps on the Forum	This topic will be addressed in the SRF Terms of Reference (and as necessary, also within the Shareholders' Agreement).
Poll re prospect of privatisation	The JWG has reached a consensus ³ view to include anti-privatisation clauses within the WO's foundation documents that will preclude the sale of any shares in the WO to non-territorial authorities. This will be in addition to the statutory provisions that reflect the same. There has also been a discussion at JWG level about requiring a public poll (i.e. public referendum) to be conducted before the anti-privatisation position under the WO's foundation documents is revisited.	This topic can be considered in further detail when the WO's foundation documents are being drafted and presented for approval.
Dispute resolution: arbitrate in open forum	The JWG has reached a consensus that the dispute resolution process will reflect the following: Escalation process comprising: Negotiation → Mediation → Arbitration. There was additional discussion about arbitration being a private process. A query was made about whether arbitration could be undertaken in an open forum if the disputing parties each consented to do so.	This topic can be incorporated into WO's foundation documents are being drafted.
Treaty settlements and resource consents (such as water-take consents etc)	Tangata Whenua have queried how the establishment of the WO will impact existing resource consents (including water-take consents) relating to Treaty / Tiriti settlements. For example, Tangata Whenua are particularly concerned to ensure that local Marae will have ongoing access to the Waiari water supply	Work programmes moving forward will be updated to capture and incorporate consideration of this topic.
Query regarding Tangata Whenua representatives on SRF	At the 2 March JWG meeting, a query was raised regarding Tangata Whenua representatives on the SRF. The query reflected the fact that WBOPDC's boundaries do not align perfectly with the boundaries of	Documents such as the Shareholders Agreement and the SRF Terms of Reference will clarify the appointment process

³ Although the JWG itself reached a consensus (i.e. the majority within each party formed the same view) it is acknowledged that in some instances there was a minority dissenting view within each party.

LIVE DOCUMENT: Last updated 6 March 2026

Parked item	Explanation / Description	Timeframe / Mechanism to close out item
	<p>local Iwi / Hapu (representatives of which may ultimately be nominated to the SRF). To date the JWG has reached a consensus view that:</p> <ul style="list-style-type: none"> - TCC, WBOPDC and Tangata Whenua will have equal representation on the SRF (such as 3:3:3). - Tangata Whenua will nominate their own representatives to the SRF. - The SRF will take the form of a Joint Committee under the LGA. Accordingly, the Councils will need to ultimately appoint the Tangata Whenua representatives (i.e. confirm the nominations). - The parties do not currently view it as necessary to enter a side-agreement or MOU to confirm that the Councils will appoint the Tangata Whenua nominees (but this issue can be addressed in the future if situations arise that warrant it). 	<p>(including the process for appointing Tangata Whenua reps to the SRF).</p>
<p>DC Policy / FINCO Policy / Development Levies Regime⁴</p>	<p>Proposed changes to the Resource Management Act and the Local Government Act require Councils (and the WO) to move away from a “Financial Contributions” model (most immediately) and away from a “Development Contributions” model (within a longer timeframe) and ultimately move to a brand new Development Levies regime. WBOPDC currently uses a FINCO model, so will be the first party to face change. TCC uses a DC model, so will have more time to prepare/adjust. The changes have not yet become law, and are only “proposed” at this stage.</p>	<p>WBOPDC to closely monitor the proposed legislative changes that will remove its ability to charge FINCOs. WBOPDC will need to adapt accordingly. Likewise, TCC will need to closely monitor the proposed changes to DCs, and adapt. Both shareholders (plus the WO, once incorporated) will need to consider how the WO will tackle this issue.</p>
<p>Interaction between Water Services Strategy and Significance and Engagement Policy</p>	<p>On 2 March the JWG reached a consensus view that the shareholders will provide comments on the WO’s Water Services Strategy, but will not have the power to require changes or approve the final WSS document. There was discussion about the interaction between the Significance and Engagement Policy and the WSS, with the JWG members wanting to see the S&E Policy once drafted.</p>	<p>Share draft S&E Policy with JWG once drafted.</p>

⁴ This topic was addressed in the Legal Due Diligence Paper.

LIVE DOCUMENT: Last updated 6 March 2026

Parked item	Explanation / Description	Timeframe / Mechanism to close out item
Side agreement between Councils regarding indemnity with respect to LGFA joint and several guarantee	On 2 March the JWG reached a consensus view that each Council's guarantee to the LGFA will be joint and several for the WO's full debt, with an additional agreement between the Councils where each Council will indemnify the other to the extent of its ring fenced debt. This will necessitate the drafting of a relevant indemnity side-agreement.	Side agreement to be prepared following 2 April decision, and in conjunction with Councils setting up lines of credit with LGFA and the LGFA requiring joint and several guarantee as a condition of those credit lines.

11.2 Local Water Done Well - Commercial Terms

File Number: A19713134

Author: Charles Lane, Team Leader: Commercial Legal
Tyler Buckley, Commercial Solicitor

Authoriser: Christine Jones, General Manager: Strategy, Partnerships & Growth

PURPOSE OF THE REPORT

1. The purpose of this report is to present recommendations of the Joint Working Group (comprised of representatives from Tauranga City Council, Western Bay District Council and Tangata Whenua) on the Commercial Term Sheet for consideration and final decision by Tauranga City Council and Western Bay of Plenty District Council. Once agreed, the Commercial Term Sheet will inform the drafting of the proposed Water Organisation's founding documents (the Shareholders' Agreement and Constitution) under the Local Waters Done Well framework.

RECOMMENDATIONS

That the Council:

- (a) Receives the report "Local Water Done Well - Commercial Terms" and Attachment 1.
- (b) Approves and endorses the Commercial Term Sheet at Attachment 1:
 - (i) With no exceptions; or
 - (ii) With the exception of commercial term(s):
 - (1) [insert commercial term #]
 - (2) [insert commercial term #]
- (c) Subject to a decision by both Tauranga City Council and Western Bay of Plenty District Council to approve the Local Water Done Well due diligence (proposed for 24 March 2026), and a decision by both Tauranga City Council and Western Bay of Plenty District Council to establish the Water Organisation (proposed for 2 April 2026):
 - (i) Tauranga City Council and Western Bay of Plenty District Council shall work together in good faith to resolve any outstanding commercial terms not yet approved by both Tauranga City Council and Western Bay of Plenty District Council.
 - (ii) Notes that staff will prepare the Water Organisation's Shareholders' Agreement and Company Constitution:
 - (1) In a manner that is consistent with the approved Commercial Term Sheet and any additional commercial terms subsequently agreed by Tauranga City Council and Western Bay of Plenty District Council; and
 - (2) To enable incorporation of the Water Organisation by 1 July 2026, with operations commencing on 1 July 2027.
- (d) In relation to whether Tangata Whenua may hold Class A (voting) shares in the Water Organisation, confirms that Class A (voting) shares in the Water Organisation may either:
 - (i) be held by Tangata Whenua; or
 - (ii) be held only by shareholding councils.

-
- (e) Notes all parties on the Joint Working Group have reached a consensus on all terms within the Commercial Term Sheet at Attachment 1, with the exception of whether Tangata Whenua should hold Class A (voting) shares in the Water Organisation
 - (f) Notes staff will report back to Tauranga City Council and Western Bay of Plenty District Council in relation to the draft Shareholders' Agreement and Company Constitution for the Water Organisation for endorsement and approval prior to execution by the Mayor and Chief Executive.
-

EXECUTIVE SUMMARY

1. Tauranga City Council ("**TCC**") and Western Bay of Plenty District Council ("**WBOPDC**") are considering whether to establish a multi-Council Water Organisation ("**WO**") under the Local Government (Water Services) Act 2025 ("**Act**"). If established, the WO will be responsible for managing and delivering drinking water, wastewater and stormwater¹ within the TCC and WBOPDC boundaries. In terms of timing:
 - (a) TCC and WBOPDC will decide whether to establish the WO on 2 April 2026; and,
 - (b) If TCC and WBOPDC decide to proceed with the WO's establishment, the intention is to incorporate that WO around July 2026. The WO would then have a 1-year establishment phase before a "go-live" date of 1 July 2027.
2. This report presents the Commercial Term Sheet ("**CTS**"), which outlines the key commercial terms that will underpin the WO's foundation documents (the Constitution and Shareholders' Agreement). The CTS has been developed through a robust due diligence process and extensive engagement with the Joint Working Group ("**JWG**"), comprising representatives from TCC, WBOPDC and Tangata Whenua. The JWG has reached consensus on all but one of the commercial terms, and this paper seeks Council's endorsement of the CTS and direction on the outstanding matter.
3. Endorsing the CTS will enable staff to begin drafting the WO's foundation documents following the decisions of TCC and WBOPDC on 2 April 2026. It will also provide clarity on the governance, ownership and operational arrangements of the proposed WO, including the establishment of a Joint Committee ("**JC**") to support strategic alignment between the shareholders, Tangata Whenua and the WO Board. The JC will initially have a recommendatory / advisory role only, and will sit between the shareholders and the WO Board, helping to ensure effective governance and oversight during the WO's establishment and beyond.

BACKGROUND TO THE JOINT WORKING GROUP ("**JWG**") AND JWG RECOMMENDATIONS WITHIN THIS PAPER

4. In September 2025, TCC and WBOPDC entered a Commitment Agreement to explore the establishment of a WO. Between late 2025 and early 2026, TCC and WBOPDC have been undertaking an establishment planning and due diligence process for the proposed WO.
5. As anticipated under the Commitment Agreement,² working group representatives³ from TCC, WBOPDC and Tangata Whenua formed the JWG. Part of the JWG's role has been to receive presentations and Issues & Options papers from staff regarding the structure of the WO's foundation documents (being the WO's company Constitution and the Shareholders' Agreement) so that if TCC and WBOPDC decide to proceed with the establishment of the WO on 2 April 2026, the foundation documents can be promptly prepared.

¹ See the Commercial Term Sheet ("**CTS**") at Attachment 1, items 2 and 3 regarding TCC's transfer of responsibility for stormwater services to the WO.

² In particular under the December 2025 Variation to the Commitment Agreement.

³ 4 representatives from WBOPDC; 4 representatives from TCC; and 6 representatives from Tangata Whenua.

6. The JWG's Terms of Reference require the JWG to form a consensus view on each matter (where possible) and then present that consensus view as a recommendation to the respective councils for final decision making. Where a consensus view cannot be reached, the matter is to be reported to the respective councils with an outline of each party's position and associated rationale.
7. To date, staff have met with the JWG on 10 separate occasions (each JWG meeting has run for approximately 3 hours) to work through the detail of each Issues & Options Paper.⁴ The JWG meetings (and accompanying papers) have provided an opportunity for the JWG members to undertake detailed consideration of each matter presented to them.
8. In addition to the JWG meetings outlined above, the representatives for each council have attended weekly meetings with staff (each internal meeting has run for approximately 1 to 2 hours) where the Issues & Options Papers for the upcoming JWG meeting have also been introduced.
9. Elected Members from outside of each council's working group members have been invited to attend the JWG meetings. Many Elected Members have taken up that invitation and have often attended the JWG meetings under a watching brief, with speaking rights extended to non JWG members on certain occasions.
10. In summary, the JWG members have worked diligently to understand the issues presented to them. Each meeting involved robust discussion, and significant thought and analysis underpin the JWG's recommendations set out in this paper.

EXPLANATION OF THE COMMERCIAL TERM SHEET

11. As noted above, part of the JWG's role has been to form recommendations regarding the structure of the WO's foundation documents. On that basis, staff prepared and presented the CTS to the JWG. The CTS covers off all the key details that will need to be included within the WO's founding documents, being the Constitution and Shareholders' Agreement. The CTS ensures that the agreed positions of TCC, WBOPDC and Tangata Whenua are accurately reflected in the WO's founding documents.
12. The CTS contains 46 different topics. Each CTS item was presented to the JWG with an explanation and different options to choose:
 - (a) Where the CTS item was classified as "political" the options were presented with advantages and disadvantages. 37 out of 46 items were political.
 - (b) Where the CTS item was classified as "commercial" the options were presented with a staff recommendation only (i.e. without advantages and disadvantages). 9 out of 46 items were commercial.
13. Each of these topics were explained in writing to the JWG members within an Issues & Options Paper (all of which are contained within in a link on TCC's and WBOPDC's respective LWDW webpages⁵). The topics were then presented in person by staff to the JWG members. All JWG parties (TCC, WBOPDC and Tangata Whenua) received the written documents and attended the presentations. As noted above, as at the date of this paper, there have been 10 in-person JWG meetings lasting approximately 3 hours each. At those meetings, all 3 JWG parties have raised questions, interrogated staff recommendations and debated the issues.

⁴ JWG meetings have occurred on 17 November 2025; 8 December 2025; 22 December 2025; 29 January 2026; 2 February 2026; 13 February 2026; 16 February 2026; 23 February 2026; 2 March 2026; 9 March 2026; 16 March 2026.

⁵ The link includes all materials prepared and presented to the JWG that informed the Commercial Term Sheet. This includes all relevant Agendas, Fact Sheets; I&O Papers; Slide-decks etc.

14. The final version of the CTS, including the JWG's recommendations is found at Attachment 1 of this paper.⁶ This is presented for approval and endorsement by both TCC and WBOPDC. For ease of reference, the CTS includes footnotes that identify when each topic was presented to the JWG (including references to the relevant Issues & Options paper). The material that underlies the CTS (including Issues & Options Papers, Fact Sheets, question responses etc.) can be found on TCC's and WBOPDC's respective LWDW webpages.
15. The following sections set out the JWG's consensus recommendations on the CTS items. For the purposes of this paper, the CTS has been organised into the following subject areas:
 - (a) JWG recommendations on WO ownership and voting rights.
 - (b) JWG recommendations on WO shareholder decision making.
 - (c) JWG recommendations on shareholder influence on the WO.
 - (d) JWG recommendations on the Joint Committee.
 - (e) JWG recommendations on WO's Board.
 - (f) JWG recommendations on LGFA guarantees.
 - (g) JWG recommendations on financial ring-fencing.
16. The items set out below include footnotes referencing the relevant CTS item numbers in Attachment 1. The following sections summarise the JWG's consensus position on each commercial term. They do not reflect all options considered by the JWG. Those options are set out in Attachment 1, with further explanation (including advantages, disadvantages, and staff recommendations) provided in the Issues & Options Papers contained on TCC's and WBOPDC's respective LWDW webpages.

JWG RECOMMENDATIONS ON WO OWNERSHIP & VOTING RIGHTS

Commercial terms where the JWG reached a consensus view

17. The following is an overview of the JWG's consensus on items relating to the ownership and voting right in relation to the WO:
 - (a) **Class A and Class B shares:** Shares in the WO will be divided into two classes:⁷
 - (i) Class A shares will relate to shareholder voting rights only (rather than ownership of the WO). These shares will issued on incorporation of the WO, and will be divided evenly across council shareholders. At the WO's commencement, TCC and WBOPDC will own Class A shares on a 1:1 basis. When a third shareholder is added, Class A shares will be owned on a 1:1:1 basis (and so on). It is important to note that these voting rights relate to a relatively small subset of shareholder decisions, albeit the most significant ones⁸. All day-to-day operational decisions will be made by the WO, which will be responsible for giving effect to the Statement of Expectations and implementing the Water Services Strategy.
 - (ii) Class B shares will relate to ownership of the WO. These shares will entitle the holder to a proportionate share of any dividends or other distributions, but would not carry voting rights. These shares will be issued based on the net assets being

⁶ The CTS evolved over time through successive iterations, reflecting JWG feedback, expanded political matters, incorporation of Tangata Whenua input across all items, and the refinement and addition of topics as discussions progressed.

⁷ CTS item 13. The rationale of issuing shares on the basis of Class A (voting) and Class B (ownership) centred on two primary concerns. The first was WBOPDC's concern that of TCC having positive control of the WO if all shares were issued on the basis of net assets. The second was TCC's concern about the accounting implications of issuing ownership shares on anything other than a net asset basis. The Class A (voting) and Class B (ownership) structure provided a means of addressing both concerns.

⁸ See the explanation under the heading: "JWG recommendations on WO shareholder decision making processes."

transferred to the WO by each shareholding council and will be issued following completion of the transfer agreement between each respective council and the WO. To ensure a fair process, it is recommended that TCC and WBOPDC engage a single independent valuer to value the water assets of both councils using the same valuation methodology, and the same key input assumptions. The valuations will be as at 1 July 2027, being the date the WO will become operational.

- (b) **Review and adjustment of Class B shares:** The allocation of Class B shares will be reviewed and adjusted on a regular basis.⁹ For clarity, the methodology of allocating Class B shares will not change whenever a review occurs. The triggers for undertaking reviews are set out directly below:¹⁰
- (i) The addition of a Council shareholder to the WO.
 - (ii) The departure of a Council shareholder from the WO.
 - (iii) Any reorganisation of local government structures (such as amalgamation or otherwise) that directly impacts any of the Council shareholders.
 - (iv) An end (or substantial change) to the WO's financial ring-fencing arrangements.
 - (v) Any periodic re-valuation of the water-related assets transferred to the WO by all of the shareholding Councils.
 - (vi) A material change to the value of the water-related assets transferred to the WO by any one of the shareholding Councils which would result in more than a 5% change in the shareholding allocation.
 - (vii) If the methodology for allocating shares includes a basis in addition to net assets (such as connections or population), a material change in that basis which would result in more than a 5% change in the shareholding allocation¹¹.
 - (viii) In the absence of any other "trigger-event" occurring, once every 6 years.
- (c) **Anti-privatisation:** Specific anti-privatisation clauses will be added to the WO's foundation document (over and above the anti-privatisation provisions in the Act). Unanimous shareholder approval will be required for the anti-privatisation clauses within the foundation documents to be amended.¹²
- (d) **Dividends:** Dividends will not be payable from the WO to shareholders unless there is unanimous shareholder approval plus approval from the WO's Board of Directors (by ordinary Board resolution) subject to meeting any solvency and statutory tests (as per Companies Act).¹³ All parties accepted that the WO's financial operating model is very unlikely to support the regular distribution of substantial dividends to the shareholders.¹⁴

Commercial terms where the JWG were unable to reach a consensus view: Class A (voting) shares

18. There was one CTS item relating to WO ownership and voting rights where the parties were unable to reach a consensus. Specifically, the topic of whether or not Tangata Whenua will

⁹ CTS item 14.

¹⁰ CTS item 46.

¹¹ On 16 March 2026, the JWG formed a consensus to recommend that Class B shares should be issued on the basis of net assets transferred to the WO by each shareholding council.

¹² CTS item 40. There was discussion about requiring a poll/referendum before any privatisation occurs (and capturing this requirement within the foundation documents), which will be investigated further by staff.

¹³ CTS item 10.

¹⁴ The Act itself prevents the WO from paying dividends that would compromise the WO's ability to fund long-term investment and meet its regulatory requirements.

hold Class A shares (voting rights, rather than ownership).¹⁵ This is a summary of each party's position:

- (a) TCC's representatives on the JWG formed a view that only shareholding councils will hold shares (whether it be Class A shares or Class B shares) in the WO. This view is based on several factors: The legislation does not anticipate share ownership by parties other than councils¹⁶; Tangata Whenua is not a shareholder in any other Water Organisation across New Zealand; external legal advice from Simpson Grierson, and advice from DIA, has suggested there are more appropriate forums to capture Tangata Whenua's input, including the JC; and, it is unclear what legal entity would hold the Class A shares on behalf of Tangata Whenua, or what the governance arrangements would look like for that legal entity.
 - (b) WBOPDC's representatives on the JWG formed a view that only shareholding councils will hold shares (whether it be Class A shares or Class B shares) in the WO. In addition to the points noted above, WBOPDC's rationale is that Tangata Whenua will be equally represented on the JC, which it considers to be the appropriate forum and one that provides sufficient opportunity for Tangata Whenua to have a say on matters related to the WO.
 - (c) Tangata Whenua's representatives on the JWG formed a view that that if it is legally possible for Tangata Whenua to hold Class A shares, then Tangata Whenua wishes to do so.
19. The JWG's Terms of Reference require that where the JWG is unable to reach a consensus recommendation for the councils, the matter will be escalated to the full councils, together with an explanation of the different positions and associated rationale. On that basis, it is for TCC and WBOPDC to make a final decision regarding the prospect of Tangata Whenua holding Class A shares, after considering the competing viewpoints above.

JWG RECOMMENDATIONS ON WO SHAREHOLDER DECISION MAKING PROCESSES

20. The following is an overview of WO shareholder decision-making processes, based on the consensus view of the JWG:
- (a) **Class A (voting) shares:** As mentioned above, shares in the WO will be divided into two classes. Class A shares (voting rights) will be divided equally between the shareholding councils.¹⁷ In other words each shareholder will have equal voting rights (regardless of ownership shareholding percentage).¹⁸
 - (b) **Decisions reserved for unanimous approval:** Where it is for the shareholders to make decisions, some matters will require unanimous shareholder approval.¹⁹ The matters that will require unanimity are outlined directly below:²⁰
 - (i) Adding new shareholding councils to the WO.
 - (ii) Liquidation or winding up of WO.
 - (iii) Amending the WO's constitution or SHA.
 - (iv) Approving an amalgamation, merger or major restructure of WO.
 - (v) The future addition of any further decisions that will require unanimous approval.
 - (vi) Removal of anti-privatisation clauses within foundation documents.
 - (vii) Payment of dividends by the WO²¹.

¹⁵ CTS item 45.

¹⁶ And Consumer Trusts.

¹⁷ CTS item 13.

¹⁸ CTS item 15.

¹⁹ CTS item 35.

²⁰ CTS item 36.

- (c) **Decisions reserved for special resolution:** There is a list of topics within the Companies Act that require a “special resolution” of shareholders. The special resolution threshold under the Companies Act is 75%, although it is possible to have a higher threshold. The JWG has recommended this threshold remain at 75%²². For the WO, additional matters over and above those set out in the Companies Act will be added to the list of special resolution topics.²³ The list of additional matters requiring a special resolution are outlined directly below:²⁴
- (i) Issue of, or changes to rights attaching to, or buy-backs of, shares.
 - (ii) A material change to the nature of the WO's business.
 - (iii) Approving any shareholder funding and/or shareholder guarantee obligations.
 - (iv) Giving financial assistance for the purposes of purchasing shares.
 - (v) The future addition of any further matters that will require special resolution approval.
- (d) **Ordinary resolution:** Any matter not reserved for unanimous approval, or special resolution, can be made by an ordinary resolution which requires a majority vote, being greater than 50%.
- (e) **Shareholder Meetings:** Shareholder meetings will occur annually, with a right for any shareholder to call a meeting at any time.²⁵
- (f) **Quorum:** At shareholder meetings, a quorum will be formed by two representatives from each shareholding council.²⁶

JWG RECOMMENDATIONS ON SHAREHOLDER INFLUENCE ON WO

21. The shareholding councils will have access to a range of tools to influence the WO, provide high-level strategic direction, and request information and assurance, supporting effective shareholder oversight. The WO and the JC will remain subject to the Local Government Official Information and Meetings Act 1987 (“LGOIMA”). However, WO Board meetings themselves will not be subject to LGOIMA. Notwithstanding this, shareholders may, through the Statement of Expectations (“SOE”), set clear expectations regarding transparency and openness in the WO’s operations and decision-making. For example, the WO Board could elect to hold one or more public board meetings each year, similar to the approach taken by Watercare.
22. Set out below is an overview of the mechanisms the shareholders could use to influence the WO, along with the relevant JWG recommendation:
- (a) **Statement of Expectations:** The Act requires the shareholders to prepare one joint SOE every three years.²⁷ This is the shareholders primary mechanism to provide high-level guidance and direction to the WO. The WO is required to give effect to the SOE. The Act anticipates that the SOE will address relatively high-level strategic matters only (with operational details being left to the WO itself). However, there is an ability for the SOE to go into some operational detail if a “carve-out” is introduced within the WO’s foundation documents. The JWG has reached a consensus that the shareholders may

²¹ For clarity, any payment of dividends by the WO will also be subject to additional approval from the WO’s Board of Directors by ordinary Board resolution and subject to meeting any solvency and statutory tests (as per Companies Act).

²² CTS item 39.

²³ CTS item 37.

²⁴ CTS item 38.

²⁵ CTS item 30.

²⁶ CTS item 31.

²⁷ Although a new SOE must be produced every three years, the SOE itself is to cover a period of no less than 10 years.

have some ability to provide operational direction with respect to stormwater charging only (and pending further direction, a carve-out can be introduced to reflect this).²⁸

- (b) **Water Services Strategy:** The Act requires the WO to prepare a Water Services Strategy (“**WSS**”) in response to a SOE. The WSS sets out how the WO will deliver water services and achieve its objectives over the medium to long term, including how it intends to respond to shareholder expectations. It explains the WO’s planned approach to service levels, investment, financial sustainability, and performance, while preserving the independence of the WO Board. In accordance with the Act, and the recommendation from the JWG, the shareholders will receive each WSS in draft from the WO, and will have an ability to provide comments on the draft WSS (the shareholders will not be able to require the WO to amend the draft WSS; nor will the shareholders have the ability to “approve” the final WSS).²⁹ The WO may also be asked to undertake public consultation on the WSS, subject to direction from the shareholders and the requirements of the WO’s Significance and Engagement Policy.
- (c) **Reporting by the WO:** The WO will be required to meet various reporting obligations to the shareholders (including a WSS, water services annual report, water services half-yearly report etc). In addition to the strict reporting obligations, the Act enables shareholders to impose additional reporting obligations on the WO. Instead of specifying any additional obligations at the formation of the WO, the shareholders will rely on the flexibility of section 249 and require additional documents to be provided by the WO as and when the councils see fit.³⁰
- (d) **WO’s debt levels, and LGFA:** Shareholders will rely on the in-built statutory mechanisms to influence the WO’s level of debt to the Local Government Funding Agency (“**LGFA**”). Those mechanisms include the ability to include strategic direction within the SOE (which the WO must give effect to), and the ability to comment on the WO’s WSS.³¹ The topic of the LGFA is covered in greater detail later in this paper.
- (e) **Dispute Resolution:** The WO’s foundation documents will include an escalation process for disputes between shareholders and the WO. Any dispute will seek to be resolved through negotiation in the first instance. If the matter is not resolved through that process, then it will proceed to mediation. Again, if the matter is not resolved at mediation the final avenue will be arbitration.³²

JWG RECOMMENDATIONS REGARDING THE JOINT COMMITTEE

- 23. The JC will sit between the shareholding Councils and the WO Board and will act as the primary conduit between those two governance layers. The JC will be established under the Local Government Act 2002 (“**LGA**”) and will include representatives from TCC, WBOPDC and Tangata Whenua. At inception, the JC will have a recommendatory and advisory role only, with final decision-making authority retained by the shareholding Councils.³³
- 24. The JC will consider a range of strategic and accountability matters and provide recommendations back to the shareholders, including on the preparation of the SOE, providing feedback on draft WSS, recommending appointments to the WO Board, and reviewing the performance of the WO Board³⁴. Over time, it is envisaged that the JC may

²⁸ CTS item 4. TCC’s full Council has requested further advice on this, including the prospective ability for “pass through charging” from the WO to TCC, for TCC to then charge ratepayers.

²⁹ CTS item 12.

³⁰ CTS item 11.

³¹ CTS item 26.

³² CTS item 41. There will be an ability to conduct arbitrations in an open forum in the interests of transparency if all parties to the arbitration agree. For clarity, notwithstanding the escalation regime disputing parties will still have the ability to seek urgent interlocutory relief from the Court system without going through the escalation process.

³³ If the JC’s role evolves over time to be delegated any final decision-making authority, this will be for the council shareholders to determine.

³⁴ The role of the JC is further set out in Schedule A to the Commercial term Sheet.

transition from a purely recommendatory and advisory body to one with delegated decision-making powers. The JWG has made a recommendation on when the functions of the JC should be formally reviewed.

25. In relation to the JC, the JWG reached a consensus on the following recommendations:

- (a) **JC representation:** The stakeholders that will be represented on the JC are each shareholder (i.e. TCC and WBOPDC) and Tangata Whenua. Each party will have an equal number of representatives. The JC will commence with a total of 9 members (3 TCC representatives; 3 WBOPDC representatives; 3 Tangata Whenua representatives). Over time that number may change if more councils join the WO, for example.³⁵
- (b) **TCC & WBOPDC representatives on the JC:** As noted above, both TCC and WBOPDC will each have three representatives on the JC. At least one representative must be an elected member. The second and third representatives may be an elected member, a senior council officer, or an independent expert.³⁶
- (c) **JC to be a recommendatory and advisory body initially:** At its outset, the Joint Committee will be an advisory and recommendatory body only, with no delegated decision-making authority³⁷. All final decisions will remain with the shareholding Councils. On this basis, all parties represented on the JC, including Tangata Whenua, will hold an equivalent formal position.
- (d) **Recommendations by the JC:** The JC will seek to make recommendations to the shareholding Councils on a consensus basis wherever possible. Consensus refers to agreement between the parties (TCC, WBOPDC and Tangata Whenua), rather than unanimity among all individual members on the JC. Where consensus is achieved, the consensus recommendation will be presented to the shareholding councils for decision. Where consensus cannot be reached, the differing positions of the parties will be recorded and presented for decision.³⁸ The role of the JC may evolve over time, subject to the direction of the shareholding councils.
- (e) **Tangata Whenua:** As noted above, Tangata Whenua will have the same number of representatives on the JC as each shareholding council.³⁹ Tangata Whenua will nominate members to be appointed to the JC, and it will be for the shareholding councils to formally appoint those nominees.⁴⁰
- (f) **Independent Chair:** Following a recommendation from the JC, the shareholding councils reserve the right to decide whether or not to appoint or remove an Independent Chair to the JC.⁴¹ If an Independent Chair is appointed to the JC, he or she will not have a vote on any matter (in the event that matters arise that require a vote within the JC).⁴²
- (g) **Appointments to the JC:** TCC and WBOPDC will individually appoint its own representatives to the JC and, TCC and WBOPDC will jointly appoint:
 - (i) Any Tangata Whenua representatives (if approved).
 - (ii) An Independent Chair (if approved).⁴³
- (h) **JC Meetings:** The JC will meet bi-monthly or as otherwise determined by the JC or by the shareholding Councils.⁴⁴

³⁵ CTS item 16 and item 42.

³⁶ CTS item 17

³⁷ CTS item 18

³⁸ CTS item 32

³⁹ CTS item 19

⁴⁰ CTS item 22

⁴¹ CTS item 20

⁴² CTS item 21

⁴³ CTS item 23

- (i) **Responsibilities of the JC:** Acknowledging that at its inception the JC will be a recommendatory and advisory body only (without delegated decision-making authority) the responsibilities of the JC will be reflected in a “JC Responsibility Subject Matter List”, and the councils can collectively choose to make any amendments to that list moving forward. The list is set out at Schedule A of the CTS.⁴⁵
- (j) **Joint Committee established under the LGA:** For the purposes of meeting the relevant legislative requirements, the JC will be formally established under the Local Government Act 2002.⁴⁶
- (k) **Review of the JC’s functions and responsibilities:** The shareholders will re-visit the JC’s functions and responsibilities at the earlier of:
 - (i) another shareholder joining the WO; or,
 - (ii) at the beginning of the triennium for any new incoming council, at which point the JC will prepare a report for consideration by the incoming council.”; or,
 - (iii) otherwise as determined by a majority of the WO’s shareholders; or
 - (iv) any substantive legislative change or other significant matter impacting Treaty / Tiriti settlements.⁴⁷

JWG RECOMMENDATIONS REGARDING WO’S BOARD

26. In relation to the WO’s Board, the JWG reached a consensus on the following recommendations:
- (a) **Size of the Board:** The Board will comprise up to five directors⁴⁸. At commencement, fewer than five directors may be appointed, with the Board growing to its full size over time. For succession planning purposes, there may be periods where more than five directors are appointed concurrently to enable a smooth transition between an outgoing and incoming director.
 - (b) **Appointment of Directors:** All directors will be jointly appointed by the shareholders (directly or via a recommendation from the JC although for clarity, the JC at its inception will only have the ability to make recommendations). All directors will be jointly appointed in a manner consistent with Director Skills Matrix and each Council’s policy for appointing CCO directors.⁴⁹
 - (c) **Term of Appointment:** A director’s term of appointment will be up to 3 years, and a maximum of 3 terms (if elected for re-appointment on each occasion). No director will be able to serve more than a 9 year maximum total duration.⁵⁰
 - (d) **Director Remuneration:** The JC will be tasked with making recommendations (that take into account each shareholder’s policy, and market benchmarking data). It will then be for the Councils to make a decision taking into account the JC’s recommendation.⁵¹

⁴⁴ CTS item 29

⁴⁵ CTS item 33. The list includes some responsibilities such as forming recommendations (but no decision making authority) within the following matters: Statement of Expectations; Director remuneration; Service Level Agreements; Significant contracts; Appointment of Board of Directors; Any WO policies that require shareholder input; Director Skills Matrix; WO’s Water Services Strategy; Annual review of the WO; WO’s Water services annual report; WO’s half-yearly water services report; WO’s annual budget; Any other plans or reports that the shareholders require from the WO under section 249 of the Act; Any other functions (and responsibilities related to such functions) assigned to the JC by the shareholders in writing over time.

⁴⁶ CTS item 34

⁴⁷ CTS item 42.

⁴⁸ CTS item 5.

⁴⁹ CTS item 6.

⁵⁰ CTS item 7.

⁵¹ CTS item 8.

- (e) **Director interests / conflicts:** Where a director has an interest (conflict) in a particular matter that is put to the Board for a vote, the interested director will not be able to vote. The only exceptions are where all directors have an interest (being, any payment or other benefit under s 161 of the Companies Act; and the entry into an indemnity or insurance arrangement).⁵²
- (f) **Board Meetings:** Board meetings will occur monthly or otherwise as determined by the Board.⁵³
- (g) **Chair of the Board:** The Chair of the Board will not have a casting vote.⁵⁴ The Chair of the Board will be selected and appointed by the Board.⁵⁵

JWG RECOMMENDATIONS REGARDING LGFA LENDING TO THE WO, AND SHAREHOLDER GUARANTEES

- 27. The LGFA is a Council-owned borrowing vehicle that enables local authorities and eligible Council-controlled organisations to access debt funding at a lower cost and on longer terms than would typically be available individually.
- 28. For WOs established under the Act, the LGFA is relevant as a potential primary source of debt finance, supporting large-scale, long-term investment in water infrastructure. The LGFA has made it clear that access to its lending is conditional on shareholder Council support, typically through the provision of Council guarantees. The LGFA has stated that for multi-Council WOs, each Council shareholder will need to provide a joint and several guarantee of the WO's full LGFA debt, meaning that each council is individually liable for the entire amount of the WO's debt if the WO is unable to meet its obligations, regardless of each council's shareholding proportion or contribution to the WO's debt.
- 29. The JWG has reached a consensus to recommend the following:
 - (a) Each Council's guarantee to the LGFA will be joint and several for the WO's full debt, with an additional agreement between the Councils where each Council will indemnify the other to the extent of its ring fenced debt.⁵⁶
 - (b) If the shareholders wish to change the approach to the LGFA guarantee, that will require greater than 75% of shareholders to agree (i.e. special resolution threshold).⁵⁷

JWG RECOMMENDATIONS REGARDING FINANCIAL RINGFENCING

- 30. TCC and WBOPDC have agreed that, upon forming the WO, each party's finances will be "ring-fenced" for an initial period of time. This point is reflected in each party's Water Services Delivery Plan ("WSDP") and also reflected in the Commitment Agreement between the parties dated 1 September 2025.
- 31. For clarity, this issue does not seek to establish the date on which ring-fencing will come to an end. Instead, this issue is merely concerned with setting a timeframe for the shareholders to put the topic of ring-fencing under the microscope. And when the ring-fencing topic is revisited, all options will remain on the table for the shareholders to consider – on one hand they may decide to set a fixed date for harmonisation of finances (and commence the transitional process from ring-fencing to harmonisation), but on the other hand they may

⁵² CTS item 9

⁵³ CTS item 27.

⁵⁴ CTS item 28.

⁵⁵ CTS item 44.

⁵⁶ CTS item 24. For example, if the TCC transfers \$80m of debt to the WO, and WBOPDC transfers \$20m of debt to the WO, the WO will have \$100m of debt. Under a joint and several guarantee, the LGFA could collect \$100m from either TCC or WBOPDC. However, with an indemnity side arrangement, if the WO collected \$100m from TCC, TCC could then collect \$20m from WBOPDC. If the LGFA collected \$100m from WBOPDC, WBOPDC could then collect \$80m from TCC.

⁵⁷ CTS item 25.

decide to retain ring-fencing and simply set another duration of time before re-visiting the issue again.

- 32. The JWG has reached a consensus to recommend that no later than three years after the incorporation of the WO, the shareholders must consider whether to require the WO to provide a full report to the shareholders on the issue of revisiting the financial ring-fencing arrangement. The shareholders may decide not to require that report at the three-year point, but in that case the requirement to obtain a full report must not be deferred beyond six years after the incorporation of the WO. If the shareholders have not required the WO to provide a full report before the date that is six years after the incorporation of the WO, the WO must, at that time, provide a full report to the shareholders on the issue of revisiting the financial ring-fencing arrangement.⁵⁸

STATUTORY CONTEXT

- 33. Over the past few years, the current coalition government has enacted three pieces of legislation under the banner of “Local Water Done Well”:
 - (a) The first stage of reforms, the Water Services Acts Repeal Act 2024, repealed the previous government’s ‘Affordable Water’ legislation.
 - (b) The second stage, the Local Government (Water Services Preliminary Arrangements) Act 2024, set out transitional arrangements for local government water services delivery.
 - (c) The third stage, the Local Government (Water Services) Act 2025 is the final component of the coalition government’s ‘Local Water Done Well’ reform programme. It is this piece of legislation that enables councils to create multi-council Water Organisations like the one that is being considered by TCC and WBOPDC.
- 34. The matters in this report form part of Council’s overall response to the government’s Local Water Done Well reform programme and associated legislation. There are no specific statutory compliance matters to be considered in respect of this report.

STRATEGIC ALIGNMENT

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

	Contributes
We are an inclusive city	<input type="checkbox"/>
We value, protect and enhance the environment	<input checked="" type="checkbox"/>
We are a well-planned city that is easy to move around	<input checked="" type="checkbox"/>
We are a city that supports business and education	<input type="checkbox"/>
We are a vibrant city that embraces events	<input type="checkbox"/>

- 36. This report, and the wider water reform programme, are part of ensuring Tauranga has water services that are sustainable, affordable, well-planned and maintained, and of high quality.

OPTIONS ANALYSIS: ACCEPTANCE OF JWG RECOMMENDATIONS ON COMMERCIAL TERM SHEET

- 37. The JWG has reached a consensus on the CTS, and recommends the CTS at Attachment 1 be approved and endorsed by the councils (TCC and WBOPDC). This report seeks approval of these recommendations.

Option one: Approves and endorses the Commercial Term Sheet at Attachment 1 with no exceptions.

⁵⁸ CTS item 43.

Advantages	Disadvantages
<ul style="list-style-type: none"> • Provides clear and timely direction to proceed with implementation. • Signals alignment and support for the negotiated commercial terms. • Avoids delays and maintains momentum in the workstream. 	<ul style="list-style-type: none"> • Commits to all terms as recommended, with limited opportunity for further refinement. • May lock in terms that some stakeholders have concerns about.

Option two: Approves and endorses the Commercial Term Sheet at Attachment 1, with the exception of specific commercial terms [to be listed, if any].

Advantages	Disadvantages
<ul style="list-style-type: none"> • Allows for targeted refinement of specific terms that may require further negotiation or clarification. • Demonstrates responsiveness to concerns while maintaining overall progress. 	<ul style="list-style-type: none"> • May delay finalisation of the Commercial Term Sheet and associated workstreams. • Could introduce uncertainty or require re-engagement with other parties to renegotiate excluded terms.

OPTIONS ANALYSIS: TANGATA WHENUA AND CLASS A SHARES

38. The JWG was unable to reach a consensus view on whether Tangata Whenua should hold Class A (voting) shares. It is for the councils to decide this matter.

Option one: Tangata Whenua may hold Class A (voting) shares in the Water Organisation

Advantages	Disadvantages
<ul style="list-style-type: none"> • Strengthens partnership and trust between councils and iwi/Māori. • Enables direct input from Tangata Whenua into strategic governance decisions. 	<ul style="list-style-type: none"> • Does not necessarily align with legislative intent. • May require more complex governance arrangements and legal frameworks. • Potential for differing views among shareholders could complicate decision-making. • Could raise concerns among some councils or stakeholders about dilution of council control.

Option two: No entity other than shareholding councils may hold Class A (voting) shares in the Water Organisation

Advantages	Disadvantages
<ul style="list-style-type: none"> • Maintains clear and consistent governance structure with councils as sole voting shareholders. • Simplifies decision-making and accountability lines. • More straightforward to implement under 	<ul style="list-style-type: none"> • Limits formal governance participation of Tangata Whenua. • May be perceived by Tangata Whenua inconsistent with the partnership approach. • Could reduce the support of the Water Organisation among iwi / Māori

current legislative settings.	stakeholders.
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FINANCIAL CONSIDERATIONS

39. The financial implications of establishing a WO are discussed in the accompanying 24 March 2026 Council report 'Local Water Done Well – Financial Implications'.

LEGAL IMPLICATIONS / RISKS

40. The legal considerations related to establishing a WO are set out in this report. This paper presents the JWG's recommendation on the commercial terms for Council approval. Once approved, and subject to Council's final decision to proceed with establishing a WO on 2 April 2026, these commercial terms will inform the drafting of foundation documents for the WO (e.g. the Shareholders' Agreement and Constitution).

TE AO MĀORI APPROACH

41. Council is working in partnership with Tangata Whenua on the establishment of the proposed WO, ensuring that Council's Te Ao Māori principles are considered and integrated into project work. For more detail on this process please refer to the Te Ao Māori section of the accompanying 24 March 2026 Council report 'Local Water Done Well – Project Update' and to the recommendations made by the Project Update report.
42. Inclusion of Tangata Whenua on the Joint Working Group and recommendation for Tangata Whenua to have a place on the Stakeholder Representative Forum is an important part of enabling Tangata Whenua involvement in governance discussions (noting that the Forum is not a final decision-making body).

CLIMATE IMPACT

43. This report has no direct climate impacts, however the proposed WO will enable an integrated sub-regional approach to the management and delivery of water, wastewater and stormwater services, providing opportunities for improved climate and environmental outcomes over time.

ENGAGEMENT

44. Engagement regarding the option of establishing a multi-council Water Organisation occurred alongside Council's 2025/2026 Annual Plan consultation process.

SIGNIFICANCE

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

47. In accordance with the considerations above, criteria and thresholds in the policy, it is considered that the decision is of medium significance.

ENGAGEMENT

48. Taking into consideration the above assessment, that the decision is of medium significance, officers are of the opinion that no further engagement is required prior to Council making a decision.

NEXT STEPS

49. The next steps for this project depend on Council decisions scheduled for 2 April 2026. If Council decides to continue to establish a WO with WBOPDC, next steps will include:
- Drafting the Shareholders' Agreement and Constitution.
 - Seeking Council approval to appoint the preferred candidate as the Establishment Chief Executive for the WO.
 - Scoping Phase 2 of the digital programme, ahead of bringing a proposal to Council for consideration in June 2026.
 - Commencing work to develop key policies, processes and plans for the WO, including a Tangata Whenua Engagement Policy and a Tangata Whenua Remuneration Policy, alongside development of other required policies and plans such as a Significance and Engagement Policy and the Water Services Strategy.

ATTACHMENTS

1. **LWDW Consensus Record of Commerical Terms - A19933795** [↓](#) 

17 March 2026

LWDW: TCC & WBOPDC

Commercial Term Sheet: Water Organisation Foundation Documents

Term		Options for consideration	Political or commercial decision ¹	JWG CONSENSUS
Constitution				
Foundational information				
1.	<i>Name of Water Organisation</i>	[TBC]	Political	This is covered under a separate workstream, and is being addressed separately.
2.	<i>TCC stormwater: Should TCC or the WO be responsible for stormwater services within the TCC region?²</i>	(a) Council transfers responsibility for stormwater services to the WO (b) Council retains responsibility for stormwater services	Political	Option (a). JWG consensus view was for TCC to transfer responsibility for stormwater services to the WO. Subsequently (and consistent with the JWG consensus) on 10 February 2026, TCC's full Council resolved that responsibility for stormwater services will be transferred to the WO. ³
3.	<i>TCC stormwater: In the event TCC retains responsibility for stormwater services, who delivers the service?⁴</i>	(a) TCC delivers stormwater services in-house (b) TCC outsources stormwater delivery to the WO	Political	Not applicable because TCC did not decide to retain stormwater responsibility.
4.	<i>Stormwater charging: In the event WO assumes responsibility for stormwater (either for WBOPDC only, or both WBOPDC and</i>	(a) The WOs operational matters (including charging) are set by the WO Board with some operational direction from the shareholders (b) The WOs operational matters (including charging) are set by the WO Board	Political	Option (a). The shareholders may have some ability to provide operational direction with respect to stormwater charging only. TCC's full Council has requested further advice on this prospect, which may result in TCC being more directive on stormwater charging. ⁶

¹ Political decisions were covered in presented within issues & options papers have advantages and disadvantages. Whereas commercial decisions received a recommendation only.

² Option Paper #3, issue 1. Presented on 22 December 2025. JWG consensus formed on 22 December 2025

³ Subsequently, on 10 February 2026 TCC's Council resolved to transfer stormwater to the WO along with drinking water and wastewater (subject to 2 April decision).

⁴ Option Paper #3, issue 2. Presented on 22 December 2025. No consensus formed as this issue was not applicable because TCC did not decide to retain stormwater responsibility.

⁶ TCC's full Council resolved on 10 February to support an ability for the shareholders to provide operational direction on stormwater charging, and also resolved to request further information from staff about the prospect of providing operational input to the WO on the topic of stormwater charging, including the option of "pass-through" charging.

17 March 2026

Term		Options for consideration	Political or commercial decision ¹	JWG CONSENSUS
	<i>TCC), do the shareholders want to be providing direction on operational matters?⁵</i>			
Ownership and control, and governance structure				
5.	<i>Number of directors⁷</i>	(a) Up to 5 directors (b) Different number of directors	Political	Option (x). Up to 5 directors. However, for the express purpose of succession of the Board, from time to time, there may be more than 5 directors to facilitate a smooth transition from an existing director and a new director joining the WO's Board. At commencement, there may well be less than 5 directors appointed, with the Board only growing to its full size in due course.
6.	<i>Director appointment⁸</i>	(a) Each shareholder will have a right to appoint one or more directors (as specified), with additional directors appointed by agreement (but noting all directors must be independent once the Water Organisation takes on the Water Services obligations) (b) Shareholders (directly or via Joint Committee) will jointly appoint all directors	Political	Option (b). Shareholders (directly or via Joint Committee) will jointly appoint all directors. For clarity, the Joint Committee at its inception will only have the ability to make recommendations. All directors jointly appointed in a manner consistent with Director Skills Matrix and each Council's policy for appointing CCO directors.
7.	<i>Director Term of appointment⁹</i>	(a) Specified appointment term (eg 3 years), with a requirement to retire (but option to be re-elected) up to a maximum term (eg 9 years (3 x 3)) (b) Unspecified appointment term, with no requirement to retire unless removed/replaced	Commercial	Option (a). A term of up to 3 years, and a maximum of 3 terms (if re-elected). Provides a 9 year maximum total duration.
8.	<i>Director Remuneration¹⁰</i>	(a) Determined by shareholders by ordinary resolution (ie >50% vote) (b) Determined by shareholders by unanimous resolution (c) Determined by the Joint Committee	Political	Option (x ¹¹). Joint Committee to make a recommendation (taking into account each shareholder's policy, and market benchmarking data) for the full Councils to decide.

⁵ Option Paper #3, issue 3. Presented on 22 December 2025. JWG consensus formed on 22 December 2025.

⁷ Issue & Option Paper #5, issue 6. Presented on 2 February 2026. JWG consensus formed on 13 February 2026.

⁸ Issue & Option Paper #5, issue 7. Presented on 2 February 2026. JWG consensus formed on 13 February 2026.

⁹ Issue & Option Paper #6, issue 1. Presented on 16 February 2026. JWG consensus formed on 16 February 2026.

¹⁰ Issue & Option Paper #6, issue 2. Presented on 16 February 2026. JWG consensus formed on 16 February 2026.

¹¹ In this paper, where "Option (x)" is mentioned, this reflects the fact that the JWG reached a consensus on an option that was not presented to them in the Issues & Options papers (instead, the Option (x) was raised and a consensus formed at the relevant JWG meeting).

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Term		Options for consideration	Political or commercial decision ¹	JWG CONSENSUS
9.	<i>Interested directors allowed to vote on remuneration or other matters?</i> ¹²	(a) Yes (b) No (c) No, except for specified circumstances.	Commercial	Option (c). No, except for the following specified circumstances (being, any payment or other benefit under s 161 of the Companies Act; and the entry into an indemnity or insurance arrangement).
10.	<i>Whether dividends permitted?</i> ¹³	(a) No dividend permitted (b) Dividend permitted with board approval (c) Dividend permitted with unanimous shareholder approval	Political	Option (x). Dividends not permitted unless there is unanimous shareholder approval plus approval from the WO's Board of Directors (by ordinary Board resolution) subject to meeting any solvency and statutory tests (as per Companies Act).
11.	<i>Additional reporting obligations of the Water Organisation to each Council?</i> ¹⁴	(a) Include explicit additional reporting requirements upfront. (b) Do not specify additional reporting requirements and instead rely on the flexibility of section 249 and require additional documents as and when the Councils see fit.	Commercial	Option (b). Do not specify additional reporting requirements and instead rely on the flexibility of section 249 and require additional documents as and when the Councils see fit.
12.	<i>Scope and nature of shareholders involvement in preparing, amending and finalising the WSS.</i> ¹⁵	(a) Shareholders can provide comments on the draft WSS, but cannot: i. require the WO to amend the draft WSS; or, ii. approve the final WSS (b) Shareholders can: i. provide comments on the draft WSS; ii. require the WO to amend the draft WSS; iii. approve the final WSS. (c) For the first WSS, shareholders can i. provide comments on the draft WSS; ii. require the WO to amend the draft WSS; iii. approve the final WSS. However, for the second and subsequent WSS, the shareholders can only provide comments	Political	Option (a). Shareholders can provide comments on the draft WSS only (and cannot require the WO to amend the draft WSS; or approve the final WSS)
Shareholders' Agreement				
Foundational information				

¹² Issue & Option Paper #6, issue 3. Presented on 16 February 2026. JWG consensus formed on 16 February 2026.

¹³ Issue & Option Paper #6, issue 4. Presented on 16 February 2026. JWG consensus formed on 16 February 2026.

¹⁴ Issue & Option Paper #6, issue 5. Presented on 16 February 2026. JWG consensus formed on 16 February 2026.

¹⁵ Issue & Option Paper #8, issue 5. Presented on 2 March 2026. JWG consensus formed on 2 March 2026.

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Term		Options for consideration	Political or commercial decision ¹	JWG CONSENSUS
13.	<i>Shareholding Sub-part A: methodology of allocating shares</i> ¹⁶	(a) Proportionate to the net assets each shareholding council transfers to the Water Organisation (and not subsequently adjusted) (b) Proportionate to the population or number of water connections each shareholding council has at the transfer date (and not subsequently adjusted) (c) A hybrid model comprised of one or more of a range of metrics (net assets, population, connections etc.) (d) One of the above options, with a subsequent review and adjustment (eg annually) to water connections	Political	Option (x). Shares to be divided into 2 classes: <ul style="list-style-type: none"> • Class A shares (voting rights only): Split evenly across shareholders. • Class B shares (ownership): Proportionate to the net assets each shareholding council transfers to the Water Organisation.¹⁷
14.	<i>Shareholding Sub-part B: ongoing review and adjustment of shares</i> ¹⁸	(a) Review and adjust shareholding on a regular basis . (b) Do not review and adjust shareholding	Political	Option (a). Regular review and adjustment of shares. The triggers for reviewing and adjusting shares is discussed further below at issue 37 (discussed at JWG meeting on 2 March)
Voting rights and decision making				
15.	<i>Rights attaching to shares</i> ¹⁹	(a) The number of shares (however the split of shareholdings may be determined) will then determine the voting rights of a shareholder (b) Each shareholder has equal voting rights (regardless of shareholding percentage)	Political	Option (b). Each shareholder has equal voting rights (regardless of ownership shareholding percentage).
16.	<i>Size of Joint Committee</i> ²⁰	No options provided as the size of the Joint Committee was to be informed by the JWG's view on the number of Elected Member representatives (CTS item 17), the number of Tangata Whenua representatives (CTS items 18 and 19), whether an independent chair will be appointed to the Joint Committee (CTS item 20) and what the JWG viewed as right-sizing for the Joint Committee.	Political	Option (x). Joint Committee will comprise 3 representatives per party. So at commencement there will be a total of 9 members (3 TCC / 3 WBOPDC / 3 Tangata Whenua).
17.	<i>Joint Committee Membership – Elected Members.</i> ²¹	(a) One or more elected member[s] of each shareholding council. (b) At least one elected member, and one or more other person[s] (senior council	Political	Option (x): For TCC & WB: <ul style="list-style-type: none"> • Representative 1: Must be an EM.

¹⁶ Issue & Option Paper #4, issue 1, subpart A. Presented on 29 January 2026. JWG consensus formed on 13 February 2026.

¹⁷ It has been recommended that a single independent valuer be engaged to value the water assets of both councils using the same valuation methodology and the same key input assumptions and the valuations will be as at 1 July 2027 (being the date on which the WO will become operational).

¹⁸ Issue & Option Paper #4, issue 1, subpart B. Presented on 29 January 2026. JWG consensus formed on 13 February 2026. See the range of triggers at Schedule B (and item 45) of this document.

¹⁹ Issue & Option Paper #4, issue 2. Presented on 29 January 2026. JWG consensus formed on 13 February 2026.

²⁰ Issue & Option Paper #5, issue 1. Presented on 2 February 2026. JWG consensus formed on 13 February 2026.

²¹ Issue & Option Paper #5, issue 2. Presented on 2 February 2026. JWG consensus formed on 13 February 2026. JWG also provided direction to staff to include flexibility for the number of members for each party to change (i.e. reduce) as more Councils become shareholders. So they may decide to have 4 members each while there are 3 parties. But by the time an additional 4 Councils join, it may be more appropriate for each party to only have 2 reps on the Forum.

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Term	Options for consideration	Political or commercial decision ¹	JWG CONSENSUS
		officer, or an independent expert or specialist) appointed by either individually by each shareholding council, or collectively by all shareholding councils.	<ul style="list-style-type: none"> Representatives 2 and 3: Can be an EM, Independent Expert or Senior Council Officer. TCC & WB will each appoint their own representatives. For TW: TW nominate 3 Representatives and TCC/WB will confirm and appoint.
18.	<i>Joint Committee Tangata Whenua (Sub-part 1): The role of Tangata Whenua on the Joint Committee²²</i>	(a) TW has no position on the Joint Committee, and instead TW has an advisory role to the Joint Committee (via an 'Advisory Board' type arrangement which links directly into the Joint Committee). (b) TW has a position on the Joint Committee but with no voting rights. (c) TW has a position on the Joint Committee but with limited voting rights (such as no right to vote on financial matters). (d) TW has a position on the Joint Committee with full voting rights.	Political Option (x). The JWG reached a consensus that: <ul style="list-style-type: none"> The Joint Committee will be recommendatory / advisory only, with shareholding Councils making the final decisions on all matters. Tangata Whenua will have a position on the Joint Committee. The Joint Committee will endeavour to make recommendations by consensus (see CTS 32). In light of the above consensus, this CTS item 18 is no longer directly applicable.
19.	<i>Joint Committee Tangata Whenua (Sub-part 2): The number of Tangata Whenua representatives on the Joint Committee²³</i>	(a) One Tangata Whenua representative. (b) The same number of representatives as each shareholding council. For example, if each shareholder has two representatives on the Joint Committee, Tangata Whenua will also have two representatives on the Joint Committee.	Political Option (b). Tangata Whenua will have the same number of representatives as each shareholding council. For example, if each shareholder has two representatives on the Joint Committee, Tangata Whenua will also have two representatives on the Joint Committee.
20.	<i>Joint Committee independent chair (Sub-part 1): Whether to appoint an independent chair²⁴</i>	(a) Yes, Joint Committee has an independent chair. (b) No, Joint Committee has no independent chair	Political Option (x). The Joint Committee may make a recommendation to the shareholding councils to appoint or remove an independent chair to the Joint Committee. However, it will be for the shareholding councils to make this decision.
21.	<i>Joint Committee independent chair (Sub-part 2): Whether independent chair will have a vote²⁵</i>	(a) An independent chair with no voting rights. (b) An independent chair with limited voting rights. For example, only as a casting vote or only a vote on defined topics. (c) An independent chair with full voting rights.	Political Option (a). Independent chair (if appointed) will have no voting rights.

²² Issue & Option Paper #5, issue 3, subpart 1. Presented on 2 February 2026. JWG consensus formed on 13 February 2026.

²³ Issue & Option Paper #5, issue 3, subpart 2. Presented on 2 February 2026. JWG consensus formed on 13 February 2026.

²⁴ Issue & Option Paper #5, issue 4, subpart 1. Presented on 2 February 2026. JWG consensus formed on 13 February 2026.

²⁵ Issue & Option Paper #5, issue 4, subpart 2. Presented on 2 February 2026. JWG consensus formed on 13 February 2026.

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Term		Options for consideration	Political or commercial decision ¹	JWG CONSENSUS
22.	<i>Joint Committee nominations: (Sub-part 1) Nomination of Tangata Whenua representatives to the Joint Committee</i> ²⁶	(a) Tangata Whenua representatives are appointed by shareholding councils, following a nomination from Tangata Whenua. (b) Tangata Whenua representatives are appointed by shareholding councils, without a nomination from Tangata Whenua.	Political	Option (a). Tangata Whenua representatives are appointed by shareholding councils, following a nomination from Tangata Whenua <i>(Note – Usual exemption from eligibility on conflicts of interests ground applies).</i>
23.	<i>Joint Committeenominations: (Sub-part 2) Nomination of all members of the Joint Committee</i> ²⁷	(a) Each council individually appoints its own representatives to the Joint Committee; and, all shareholders jointly appoint: i. Any Tangata Whenua representatives (if approved). ii. An independent chair (if approved). (b) The shareholders jointly appoint all representatives to the Joint Committee, including: i. Its own representatives. ii. Any Tangata Whenua representatives (if approved). iii. An independent chair (if approved).	Political	Option (a). Each council individually appoints its own representatives to the Joint Committee; and, all shareholders jointly appoint: i. Any Tangata Whenua representatives (if approved). ii. An independent chair (if approved).
24.	<i>Extent of shareholding council's guarantee to Water Organisation's under LGFA arrangements</i> ²⁸	(a) Each Council's guarantee to the LGFA will be joint and several for the WO's full debt (b) Each Council's guarantee to the LGFA will be joint and several for the WO's full debt, with additional agreement where each Council will indemnify the other to the extent of its ring fenced debt.	Political	Option (b). Each Council's guarantee to the LGFA will be joint and several for the WO's full debt, with an additional agreement between the Councils where each Council will indemnify the other to the extent of its ring fenced debt
25.	<i>Threshold for changing approach to LGFA guarantee</i> ²⁹	(a) Greater than 75% of shareholders (i.e. special resolution threshold) (c) Unanimous shareholders	Political	Option (a). Greater than 75% of shareholders (i.e. special resolution threshold)
26.	<i>Council shareholders' ability to influence level of debt from WO to LGFA</i> ³⁰	(a) Use of Statement of Expectations with carve-out in foundation documents (b) Comment on, or approval of, water services strategy, with carve-out in foundation documents (c) Constrain WO's debt as guarantor via side-agreement	Political	Option (d). Rely on in-built statutory provisions (i.e. ability to comment on WSS and include general requirements in SOE).

²⁶ Issue & Option Paper #5, issue 5, subpart 1. Presented on 2 February 2026. JWG consensus formed on 13 February 2026.

²⁷ Issue & Option Paper #5, issue 5, subpart 2. Presented on 2 February 2026. JWG consensus formed on 13 February 2026.

²⁸ Issue & Option Paper #8, issue 1. Presented on 2 March 2026. JWG consensus formed on 2 March 2026.

²⁹ Issue & Option Paper #8, issue 2. Presented on 2 March 2026. JWG consensus formed on 2 March 2026.

³⁰ Issue & Option Paper #8, issue 3. Presented on 2 March 2026. JWG consensus formed on 2 March 2026. Specifically, do not introduce "carve-outs" in the foundation documents to enable the shareholders to require more specificity in SOE, or require changes to WSS, or approve WSS. Similarly, no desire to constrain WO's debt as guarantor via side-agreement.

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Term		Options for consideration	Political or commercial decision ¹	JWG CONSENSUS
		(d) Do not use any of A, B or C and rely only on the in-built statutory provisions		
Board meetings				
27.	<i>Frequency of board meetings</i> ³¹	(a) Strict: "Monthly". (b) Flexible: "As determined by the Board". (c) Hybrid: "Monthly or as otherwise determined by the Board".	Commercial	Option (c). Monthly or otherwise as determined by the Board.
28.	<i>Will the chair of a board have a casting vote?</i> ³²	(a) Yes – Chair has a casting vote. (b) No – Chair does not have a casting vote.	Political	Option (b). No – Chair does not have a casting vote.
Shareholder meetings				
29.	<i>Frequency of Joint Committee meetings</i> ³³	(a) Strict: "Bi-monthly". (b) Flexible: "As determined by the Joint Committee". (c) Hybrid: "Bi-monthly or as otherwise determined by the Joint Committee".	Commercial	Option (c). Hybrid: Bi-monthly or as otherwise determined by the Joint Committee or Councils
30.	<i>Frequency of shareholder meetings</i> ³⁴	(a) "Annually". (b) Annually, with a right for either shareholder to call a meeting at any time. (c) Every 6 months, with a right for any shareholder to call a meeting at any time	Commercial	Option (b). Annually, with a right for any shareholder to call a meeting at any time
31.	<i>What constitutes a quorum at a shareholders meeting</i> ³⁵	(a) One representative from each shareholding Council. (b) Two representatives from each shareholding Council. (c) More than two representatives from each shareholding Council (please specify number).	Commercial	Option (b). Two representatives from each shareholding Council
Decision-making by Joint Committee				
32.	<i>Decision-making of Joint Committee</i> ³⁶	(a) Simple majority (b) Consensus	Commercial	Option (x). The Joint Committee is an advisory / recommendation body only. Where possible, the Joint Committee will make recommendations to the shareholding Councils on a consensus basis. For clarity, consensus is where all parties on the Joint Committee agree on the same

³¹ Issue & Option Paper #6, issue 6. Presented on 16 February 2026. JWG consensus formed on 16 February 2026.

³² Issue & Option Paper #6, issue 7. Presented on 16 February 2026. JWG consensus formed on 16 February 2026.

³³ Issue & Option Paper #7, issue 3. Presented on 23 February 2026. JWG consensus formed on 23 February 2026.

³⁴ Issue & Option Paper #7, issue 5. Presented on 23 February 2026. JWG consensus formed on 23 February 2026.

³⁵ Issue & Option Paper #7, issue 6. Presented on 23 February 2026. JWG consensus formed on 23 February 2026.

³⁶ Issue & Option Paper #7, issue 2. Presented on 23 February 2026. JWG consensus formed on 23 February 2026.

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Term	Options for consideration	Political or commercial decision ¹	JWG CONSENSUS
			<p>recommendation. The consensus recommendation will be recorded and presented to the shareholding Councils for a decision.</p> <p>Where a consensus is not possible, the respective positions of each party on the Joint Committee will be recorded and presented to the shareholding Councils for a decision.</p> <p>When we refer to consensus, it refers to a consensus of parties (TCC WB and TW), rather than a consensus of each individual member of the Joint Committee. In other words, there can still be a consensus of the parties with a minority dissenting view within one or more parties. Nevertheless, should any individual wish to formally note their disagreement, even when the parties have reached a consensus, they retain the right to have their dissenting perspective recorded.³⁷</p>
33.	<p><i>Responsibilities of Joint Committee</i>³⁸</p>	<p>(a) Specify a list of subject matter to reflect the list (see Schedule A) with any amendments the Councils may choose to make.</p> <p>(b) Do not specify a list of subject matter, and instead wait for issues to arise that the Councils feel ought to be tasked to the Joint Committee, and have both Councils issue resolutions assigning the issues to the Joint Committeeas and when they arise</p>	<p>Political</p> <p>Option (a). Specify a list of subject matter to reflect the list above (with any amendments the Councils may choose to make)</p> <p>See Schedule A for complete list to go into terms of reference.</p>
34.	<p><i>Form of Joint Committee (under LGA)</i>³⁹</p>	<p>(a) Joint committee.</p> <p>(b) Other subordinate decision-making body ("SDMB").</p> <p>(c) Contractual (non-LGA) arrangement</p>	<p>Political</p> <p>Option (a). Joint committee under LGA</p>
Reserved or other matters			
35.	<p><i>Decisions requiring unanimous shareholder approval (Sub-part A): Whether to define matters requiring unanimous</i></p>	<p>Are there defined material decisions which require unanimous approval:</p> <p>(a) Yes, some matters will require unanimous shareholder approval</p> <p>(b) No matters will require unanimous shareholder approval</p>	<p>Political</p> <p>Option (a). Yes, some matters will require unanimous shareholder approval (itemised in next topic CTS item 36).</p>

³⁷ It was noted that the LGA does not explicitly mandate the recording of individual votes for joint committees. This can be managed through the Joint Committee's governance agreement and terms of reference.

³⁸ Issue & Option Paper #7, issue 1. Presented on 23 February 2026. JWG consensus formed on 23 February 2026.

³⁹ Issue & Option Paper #8, issue 4. Presented on 2 March 2026. JWG consensus formed on 2 March 2026.

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Term		Options for consideration	Political or commercial decision ¹	JWG CONSENSUS
	<i>approval of shareholders⁴⁰</i>			
36.	<i>Decisions requiring unanimous shareholder (Sub-part B): Matters requiring unanimous approval of shareholders⁴¹</i>	<p>If yes, what are the matters that will require unanimous approval? Examples proposed included:</p> <ul style="list-style-type: none"> (a) The addition of new shareholder; (b) Liquidation or winding up of WO; (c) Amending the WO's constitution or SHA; (d) Approving an amalgamation, merger or major restructure of WO; and (e) The future addition of any further decisions that will require unanimous approval. 	Political	<p>The following matters will require unanimous shareholder approval:</p> <ul style="list-style-type: none"> (a) Adding new shareholders (b) Liquidation or winding up of WO (c) Amending the WO's constitution or SHA (d) Approving an amalgamation, merger or major restructure of WO. (e) The future addition of any further decisions that will require unanimous approval. (f) Removal of anti-privatisation clauses within foundation documents.⁴² (g) Payment of dividends by the WO (this will also be subject to additional approval from the WO's Board of Directors by ordinary Board resolution and subject to meeting any solvency and statutory tests (as per Companies Act).⁴³
37.	<i>Shareholder special resolutions (Sub-part A): Whether to add topics to the statutory list requiring special resolution⁴⁴</i>	<p>Should any matters be added to the statutory list of special resolution topics</p> <ul style="list-style-type: none"> (a) Yes, matters will be added to the statutory list of special resolution topics (b) No, matters should not be added to the statutory list of special resolution topics 	Political	Option (a). Yes matters will be added to the statutory list of special resolution topics.
38.	<i>Shareholder special resolutions (Sub-part B): Matters requiring 75+% approval of shareholders' votes⁴⁵</i>	<p>If yes, what are the additional matters that will require special resolution? Examples proposed included:</p> <ul style="list-style-type: none"> (a) Issue of, or changes to rights attaching to, or buy-backs of, shares. (b) A material change to the nature of the WO's business. (c) Approving any shareholder funding and/or shareholder guarantee obligations. (d) Giving financial assistance for the purposes of purchasing shares. 	Political	<p>In addition to any statutory matters requiring special resolution, the following matters will also require special resolution threshold:</p> <ul style="list-style-type: none"> (a) Issue of, or changes to rights attaching to, or buy-backs of, shares. (b) A material change to the nature of the WO's business. (c) Approving any shareholder funding and/or shareholder guarantee obligations. (d) Giving financial assistance for the purposes of purchasing shares.

⁴⁰ Issue & Option Paper #4, issue 3, subpart A. Presented on 29 January 2026. JWG consensus formed on 13 February 2026.

⁴¹ Issue & Option Paper #4, issue 3, subpart B. Presented on 29 January 2026. JWG consensus formed on 13 February 2026.

⁴² This item was added at a subsequent JWG meeting, namely 16 February 2026 in the context of discussing anti-privatisation.

⁴³ This item was added consistent with CTS item 10.

⁴⁴ Issue & Option Paper #4, issue 4, subpart A. Presented on 29 January 2026. JWG consensus formed on 13 February 2026.

⁴⁵ Issue & Option Paper #4, issue 4, subpart B. Presented on 29 January 2026. JWG consensus formed on 13 February 2026.

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		(e) The future addition of any further matters that will require special resolution approval.		(e) The future addition of any further matters that will require special resolution approval.
39.	<i>Shareholder special resolutions (Sub-part C): Whether to increase special resolution voting threshold above 75+%</i> ⁴⁶	Should the threshold for special resolutions be increased above 75% and above the major shareholder's shareholding? (a) No. Leave the special resolution threshold at the statutory default 75% (b) Yes. Increase the special resolution threshold above 75% and above the major shareholders shareholding.	Political	Option (a). No. Leave the threshold for special resolutions would remain at 75%
40.	<i>Protection against privatisation</i> ⁴⁷	(a) Include additional anti-privatisation clauses within the foundation documents (over and above what is provided in the Act), and require unanimous shareholder approval before such clauses can be amended. (b) Do not include anti-privatisation clauses within the foundation documents over and above what is provided in the Act	Political	Option (a). Include additional anti-privatisation clauses within the foundation documents (over and above what is provided in the Act) and require unanimous shareholder approval before such clauses can be amended.
Dispute resolution				
41.	<i>Dispute resolution regime</i> ⁴⁸	(a) Escalation process comprising: Negotiation → Mediation → Arbitration. (b) Mediation then Court	Commercial	Option (a). Escalation process comprising: Negotiation → Mediation → Arbitration.
42.	<i>Frequency of re-visiting Joint Committee functions</i> ⁴⁹	(a) Do not specify a frequency for revisiting the Joint Committee's function, and instead rely on the ability to vary the Shareholders' Agreement (if all shareholders agree) to amend the Joint Committee's function. (b) At the beginning of the triennium for any new incoming Council, the Joint Committee will prepare a report for consideration by the incoming Council. (c) Revisit at the earlier of either:	Political	Option (x ⁵⁰). Revisit at the earlier of either: a) another shareholder joining the WO; or, b) at the beginning of the triennium for any new incoming Council, at which point the Joint Committee will prepare a report ⁵¹ for consideration by the incoming Council; or c) otherwise as determined by a majority of the WO's shareholders, or

⁴⁶ Issue & Option Paper #4, issue 4, subpart C. Presented on 29 January 2026. JWG consensus formed on 13 February 2026.

⁴⁷ Issue & Option Paper #6, issue 8. Presented on 16 February 2026. JWG consensus formed on 16 February 2026. There was discussion about requiring a poll/referendum before any privatisation, which will be investigated further.

⁴⁸ Issue & Option Paper #6, issue 9. Presented on 16 February 2026. JWG consensus formed on 16 February 2026. There was discussion about the possibility of conducting some arbitrations in an open forum in the interests of transparency if all parties to the arbitration agree. The parties reserve the position to seek urgent interlocutory relief from the Court system without going through the escalation process.

⁴⁹ Issue & Option Paper #7, issue 4. Presented on 23 February 2026. JWG consensus formed on 23 February 2026.

⁵⁰ The JWG formed a consensus on option (c) with additional sub-item (iv).

⁵¹ The report and review shall focus solely on the function of the Joint Committee (including whether the Joint Committee should in time be delegated some decision making authority, or not), rather than the form of the Joint Committee (specifically, whether Tangata Whenua should have a position on the Joint Committee, or not).

11.3 Local Water Done Well - Due Diligence

File Number: A19834767

Author: Cathy Davidson, Manager: Directorate Services
 Fiona Nalder, Principal Strategic Advisor

Authoriser: Christine Jones, General Manager: Strategy, Partnerships & Growth

Please note that this report contains confidential attachments.

Public Excluded Attachment	Reason why Public Excluded
Item 11.3 - Local Water Done Well - Due Diligence - Attachment 1 - Legal Due Diligence Report	s7(2)(g) - The withholding of the information is necessary to maintain legal professional privilege.
Item 11.3 - Local Water Done Well - Due Diligence - Attachment 3 - People and Workforce Due Diligence Report - PLACEHOLDER	s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons.

PURPOSE OF THE REPORT

1. This report presents the due diligence reports for legal, people and workforce, and AMOS (asset management, operations and stormwater). It seeks Council’s (TCC’s) acceptance of the reports and recommended actions, which are based on enabling progressing with establishment of a Water Organisation.

RECOMMENDATIONS

That the Council:

- (a) Receives the report "Local Water Done Well - Due Diligence".
- (b) Notes the contents of the due diligence reports for legal, people and workforce and asset management, operations and stormwater (AMOS).
- (c) Accepts that no issues or risks were identified which jeopardise the feasibility of proceeding to establish a joint Water Organisation with Western Bay of Plenty District Council.
- (d) Notes that implementation actions recommended by the due diligence reports will be incorporated into the forward work programme, if Council decides to proceed with establishing of a joint Water Organisation with Western Bay of Plenty District Council.
- (e) **Attachment 1** will not be transferred to public as it is legally privileged, a redacted version is available as Attachment 2 to this Council report.
- (f) **Attachment 3** can be transferred into the open once workforce negotiations are completed.

EXECUTIVE SUMMARY

2. Tauranga City Council (TCC), in partnership with Western Bay of Plenty District Council (WBOPDC), is progressing work to establish a Multi-Council Water Organisation (WO) under

the Government's Local Water Done Well (LWDW) reform programme. With a planned "go live" date of 1 July 2027, the programme aims to ensure sustainable, high-quality, and well-planned water services across the sub-region.

3. This report presents the findings from three key due diligence streams, legal, people and workforce, and asset management, operations and stormwater (AMOS), and recommends actions to support the transition to a joint Water Organisation.

Background

4. Council endorsed the Summary Plan for establishing the WO on 29 October 2025, including an outline of the due diligence required. The due diligence work completed to date has focused on identifying critical issues that could materially jeopardise the WO's successful establishment, rather than cataloguing every operational detail. This due diligence report is presented to Council alongside companion reports addressing commercial terms, financial implications, and overall project progress, which together provide a comprehensive update on establishment activities.
5. The Due Diligence papers presented by this report are joint TCC and WBOPDC documents.

Legal Due Diligence

6. The legal review identified no material risks that would prevent the successful establishment of a joint WO. It considered the following four elements.
 - i. Contracts. Twelve representative contracts were examined, showing that most can be novated directly to the WO. For the remainder, early engagement with contractors is recommended.
 - ii. Legal claims risk was assessed for both councils, with only one live or likely claim identified per council, none considered material to the establishment of the WO.
 - iii. Property access and land ownership arrangements were reviewed, with the Local Government (Water Services) Act 2025 providing sufficient statutory rights to ensure ongoing access for water services operations.
 - iv. Mechanisms for funding of growth. While WBOPDC must transition from financial contributions under the RMA to development contributions under the LGA, this shift is required irrespective of the WO and does not present a substantive risk.

People and Workforce Due Diligence

7. The people workforce review found no issues preventing TCC from progressing toward the WO. An estimated 213 staff are expected to transfer, and most will be no worse off under the new arrangements. Retaining institutional knowledge is critical given low turnover and long tenure across both councils' water services teams. Smooth transition planning, including organisational design, change management, and union engagement, will be central to maintaining service continuity and supporting delivery of the ambitious capital programme required to meet growth demands.

AMOS Due Diligence

8. The AMOS review assessed ten functional areas using a traffic-light system. No red-flag issues were identified. Both councils have well-established asset management practices and sound long-term financial forecasts, although several known asset risks require ongoing attention, including the Katikati Outfall Pipe (WBOPDC) and structural work at the Chapel Street Wastewater Treatment Plant (TCC). Operational performance and compliance levels are high overall, and both councils have emergency response plans that will need alignment ahead of transition. Key challenges relate to growth-driven investment pressures, cross-boundary service considerations, and the importance of workforce capability.

Conclusion

9. Collectively, the due diligence reviews confirm that no legal, people and workforce or operational issues materially jeopardise the feasibility of establishing a joint Water

Organisation. The report recommends progressing the outlined actions to ensure readiness for the 2 April 2026 decision and, if approved, a smooth transition to the WO's establishment.

BACKGROUND

10. Tauranga City Council (TCC), in partnership with Western Bay of Plenty District Council (WBOPDC), is progressing the establishment of a Multi-Council Water Organisation (WO) in response to the Government's Local Water Done Well (LWDW) reform programme. The WO has a 'go live' date of 1 July 2027.
11. Council endorsed the Multi-Council Water Organisation Summary Plan (including Due Diligence) on 29 October 2025. This plan sets out the approved approach to complete the necessary steps to establish the WO. It was prepared based on the Commitment Agreement between the two councils and the approved Water Service Delivery Plans (WSDP).
12. As part of completing work outlined by the Summary Plan, staff have completed due diligence work, looking at legal, people and workforce, AMOS (asset management, operations and stormwater) and finance matters relevant to the establishment of the proposed WO.
13. The focus of the due diligence process was to identify issues that would materially jeopardise the successful establishment of a joint WO. It was not intended to identify and capture all issues, only those which would impact on the successful establishment and operation of the proposed WO.
14. This paper presents the legal, people and workforce and AMOS due diligence reports (joint TCC and WBOPDC documents). It is on the Council agenda for 24 March 2026 alongside three additional Local Water Done Well reports which: provide a project update; present the proposed commercial terms; and present the financial implications of establishing a WO. The financial due diligence report provided as part of the wider Council report addressing financial implications. These four reports, when considered holistically, progress establishment work and provide a comprehensive project update on the work completed to establish the WO. on

Legal Due Diligence

15. No significant issues were identified that would jeopardise the establishment of a joint WO with WBOPDC.
16. The Legal Due Diligence Review Paper (Legal DD) is provided as confidential Attachment 1 to this report, with a redacted public version provided as Attachment 2. The purpose of the Legal DD was to identify and highlight any significant legal risks that may jeopardise the successful establishment of a joint WO with WBOPDC. The Legal DD is separate to the proposed commercial terms, which will form the basis of the WO's founding documents (Shareholders' Agreement and Constitution) for the proposed WO. The proposed commercial terms are provided for consideration by a companion report also being presented at this 24 March 2026 Council meeting.
17. The Legal DD focussed on four key areas:
 - i. Water service and construction contracts: Whether key contracts could be transferred to the WO.
 - ii. Live or likely legal claims: Existing or emerging litigation risk tied to water assets.
 - iii. Water infrastructure property arrangements: Whether the WO can access and operate assets and land.
 - iv. Development and financial contributions: Alignment of Council practices with new legislative framework.
18. A transfer agreement will be developed to guide the transition of water services from Tauranga City Council (TCC) to the proposed WO. This agreement will be the primary

vehicle for managing the transfer of contracts, legal claims and property ownership from TCC to the WO. WBOPDC will also enter into a transfer agreement with the proposed WO.

Water service and construction contracts

19. Both Councils (TCC and WBOPDC) have a number of existing contracts which will likely need to transfer to the proposed WO. As part of the Legal DD, 12 existing contracts were reviewed (see Attachment 1, Schedule 1 for further detail). This was a random sample selection only, not all existing contracts¹.
20. No significant issues were identified. The contracts were generally based on industry standards (with special conditions as required). Many include clauses enabling TCC to novate them to the WO without first needing the contractor or consultant's consent. Those contracts without an automatic right to novate, will still be able to be novated providing the relevant contractor or consultant agrees to the novation. It is recommended that for these contracts, early engagement occurs leading up to the 'go live' date of 1 July 2027.

Legal claims

21. Subject matter experts at TCC and WBOPDC completed a legal claims risk summary (see Attachment 1, Schedule 2).
 - Part A of Schedule 2 summarises the live or likely legal claims in relation to TCC water infrastructure.
 - Part B of Schedule 2 summarises the live or likely legal claims in relation to WBOPDC water infrastructure
22. Each Council identified one live or likely legal claim. If further claims (or risks of claims) arise before the 1 July 2027 'go live' date, staff at each council have been advised to disclose this.
23. Overall, it was determined that neither of the two identified legal claims poses a material risk to the establishment of the proposed WO.

Property arrangements

24. Review of the Local Government (Water Services) Act 2025 (the Act) provides WOs with extensive rights to access land not owned by the WO for the purpose of carrying out water services operations. This includes processes for providing owners with notice, accessing Māori land, and accessing land in an emergency.
25. Ownership of TCC land used for water services purposes will be considered on a parcel-by-parcel basis as part of developing the transfer agreement. As a general principle, and as per Council resolution, the ownership of land used for stormwater purposes will remain with TCC, although exceptions may be made on an individual basis. TCC and WBOPDC can give the WO a general right of access to land owned by the respective councils.
26. Regardless of where land ownership sits, with the WO, TCC or a third party, the Act gives surety to WOs that they will be able to gain access for water services operations and no property concerns were identified as part of the due diligence process.

Development and financial contributions

27. Both TCC and WBOPDC collect funds from developers to assist in meeting the costs of delivering water infrastructure for new developments. The Councils use different approaches to collecting funds.
 - TCC uses development contributions, under the Local Government Act 2002 (the LGA).
 - WBOPDC uses financial contributions, under the Resource Management Act 1991 (the RMA).
28. There are three primary considerations, for TCC, WBOPDC and the proposed WO.
 - i. Replacement legislation for the RMA is currently at the Select Committee stage and is expected to become law later in 2026, meaning that councils which use

financial contributions will need to transition to development contributions under the LGA. This primarily affects WBOPDC, who will need to move from a financial contributions policy to a development contributions policy regardless of whether the WO is established, or not.

- ii. Longer-term, there is a proposal to replace the development contributions mechanism in the LGA with a new development levies mechanism, but this is not expected to become law in 2026, and is unlikely to become operative until 2028.
 - iii. WOs can only use development contributions. However, it is expected that WOs (along with councils) will need to transition to development levies upon this mechanism replacing development contributions around 2028.
29. In summary, based on the current proposals for replacement legislation, WBOPDC will need to transition to development contributions, and at a future point (possibly from 2028) both Councils and the WO will need to transition to development levies. However, this transition process is not considered to be a substantial issue from a due diligence perspective and is work that will likely need to be undertaken regardless of whether the WO is established, or not.

People and Workforce Due Diligence

30. The People and Workforce Due Diligence Paper (People DD) provides a summary of current staff numbers within each organisation (TCC and WBOPDC), and outlines assumptions and considerations, risks and opportunities and next steps,
31. It is a confidential document as the information it contains refers to people's employment conditions and future employment opportunities. The full document is provided as Attachment 3 and access is restricted to authorised staff and elected members only, with this attachment to be circulated outside of the agenda system. The People DD paper does not consider individual roles or future organisational design.
32. Planning for a smooth transition for existing staff to the proposed WO will be an important part of ensuring its success for two reasons.
- Both Councils have water service workforces which hold significant intellectual property, due to low staff turnover rates and length of tenure. Providing a smooth transition for staff to the WO will assist the retention of this intellectual property and protect levels of service for the community.
 - The Local Water Done Well reform programme requires planning for sustainable water services and, given the growth projected for the sub-region, this is reflected in an ambitious capital programme for coming years. Delivering this successfully will require retention of business knowledge and current staffing levels.
33. No significant issues were identified that would prevent TCC from progressing to establishment of the WO. Key takeaways:
- Estimated total number of staff for the proposed WO is 213.
 - Most staff impacted will be no worse off.
 - Further work is required to understand the final impacts on corporate and support services staff.

Asset Management, Operations and Stormwater Due Diligence

34. The Asset Management, Operations and Stormwater Due Diligence report (AMOS DD) focussed on identifying any significant issues that may fundamentally jeopardise the successful establishment of a joint WO. The complete AMOS DD is provided as Attachment 4.
35. The DD exercise considered 10 areas, asking a series of questions under each. A traffic light system was used to highlight areas of concern (green = no concerns, orange = some

concerns/uncertainty but a funded solution exist, red = further action required). The responses to these questions are presented at the traffic light level below, with Attachment 3 providing additional details and commentary for each question.

Asset management

- 36. Both Councils have a well-developed approach to asset management, and there is a reasonable level of confidence that long-term financial forecasts are robust. TCC carries risk regarding funding for condition assessments on water supply infrastructure and the ability to fund the desired level of delivery for growth. WBOPDC identified risk relating to project definition and scope, which may result in budget changes.
- 37. Critical assets which carry higher levels of risk are the Katikati Outfall Pipe (WBOPDC) which is failing prematurely and may need future budgeted expenditure to be brought forward, and the Chapel Street Wastewater Treatment Plant which needs structural improvements (TCC). Both these risks are understood, documented and planned for.

Question	WBOPDC	TCC
1. Has the new dam safety legislation been complied with? Are there risks around dam safety?		
2. Are all projects in the Asset Management Plan funded in the Long-Term Plan?		
3. How often are Asset Management Plans updated and are they up to date?		
4. What are the Asset Management Maturity levels? And what are the major improvements identified?		
5. Is adequate provision made for the replacement of existing assets?		
6. How well does the organisation measure and report on the condition and performance of its assets?		
7. What is the situation with the Katikati Outfall failing and the plan to address the issue?		N/A
8. What are the asset issues with the Chapel Street Wastewater Treatment Plant and does that hold any risk in delivering the services?	N/A	
9. Is industry best practise followed when compiling Asset Management Plans?		

Operational performance

- 38. TCC has a high level of operational performance. WBOPDC has issues relating to water loss and inflow and infiltration (I&I) but programmes are in place to address this over time.

Question	WBOPDC	TCC
1. Are we meeting the level of service set out in our AMPS?		
2. How does our performance compare to industry norms and best practice?		

Compliance

- 39. Both Councils achieve high levels of compliance and no issues were identified.

Question	WBOPDC	TCC
1. Are we meeting regulatory compliance?		

2. Do we have the necessary consents in place to fulfil our mandate?		
3. Are there any consents that have been applied for but not granted?		
4. Do the new Wastewater standards raise any concerns?		
5. Has water safety been an issue over the last 3 years?		
6. Can we meet the sufficiency requirements for drinking water?		
7. Are we meeting the Drinking Water Standards Compliance criteria?		

Operational resilience / emergency management

40. Both Councils have current Emergency Response Plans but these will need to be aligned ahead of moving to a joint WO and, as part of this process, revisited to ensure they align with current risk appetite. Moving forward, emergency management processes, and linkages and relationships with the two councils, need to be clarified prior to the proposed 'go live' date of 1 July 2027.

Question	WBOPDC	TCC
1. What incident and emergency management plans do Councils have in place?		
2. How are the plans currently managed, and are they related to other processes?		

Capability to manage the impacts of growth

41. Growth is a major driver of investment for both Councils. An ongoing challenge for the WO will be to prioritise investment once its debt cap is reached and it is suggested that the two Councils work together to develop an investment framework.
42. There are issues emerging around access to infrastructure funded and constructed by the Councils. A separate paper is being presented to Council (TCC) which considers how capital funding, debt and operational costs/funding may be managed in these areas. This work is part of the Council paper 'Local Water Done Well – Financial Implications' which is a companion report to this paper.

Question	WBOPDC	TCC
1. Have we adequately made provision to meet growth expectations?		
2. Are there any cross-boundary issues with services to support growth?		
3. Does Council hold Environmental Bonds?		
4. Does Council have any Specialised Development Projects?		
5. Are there Development Agreements in place that need to be honoured by Council/the CCO?		

Key relationships

43. Both TCC and WBOPDC have strong existing relationships with Iwi and Hapū and a comprehensive stocktake has been completed by each Council to identify and document these relationships. It is planned to complete further work on how these relationships will be managed by the WO, based on the principle of maintaining Tangata Whenua participation, engagement and arrangements, with existing commitments and practices either retained or bettered during, and following, the transition to a WO.

Question	WBOPDC	TCC
1. What are the current relationships arrangements with iwi and hapu in place in the 3 Waters environment?		
2. What is the situation with Land Drainage?		

People resourcing and capability

44. Recruitment is an issue in the water industry at a national level and new staff often need on-the-job training to meet skills requirements. It is vitally important for both Councils to retain their workforces over the transition period leading up to establishment of the proposed WO. This is discussed further in the People and Workforce Due Diligence paper (see Confidential Attachment 2).

Question	WBOPDC	TCC
1. Provide comment on our ability to deliver services in the short to medium term.		
2. What are the staff pathways and or staff off-ramps?		

Current service contracts

45. This area is identified as low risk with a joint (TCC and WBOPDC) long-term contract in place which has provisions to allow for novation to the proposed WO.

Question	WBOPDC	TCC
1. Do we have the necessary service contracts (Major O&M only) in place to fulfil our mandate?		

Land transfer

46. TCC has decided that, as a general rule, the ownership of land used for stormwater purposes will remain with TCC (with exceptions to be made on a case-by-case basis). There is significant work required to develop a transfer agreement which will, amongst other things, allow for the transfer of land ownership to the WO at the individual land parcel level.

Question	WBOPDC	TCC
1. Do we foresee any issues with land associated with stormwater, wastewater and water network?		

Risk assessment

47. A strategic level risk register was developed and is provided as Attachment 3, Appendix A. A key takeaway from this risk review is the importance of retaining competent staff to ensure maintenance of compliance, health and safety and programme delivery.

Question	WBOPDC	TCC
1. What are your key Water Services risks?		
2. What are the risks if the AMP's are not current?		
3. Can we deliver on our Capital programme?		

RECOMMENDED ACTIONS

Due diligence topic	Actions / points to note
Legal	<ul style="list-style-type: none"> • As part of developing the transfer agreement: <ul style="list-style-type: none"> ○ arrange for the direct novation of contracts to the WO where this is enabled. Identify contracts with no novation clauses and commence early engagement with the relevant contractors/consultants. ○ work with the WO and third party claimants to agree on which (if any) liabilities related to legal claims are transferred to the WO. ○ assess Council owned land parcels on an individual basis to consider whether ownership should transfer to the WO. • Note that WBOPDC has work to complete to manage the transition from financial contributions to development contributions, ahead of the WO 'go live' date of 1 July 2027.
People and workforce	<ul style="list-style-type: none"> • Appoint Chief Executive and commence recruitment of Chairperson and Board. • Develop and confirm pathways for staff transfer to the proposed WO, including identifying transferring corporate/support staff roles. • Develop and consult with staff on an organisational chart for the WO. • Develop a change management and communications plan focussed on supporting staff through the establishment phase leading up to 1 July 2027. • Engage with the Union regarding the current Collective Employment Agreements and an agreement for the WO. • Decide which digital platform will be used as the Human Resource Information System (HRIS) to ensure operational readiness by 1 July 2027.
AMOS	<ul style="list-style-type: none"> • It is recommended that the following are addressed in the Statement of Expectations for the WO: <ul style="list-style-type: none"> ○ Guidance on growth expectation to meet Councils growth expectations and ensure alignment between programmes ○ Direction to ensure that growth pays for growth ○ Set expectations around Council cross boundary arrangements, including funding and approvals required from the respective Councils. ○ Set expectations around emergency preparedness and involvement in emergency response ○ An investment prioritisation framework to ensure there is alignment on investment program. ○ Councils risk appetite for emergency response and climate change. • Note that if, in the future, another organisation wishes to join the WO, it is recommended that they complete a similar AMOS due diligence report.

STATUTORY CONTEXT

48. The matters in this report form part of Council’s overall response to the government’s Local Water Done Well reform programme and associated legislation. There are no specific statutory compliance matters to be considered in respect of this report.

STRATEGIC ALIGNMENT

49. Council’s overall response to the Local Water Done Well reforms supports delivery of the following community outcomes.

	Contributes
We are an inclusive city	<input type="checkbox"/>
We value, protect and enhance the environment	<input checked="" type="checkbox"/>
We are a well-planned city that is easy to move around	<input checked="" type="checkbox"/>
We are a city that supports business and education	<input type="checkbox"/>
We are a vibrant city that embraces events	<input type="checkbox"/>

50. This report, and the wider water reform programme, are part of ensuring Tauranga has water services that are sustainable, affordable, well-planned and maintained, and of high quality.

OPTIONS ANALYSIS

Option 1 (RECOMMENDED)

51. Approve the recommendations of this report, including:
- Accepting that no issues or risks were identified in the Legal, People and Workforce and AMOS Due Diligence papers which jeopardise the feasibility of proceeding to establish a joint Water Organisation with Western Bay of Plenty District Council.
 - Approving implementation of actions recommended by this report, subject to Council deciding to proceed with establishment of a joint Water Organisation with Western Bay of Plenty District Council.

Advantages	Disadvantages
<p>Allows for the project to progress to the next stage, the decision of whether to proceed with establishment of the proposed WO.</p> <p>Provides direction regarding next steps and actions, allowing staff to continue work, subject to the 2 April 2026 decision.</p> <p>Recognises the subject matter expertise of the staff and consultants who have prepared the due diligence reports.</p>	<p>None identified.</p>

Option 2 (not recommended)

52. Do not approve the recommendations of this report. The advantages and disadvantages of this option are the converse to option 1.

FINANCIAL CONSIDERATIONS

53. The financial implications of establishing a WO are discussed in the accompanying 24 March 2026 Council report ‘Local Water Done Well – Financial Implications’. This report includes consideration of a Financial Due Diligence paper.

54. An update on establishment costs is provided by the accompanying 24 March 2026 Council report 'Local Water Done Well – Project Update'.

LEGAL IMPLICATIONS / RISKS

55. Please refer to the earlier section in this report titled Legal Due Diligence and the accompanying 24 March 2026 Council report 'Local Water Done Well – Commercial Terms' which presents recommended commercial terms for Council approval.

TE AO MĀORI APPROACH

56. Council is working in partnership with Tangata Whenua on the establishment of the proposed WO, ensuring that Council's Te Ao Māori principles are considered and integrated into project work. For more detail on this process please refer to the Te Ao Māori section of the accompanying 24 March 2026 Council report 'Local Water Done Well – Project Update' and to the recommendations made by the Project Update report.
57. Additionally, the accompanying 24 March 2026 Council report 'Local Water Done Well – Commercial Terms' recommends forming a Joint Committee which includes Tangata Whenua, alongside elected members from Council and WBOPDC. Inclusion of Tangata Whenua on the Joint Committee is an important part of enabling Tangata Whenua involvement in governance discussions (noting that the Committee is not a decision-making body).

CLIMATE IMPACT

58. This report has no direct climate impacts, however the proposed WO will enable an integrated sub-regional approach to the management and delivery of water, wastewater and stormwater services, providing opportunities for improved climate and environmental outcomes over time.

CONSULTATION / ENGAGEMENT

59. Engagement regarding the option of establishing a multi-council Water Organisation occurred alongside Council's 2025/2026 Annual Plan consultation process.

SIGNIFICANCE

60. The Local Government Act 2002 requires an assessment of the significance of matters, issues, proposals and decisions in this report against Council's Significance and Engagement Policy. Council acknowledges that in some instances a matter, issue, proposal or decision may have a high degree of importance to individuals, groups, or agencies affected by the report.
61. In making this assessment, consideration has been given to the likely impact, and likely consequences for:
- (a) the current and future social, economic, environmental, or cultural well-being of the district or region
 - (b) any persons who are likely to be particularly affected by, or interested in, the decisions.
 - (c) the capacity of the local authority to perform its role, and the financial and other costs of doing so.
62. In accordance with the considerations above, criteria and thresholds in the policy, it is considered that the decisions are of medium significance.
63. This is because, although the decisions of this report have little direct impact on the delivery of services and Council budgets, passing the recommendations of this report sends a strong message to the community that there are no fundamental legal, people and workforce or AMOS due diligence issues that would jeopardise the successful establishment of the proposed WO.

64. The decisions recommended by this report are the next step in progressing the establishment of the proposed WO, with the final decision regarding whether to proceed or not scheduled for 2 April 2026.


ENGAGEMENT

65. Taking into consideration the above assessment, that the decisions are of medium significance, officers are of the opinion that no further engagement is required prior to Council making a decision. No further engagement is required as Council has completed the required consultation in 2025.

NEXT STEPS

66. The next steps for this project depend on Council decisions scheduled for 2 April 2026. If Council decides to continue to establish a WO with WBOPDC, next steps will include progressing the recommended actions outlined by this report.

ATTACHMENTS

1. **Legal Due Diligence Report - A19924108 - Public Excluded**
2. **Legal Due Diligence Report - REDACTED version - A19924112** [↓](#) 
3. **People and Workforce Due Diligence Report - PLACEHOLDER - A19924118 - Public Excluded**
4. **AMOS Due Diligence Report - A19924106** [↓](#) 

11.4 Local Water Done Well - Financial Implications

File Number: A19573534

Author: Craig Rice, Chief Operating and Financial Officer
 Kathryn Sharplin, Head of Finance
 Frazer Smith, Manager: Strategic Finance & Growth
 Charles Lane, Team Leader: Commercial Legal
 Fiona Nalder, Principal Strategic Advisor

Authoriser: Christine Jones, General Manager: Strategy, Partnerships & Growth

Please note that this report contains confidential attachments.

Public Excluded Attachment	Reason why Public Excluded
Item 11.4 - Local Water Done Well - Financial Implications - Attachment 5 - PLACEHOLDER - Confidential Attachments to the Cost Impacts of Establishing a Water Organisation report	s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons.

PURPOSE OF THE REPORT

- This report presents the expected financial implications for Tauranga City Council (Council) resulting from establishment of the proposed Water Organisation, seeks approval of principles to guide the exit of water services from Council.
 Options for Council consideration regarding the approach to managing cross-boundary access to, and funding of, infrastructure will be circulated separately.

RECOMMENDATIONS

That the Council:

- Receives the report "Local Water Done Well - Financial Implications".
- Notes that updated financial modelling has delivered results consistent with the previous results reported to Council, and that a multi-council Water Organisation remains the most cost-effective option for the community.

Cross-boundary

- Notes the cross-boundary access to, and funding of, infrastructure is being addressed as a separate issue.⁵⁹

Financial Due Diligence Report

- Accepts, noting (c) above, that the financial due diligence report identified no issues which would jeopardise the successful establishment and operation of the proposed Water Organisation
- Notes that implementation of next steps recommended by the financial due diligence report will be incorporated into the forward work programme if Council decides to

⁵⁹ Recommendations regarding cross-boundary access to, and funding of, infrastructure to be circulated separately, see Attachment 6 (Placeholder)

proceed with establishing a joint Water Organisation with Western Bay of Plenty District Council.

Cost Impacts of Establishing a Water Entity

- (f) Notes there are likely to be an estimated \$9m to \$10m pa of costs remaining in Council, which were previously allocated as overheads to the water services activity, which will need to be managed downwards as part of the transition to a Water Organisation and right sizing of Council.
 - (g) Approves the following principles to guide the exit of water services from Council and the right sizing of the remaining corporate functions at Council.
 - (i) Set the Water Organisation up for success.
 - (ii) De-risk the transfer of functions.
 - (iii) Ensure the costs of set-up for the organisation and reset for the remaining Councils are minimised.
 - (iv) Follow a process that is fair to staff affected by the change.
 - (v) Have a medium-term view that the water organisation will be an efficient standalone Organisation.
 - (h) **Attachment 5** can be reviewed for potential transfer into public after 12 months.
-

EXECUTIVE SUMMARY

2. Tauranga City Council (Council/TCC) and Western Bay of Plenty District Council (WBOPDC) are jointly considering the establishment of a sub-regional Water Organisation (WO) that would assume responsibility for water supply, wastewater and stormwater services. Following significant due diligence and financial analysis, this report presents the financial implications for Council.
3. This report is one of four Local Water Done Well reports being presented to Council on 24 March 2026. When considered together these reports form a comprehensive package of work updating Council and seeking key decisions regarding due diligence matters, ahead of the final decision of whether to progress establishment of a WO, scheduled for 2 April 2026.

Financial Modelling of Delivery Options

4. Updated financial modelling (Attachment 1) reaffirms earlier findings: a multi-council WO is the lowest-cost option for households and businesses across the sub-region.
5. The most expensive option is retaining water services in-house (status quo). The primary driver is that WOs can hold higher levels of debt than councils, reducing short-term revenue requirements for capital investment.
6. In contrast, retaining water services exposes TCC to a forecast breach of its 330% debt covenant, due to revenue reductions associated with earlier decisions (such as not proceeding with IFF funding for Te Manawataki o Te Papa and lower government roading subsidies). Avoiding this breach requires either substantial revenue increases (~\$177m) or downsizing the capital programme by ~\$585m over seven years. Both the multi-council and standalone WO options maintain compliance with Council's debt limits.

Financial Due Diligence Findings

7. The Finance Due Diligence (Finance DD – Attachment 2) process focused on identifying any material risks to establishing and operating a joint WO. The findings confirm:
 - Debt identification: Both councils' water-related debt is reasonable and not a barrier to establishing a WO. Combined water debt is approximately \$640.6m. Independent review by Mafic (Attachment 3) confirms the methodology is sound.

- Treasury management: No issues were identified. LGFA has confirmed willingness to lend to water entities, with a five-year transition period to meet the 8% FFO-to-debt ratio.
 - Asset valuation: Councils will undertake a joint valuation in early 2027 to ensure consistency. No material asset valuation risks were identified.
 - Capital programme deliverability: Both councils have demonstrated capability to deliver significant capital programmes; risks relate mainly to timing rather than feasibility.
 - Stormwater assets: Stormwater networks (excluding land) will transfer to the WO, though asset identification and valuation require further work.
 - Depreciation: Councils currently use different depreciation funding approaches; the WO will adopt a unified methodology during establishment.
 - Growth funding: WBOPDC must transition from RMA financial contributions to development contributions. Future legislation may replace both mechanisms with development levies. Further work is required but no viability risks are identified. Cross-boundary growth funding issues are discussed separately, outside of the Finance DD.
 - Price paths: Councils have agreed to maintain ring-fencing for at least three years (with review by year six) to avoid cross-subsidisation between Tauranga and Western Bay communities.
8. Overall, Finance DD identifies no material impediments to the WO's establishment and outlines a set of next steps for refining debt positions, asset transfer arrangements and treasury policies.

Cost Impacts on Council

9. The establishment of the WO will significantly reshape Council's organisational structure. Water services currently contribute 24% of total overhead allocations. Once water services transfer, approximately \$9–\$10 million in overheads will remain within Council and will need to be addressed through organisational restructuring and right-sizing. This includes allocations across governance, executive leadership, digital services, finance, property, and other corporate functions.
10. The WO will also incur new standalone corporate costs estimated at \$3.6m per year, including governance, executive leadership, digital systems not provided under service-level agreements (SLAs), and additional compliance and stakeholder-related functions.
11. Transition is planned across three phases:
- Establishment (April 2026 – June 2027):
 - Preparation of transfer agreements (assets, staff, contracts)
 - Confirmation of day-one systems, accommodation, and operational requirements
 - Refinement of overhead allocations and service delivery models
 - Go-Live (from 1 July 2027):
 - Councils provide transitional SLAs to the WO
 - WO builds internal capability and progressively reduces reliance on councils
 - Reset and Right-Sizing (post-transition):
 - Councils adjust remaining corporate structures through the 2027–2037 LTP and 2028/29 Annual Plan

- Redeployment and staffing impacts managed with fair and transparent processes
 - Opportunities for staff to transition to the WO are prioritised
12. Refer to Attachments 4 and 5 for further information (noting that Attachment 5 is confidential and being distributed to Councillors outside of the agenda system).

Cross-Boundary Infrastructure Access and Funding

13. A critical issue requiring resolution prior to establishing the WO is how to manage cross-boundary access to infrastructure, particularly where developments in one council's area seek to connect to infrastructure in another council's area due to geographic proximity. Key risks include:
- Inability to ensure growth pays for growth
 - inequitable cost burdens on ratepayers
 - loss of capacity intended for planned growth
 - misalignment with prudent financial management obligations under the Local Government Act

Conclusion and recommendations

14. The overall financial analysis and due diligence identify no issues that would jeopardise the successful establishment and operation of a WO. This report recommends accepting the findings of the Finance DD and approving principles to guide the exit of water services from Council and the right sizing of the remaining corporate functions at Council. (Note that this conclusion excludes cross boundary issues which are addressed separately).
15. Cross boundary issues. A separate paper will be distributed with further detail and a proposed recommendation.

BACKGROUND

16. Tauranga City Council (Council) is currently working with Western Bay of Plenty District Council (WBOPDC) to establish a multi-Council Water Organisation, which will have responsibility for, and management and delivery of, water supply, wastewater and stormwater (water services) for the sub-region. Both councils will make a final decision as to whether to proceed with establishment on 2 April 2026.
17. This paper is being presented to Council on 24 March 2026, ahead of the 2 April 2026 decision date, along with three companion papers which provide a project update, present due diligence findings and seek approve of proposed commercial terms.
18. This combined package of work, together with the 10 February 2026 stormwater options Council paper, respond to the due diligence commitments outlined in the Council endorsed 'Multi-Council Water Organisation Summary Plan (Including Due Diligence)' (CO/25/26/12).
19. The intent of this work package is to close out the due diligence process ahead of Council's 2 April 2026 decision of whether to continue with establishment of a WO.
20. This report is focussed on financial considerations for Council, including:
- Financial modelling of water service delivery options
 - Financial due diligence
 - Cost implications for Council from establishing a Water Organisation
 - Growth access and funding considerations

FINANCIAL MODELLING OF WATER SERVICE DELIVERY OPTIONS

21. On 15 August 2025 Council resolved that the due diligence process was to include detailed comparative analysis of in-house and council-controlled organisation options (CO/25/0/22).

22. **Attachment 1** provides this information. The following discussion provides high-level takeaways from this work. Please refer to Attachment 1 for further detail, including graphs and tables. Note that the financial information for the option for keeping stormwater services in house with the other two waters in a WO is excluded from this modelling as this option was not supported by Council on 10 February 2026, when a decision was made that all three waters would be provided through the same service delivery model.
23. The costliest option for the community is the in-house (status quo) option. This is predominantly because a WO is able to borrow more, which reduces the revenue requirement. A multi-council WO is the least costly option, as providing water services as a single council/standalone WO reduces the levels of discount available due to the smaller size of the WO.
24. This finding aligns with the findings of the indicative business case (presented to Council in December 2024) and the in-house financial modelling provided to Council via a public workshop on 23 June 2025.
25. If Council retains the water service activity in-house, Council would breach its debt covenant (330%) if it delivered the budgeted capital spend for water. This is due to significant capital revenue reduction within Council (particularly in the transport activity) since the Long-Term Plan (2024-2034) was adopted. There is also more debt arising from the decision to not use IFF funding for Te Manawataki o Te Papa.
26. If this option was selected Council would need to increase revenue by around \$177m or reduce capital (and debt) by \$585m over the forecast 7-year period (or a combination of these two options).
27. Council's debt to revenue ratio remains the same under the modelling for the multi-council WO and the standalone WO, and does not result in a breach to Council's debt covenant.

FINANCE DUE DILIGENCE REPORT

28. The Finance Due Diligence report (Finance DD) was prepared jointly by Council (TCC) and WBOPDC staff, with an independent desk-top review of the approach taken towards identifying debt. The high-level findings from the Finance DD are presented below, please review to **Attachment 2** for further detail.
29. The due diligence approach focussed on identifying those issues which would materially jeopardise the establishment and operation of a Council (TCC) and WBOPDC WO, and if needed, identify areas where further work will be required during the establishment phase of the WO (the period leading up to 'go live' on 1 July 2027).
30. Both councils have agreed for no price harmonisation (ring-fencing) for an initial period of at least three years. This means that the Tauranga and Western Bay communities will not be subject to cross-subsidisation. This has been a key consideration when assessing risk as part of the Finance DD process, as it has resulted in a focus on identifying only those financial issues which would jeopardise the establishment and operation of the WO as a whole.

Confirmation of debt

31. No debt related issues were discovered which would materially jeopardise the establishment and operations of the proposed WO.
32. Table 1 below sets out each council's debt position, as at 30 June 2025. Council's water related debt is \$489.3m. The combined water related debt for Council and WBOPDC is \$640.6m. and will require ongoing management and monitoring by the proposed WO. However, the ability to hold higher levels of debt than councils, combined with the forecast revenue and capital expenditure programme, provides assurance that the WO will be able to maintain the Local Government Funding Agency's (LGFA's) 8% Free Funds from Operations (FFO) requirement and meet financial sufficiency requirements.

33. Table 1 shows that WBOPDC water related debt is 86% of their total debt, much higher than Council's 35%. However external expert advice provided assurance that this is not unusual for smaller councils with similar geographic and demographic characteristics. The capital expenditure programme for rural councils is often driven by transport and water service activities, with the transport activity predominantly funded from government subsidies. Table 1 also compares debt to assets, and shows that WBOPDC's water debt is a higher proportion to their water assets.

Table 1: Water debt summary

Water Debt Summary as at 30 June 2025		
Description	TCC	WBOPDC
Water Related Net Debt (\$m)	489.3	151.3
Total Council Debt (\$m)	1,407.7	176.3
Proportion water debt to total debt	34.8%	85.8%
Total Water Assets (\$m)	2,864.1	514.1
Proportion water debt to total water assets	17.1%	29.4%

34. Due to the impact of transferred debt on the future delivery programme of the WO, Council and WBOPDC contracted independent expert Mafic to complete a review of the methodology and findings of the councils' debt identification. This review was completed at the end of February 2026 and is provided as **Attachment 3**. Overall, Mafic assessed the approach used by the councils to assess debt as reasonable and that the proportion of total debt attributed to the water activities to be accurately derived.
35. Next steps will include finalising the WO's debt position as at 1 July 2027.

Treasury management

36. The treasury function includes managing borrowing, debt levels and hedging of debt, and ensuring sufficient liquidity for unplanned funding needs.
37. No treasury management concerns were identified which would impede the establishment and operation of the proposed WO.
38. The due diligence for this included engaging with the LGFA, which has confirmed that it is willing to provide lending to water entities (i.e. the proposed WO). This provides the WO with access to the LGFA's competitive borrowing rates. It also de-risks the process of transitioning Council debt and associated hedging to the new WO.
39. The WO's borrowing capacity will be limited by the 8% FFO to debt ratio (as mentioned above). The LGFA will provide five years for the WO to reach compliance with the FFO to debt ratio. In year one the WO is forecast to sit outside of the 8% ratio, but it is expected to be compliant for the remaining 10 years forecast by the Water Services Delivery Plan.
40. If the two councils decide to continue with the establishment of a joint WO, the next steps will include appointment of treasury advisors to support the transfer of debt and associated hedging, and on setting the WO up as a borrower with the LGFA and novating across existing debt.

Assets and valuation

41. Most of the asset related due diligence has occurred as part of the AMOS (asset management, operations and stormwater) workstream. The Finance DD has focussed specifically on the financial implications relating to the transfer of assets to the proposed WO.
42. The primary consideration is ensuring that the methodology applied to asset valuations is consistent across the two councils.
43. A further significant consideration is the impact of asset condition on the financial position of the proposed WO. This is one driver for the 'ring-fencing' approach, which ensures that the cost of any asset failures will essentially be borne by the relevant community (i.e. failure of

Council's assets will be met by the Tauranga community and vice versa). However, there may still be an impact on organisational resources.

44. To address these two concerns, Council and WBOPDC have agreed to:
 - A joint valuation exercise in the first half of 2027, prior to 'go live' date of 1 July 2027. This will ensure that the assets transferred to the WO are valued on a consistent, transparent and accurate basis.
 - Further analysis during the establishment period to determine the financial impacts of asset condition and further work on assessing asset condition to ensure current assumptions are correct.
45. TCC elected members have also requested that each Council engages a peer review of the valuation.
46. This proposed work means that there are no anticipated asset valuation issues which would jeopardise the establishment and operations of the proposed WO.

Deliverability of forecast capital expenditure

47. The Water Services Delivery Plan (WSDP) sets out a significant capital programme for both councils. This is a key part of ensuring the WO meets the sustainability requirements put in place by the Local Water Done Well reform programme.
48. The deliverability and affordability of these capex programmes was assessed for each council as part of the Finance DD process.
49. No issues were identified which would significantly impact the establishment and operation of the proposed WO. Both councils have consistently achieved high levels of capital project delivery in recent years, providing confidence in the ability of the WO to deliver the combined forward capital works programme. Where risks were identified, these largely related to timing of delivery rather than the cost of delivery.

Stormwater assets

50. Both councils have confirmed that the responsibility for stormwater will transfer to the proposed WO, along with stormwater assets (excluding land, with exceptions to this on a case-by-case basis).
51. Work is needed to confirm which stormwater assets will transfer and the value of these assets, and consideration will need to be given to maintenance contracts to ensure future maintenance and renewal costs are allocated equitably. These tasks will form part of the establishment work programme leading up to 1 July 2027.
52. No issues were identified which would jeopardise the successful establishment and operation of the proposed WO.

Depreciation

53. Depreciation refers to the financial approach adopted to manage the wearing out of assets over time. Currently the two councils take different approaches to funding depreciation.
54. Council charges rates based on depreciation calculations and then use this to fund the capital expenditure for renewals (the replacement of existing assets). WBOPDC do not do this, instead they charge rates for debt retirement and renewals.
55. The WO will need to adopt a consistent methodology for meeting the costs of depreciation, ideally before establishment. Non price harmonisation will not be able to be removed until a consistent methodology is developed. This work will commence as part of the establishment work programme, prior to the 'go-live' date of 1 July 2027. This is not assessed as a significant issue.

Growth funding

56. Council uses development contributions as a method to fund growth (under the Local Government Act 2002). WBOPDC currently uses financial contributions under the Resource

Management Act 1991 (RMA), but will need to transition in the short-term to development contributions due to the replacement of the RMA.

57. Ultimately, new legislation is expected to replace development contributions with development levies, however the timing of this is uncertain. More detail regarding this is provided by the Legal Due Diligence paper. Refer to the companion Council report 'Local Water Done Well – Due Diligence' which is also on the agenda for 24 March 2026.
58. In the short-term, WBOPDC will need to develop new policies to enable collection of development contributions.
59. It is recommended that growth funding mechanisms for the WO are addressed prior to the 'go live' date. However, this is not anticipated to substantially impact on the viability of the proposed WO.
60. Additionally, there are decisions to be made regarding cross-boundary access to infrastructure funded by each council. This is discussed in more detail later in this report.

Price paths

61. The councils have agreed to an initial non-harmonisation approach ('ring-fencing'), which will apply to debt, operational expenditure and revenue. This approach recognises that the two councils are transferring different levels of debt/assets and revenue charges, and avoids cross-subsidisation.
62. It has been discussed, in principle, that ring fencing will be revisited three years following the 'go live' date, with a formal review required within six years. Metrics that would enable price harmonisation (the removal of ring fencing) have yet to be developed, however they may include:
 - Comparable price per connection
 - Similar individual FFO to debt ratios
 - Comparable level of assessment and reliability of asset condition ratings
 - Consistent basis for funding of depreciation and renewals
63. The ring-fencing approach has been adopted as an enabler for the establishment of a joint WO, and the proposed review is not considered a significant issue which would jeopardise the WO.

Next steps

64. The Finance DD identified no issues which would jeopardise the successful establishment and operation of the proposed WO, however it did identify matters which need further attention and management prior to the 'go live' date of 1 July 2027. If Council decides to proceed with the establishment of the WO, the following next steps are recommended by the Finance DD.
 - Continued updates to each council's water activity debt through to the transfer date
 - Confirmation of any adjustments arising from local council decisions, and agreement on transfer of assets and other liabilities that may impact debt balances
 - Ongoing monitoring of capital programme delivery impacts on debt levels, validating any changes to revenue or depreciation treatment that influence debt movements
 - Appointment of treasury advisers to support the transfer of debt and associated hedging
 - Treasury management setup activities will continue to be progressed collaboratively and will include:
 - preparing and documenting the novation of debt by each council;
 - preparing and documenting the novation of interest rate hedging;

- developing a treasury policy and draft treasury strategy;
- determining and establishing LGFA and/or other borrowing facilities and operational banking requirements; and
- Establishing transactional banking arrangements and Day 1 working capital facilities, informed by the WO CEO or CFO once appointed
- A co-ordinated 2027 revaluation using a single independent valuer - to ensure that all asset transfers are fair, reasonable, and based on a fully consistent and transparent valuation approach.
- Agreement, as part of the revaluation, how asset condition will be considered.
- Confirm if any further work is required to understand each Council's asset condition prior to the revaluation process.
- Confirm which assets are to be transferred and ensure that the same classes of assets are transferred by both councils
- Confirm treatment of any investment properties, Intangible assets or forestry assets that may need to be transferred
- Ongoing monitoring of project timing, costs, and any unplanned capital requirements through to 1 July 2027
- Confirm which land assets within the wider water activities will be retained by the councils and identify any associated debt.
- As part of the asset revaluation process, compare and match the useful lives of each asset type for consistency.

COST IMPACTS OF ESTABLISHING A WATER ORGANISATION

65. A comprehensive discussion of the expected costs of establishing a WO is provided as **Attachment 4** and confidential **Attachment 5**. Attachment 5 will be distributed separately to Councillors outside of the agenda system, as it contains sensitive information regarding employment and staff numbers.
66. As with the other sections of this report, this is a high-level summary only, focussed on overarching considerations, and the detailed discussion is provided by the Attachments.
67. The cost impacts of establishing a WO have been analysed to assist the successful transition of water services to a standalone external organisation. The indicative business case, presented to Council in December 2024, noted that Council would be left with higher corporate overheads and Council passed the following resolution in response (CO25/2/49).

Notes that there is projected to be a stranded cost disbenefit to the remaining organisation (initial estimate between \$7-\$10m) with potential for a significant portion of this cost to be recovered in the short to medium term through transitional arrangements between Council and the CCO. Further work is required on stranded costs.

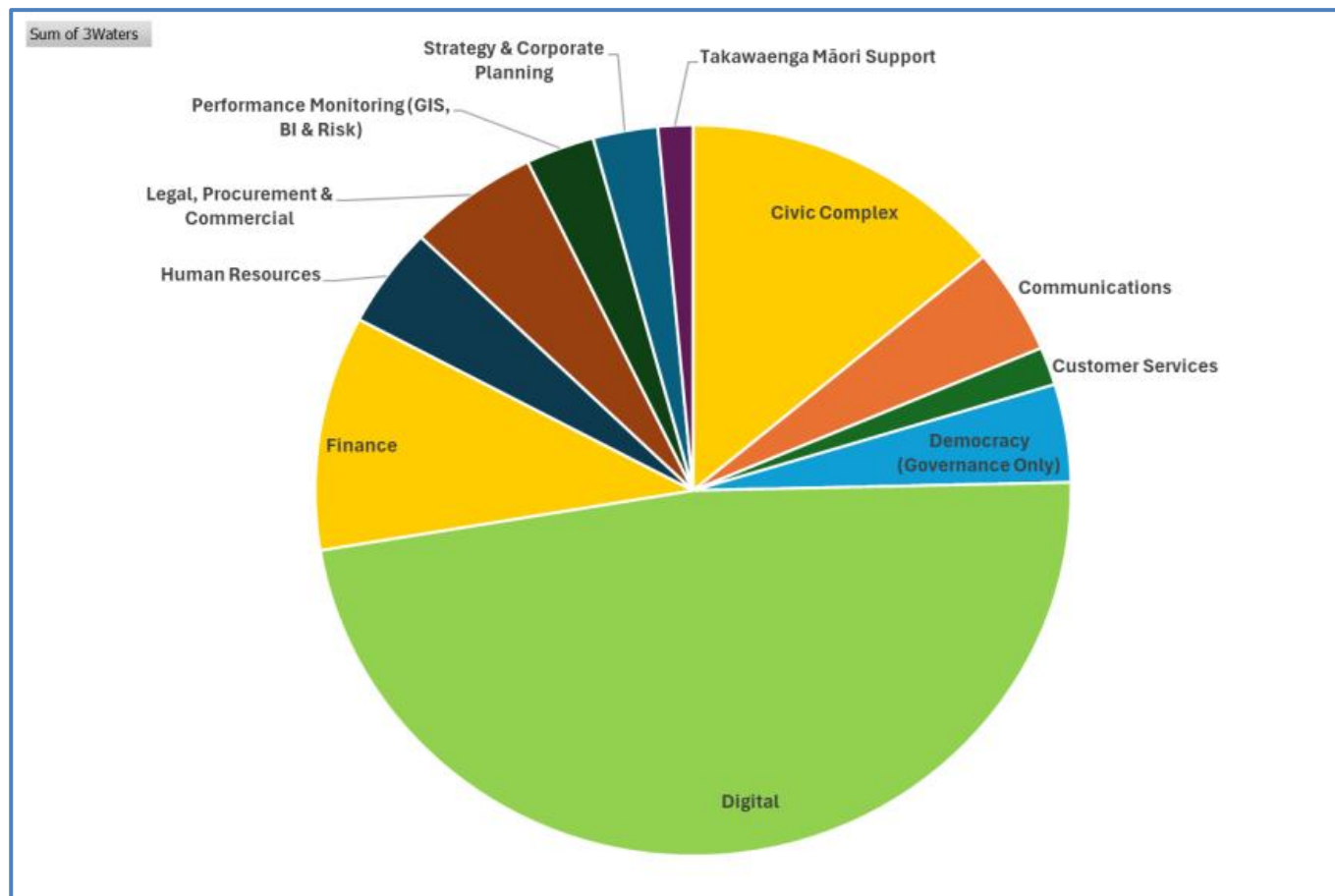
68. This report, and associated Attachments 4 and 5, respond to the above resolution. WBOPDC have also undertaken a similar exercise, and high-level summaries of their findings are included within confidential Attachment 5.

Current provision of corporate services

69. The water services activity is currently supported by a range of services which are provided at a corporate wide level. These corporate services include digital services, accommodation, finance, communications, executive management and governance. Council currently meets the cost of these corporate services by charging externally facing activities (such as water services) an overhead allocation.

70. The water services activity provides 24% of the overall total allocated overheads, and comprise approximately 13% of expenditure for water services. This level of expenditure on corporate services falls within industry benchmarks for utility companies. Figure 1 below shows how these overheads are distributed across the range of corporate services.

Figure 1: activities making up allocated costs to water services 2025/2026



71. Establishing the WO will include consideration of how these services are delivered to the WO in the future. Some services will move to in-house provision by the WO, and some will continue to be provided by Council to the WO via service level agreements. However, it is expected that the WO will transition over its first one to two years of operation to a position where it operates largely independently from Council, with minimal ongoing service level agreements with Council.

Transitioning to a Water Organisation

72. If Council decides to continue with establishing a WO, the transition is proposed to be guided by the following principles
- i. The water organisation is set up for success.
 - ii. De-risk the transfer of functions.
 - iii. Ensure the costs of set-up for the organisation and reset for the remaining Councils are minimised.
 - iv. Follow a process that is fair to staff affected by the change.
 - v. Have a medium-term view that the water organisation will be an efficient standalone Organisation.

73. Three stages are involved in setting up the WO and transitioning to a largely in-house corporate services model.
- i. Establishment stage prior to 1 July 2027,
 - ii. Go-live with Councils supporting the WO through transition,
 - iii. Independent standalone WO and reset plan for both Council and WBOPDC to resize activities and functions impacted by the establishment of the new water entity.

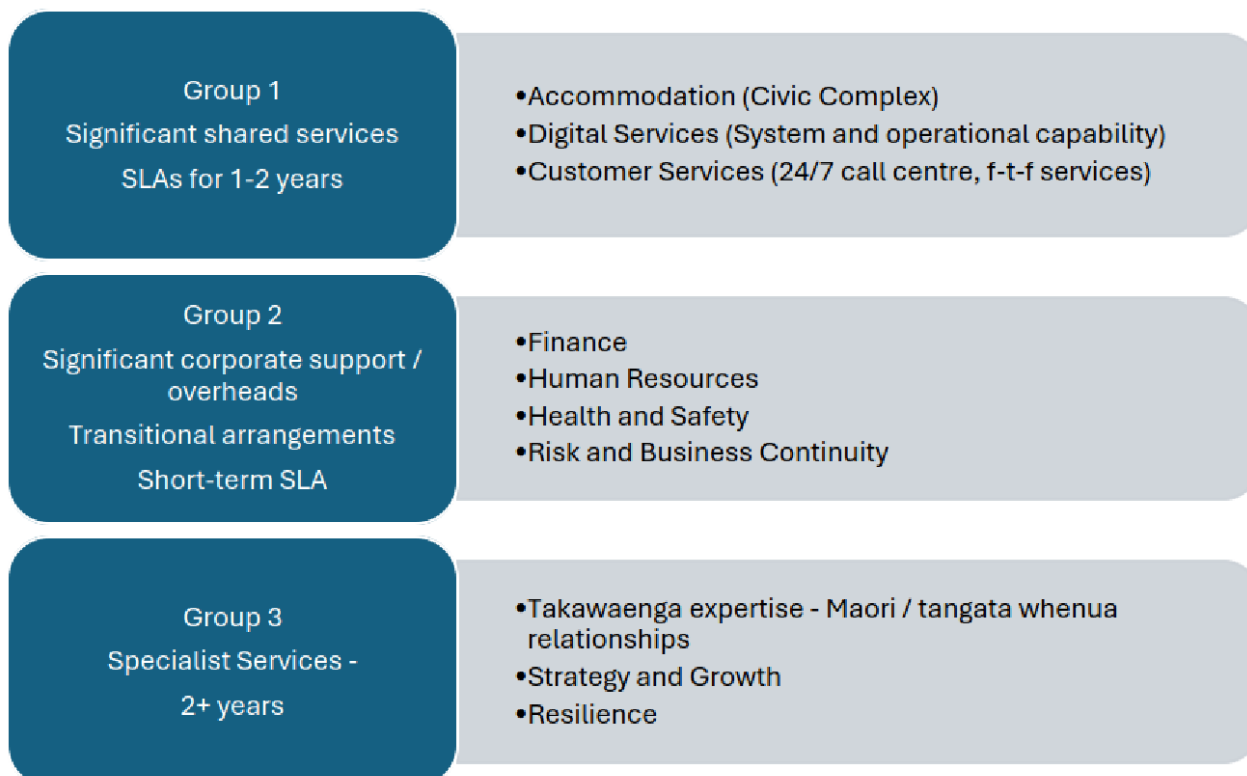
Stage 1: Establishment

74. This period runs from April 2026 to 1 July 2027 (the ‘go-live’ date). A transfer agreement will be developed which will manage the transfer of assets, staff and contracts to the WO. Water service support costs will be further considered during this period, and there will be a focus on standing up those services which need to be in place from day 1 of operations, such as accommodation and access to business systems.

Stage 2: Go-live

75. This is the period directly following 1 July 2027. The WO, Council and WBOPDC will work together to collectively support the successful operation of the WO and the areas of both councils affected by the transition. The focus will be providing a smooth transition experience for customers/the community, suppliers and staff.
76. Service level agreements will be put in place for a number of activities. However, most of these arrangements will be transitional, as the WO establishes itself and looks for efficiency gains.
77. Confidential Attachment 5 (circulated via Stellar) provides the results of early work identifying which services will be directly transferred, which services may be transferred (staff and systems) during the transition period, and the remaining costs to be managed through a Council reset post-transition. Figure 2 below shows which services are expected to be shared over the short-term, which will have short-term service level agreements, and which are expected to have a longer-term service level agreements.

Figure 2: Council and WO – indicative service level agreements



- 78. There are some allocated costs across governance / executive management and some aspects of remaining allocators where costs may not form part of transfer of staff or SLAs. These costs are estimated to total about \$9m-\$10m pa for Council.
- 79. The WO will also have additional corporate costs which will not be covered by service level agreements with the two councils, or by transfer/transitional arrangements. These are estimated to cost \$3.6m pa and are summarised as follows:
 - Water organisation Board (estimate \$440k pa)
 - Water organisation executive (estimate \$1.8m pa)
 - Digital system operational costs not part of SLA (note licencing SCADA, Lutra, and Watercare already in place- estimate \$850k)
 - Additional compliance stakeholder and capital delivery related costs (\$500k).

Stage 3: Reset and right-size existing Council operations post-transition

- 80. Both Council and WBOPDC are anticipated to require a reset and right-size of existing operations once the WO has transitioned to being a largely independent organisation. Changes are expected to be signalled through the 2027-37 Long-term Plan and the subsequent annual plan for 2028/29.
- 81. Consideration will be given to working with the WO to ensure that impacted staff have access to opportunities at the WO where suitable (ahead of the wider employment market).

Next steps

- 82. If Council decides to proceed with establishing a joint WO, upcoming work will include:
 - Decisions around accommodation, customer services and digital service level agreements, and arrangements with the two councils and the WO.
 - Consideration of options for transferring to the WO - services and opportunities for relevant staff
 - Consideration of transitional requirements on the two councils and preparation for reset and right sizing
 - Consideration of new support costs, including the Board, executive, digital and other support requirements.
 - Representation of these changes through the LTP process.

OPTIONS ANALYSIS – FINANCIAL IMPLICATIONS

Financial Due Diligence report

- 83. Option 1 – accept that no financial due diligence issues were identified that would jeopardise the successful establishment and operation of the proposed Water Organisation and approve the next steps outlined in the financial due diligence report. (Noting that cross-boundary access to, and funding of, infrastructure is being managed separately).

Advantages	Disadvantages
<p>Allows for the project to progress to the next stage, the decision of whether to proceed with establishment of the proposed WO.</p> <p>Provides direction regarding next steps and actions, allowing staff to continue work, subject to the 2 April 2026 decision.</p> <p>Recognises the subject matter expertise of the staff and consultants who have prepared the due diligence reports.</p>	<p>None identified.</p>

84. Option 2 – do not accept that no financial due diligence issues were identified that would jeopardise the successful establishment and operation of the proposed Water Organisation and do not approve the next steps outlined in the financial due diligence report.

Advantages	Disadvantages
None identified.	The disadvantages of option 2 are converse of the advantages of option 1. Increases the risk of needing to revise Council's preferred option for water delivery (a joint WO). This in turn would trigger consultation and the need to revise the Water Services Delivery Plan by 3 September 2026.

Cost impacts of establishing a Water Organisation

85. Option 1 – Approve the following principles to guide the exit of water services from Council and the right sizing of the remaining corporate functions at Council.
- i. The water organisation is set up for success.
 - ii. De-risk the transfer of functions.
 - iii. Ensure the costs of set-up for the organisation and reset for the remaining Councils are minimised.
 - iv. Follow a process that is fair to staff affected by the change.
 - v. Have a medium-term view that the water organisation will be an efficient standalone entity.

Advantages	Disadvantages
Sets clear direction for managing the exit of water services from Council. Provides a focus on enabling the Water Organisation to be successful and largely independent. Recognises there may be staff impacts and that these need to be managed fairly. Prioritises cost-minimisation.	May make it more difficult to prioritise outcomes which are not envisaged by the principles above.

86. Option 2 – do not approve the following principles to guide the exit of water services from Council and the right sizing of the remaining corporate functions at Council.
- i. The water organisation is set up for success.
 - ii. De-risk the transfer of functions.
 - iii. Ensure the costs of set-up for the organisation and reset for the remaining Councils are minimised.
 - iv. Follow a process that is fair to staff affected by the change.
 - v. Have a medium-term view that the water organisation will be an efficient standalone entity.

Advantages	Disadvantages
Preserves flexibility of outcomes, ensuring	Does not provide clarity regarding Council's

<p>that outcomes not envisaged by the principles above can still be prioritised.</p>	<p>priorities and preferred transition principles.</p> <p>May mean that important principles, such as minimising costs whilst still treating staff fairly are not managed from a balanced perspective.</p> <p>May mean that outcomes for the Water Organisation are overlooked in favour of achieving positive Council outcomes.</p>
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CROSS BOUNDARY INFRASTRUCTURE ACCESS AND FUNDING

- 87. *An issues and options paper addressing cross-boundary infrastructure access and funding, providing further information and options, and making a recommendation, will be circulated separately to this Council report as Attachment 6 (see Placeholder).*
- 88. The discussion regarding cross-boundary infrastructure access and funding has been prompted by instances where development is planned adjacent, or in proximity, to the boundary line between two Councils. In these instances, developments in one council’s area often seek to access infrastructure in the neighbouring council area. This is generally because the neighbouring council infrastructure provides the closest connection (and therefore costs less to connect to).
- 89. The concern with this approach is that each council can only collect funding for growth from within their boundaries. If development outside of a council’s area connects into that council’s infrastructure, contributing to the cost of that infrastructure can currently only be secured by agreement and not legally required. Water infrastructure is extremely expensive to deliver, and the development contributions collected to pay for that infrastructure can be millions to tens of millions of dollars for medium to large scale developments.

STATUTORY CONTEXT

- 90. The matters in this report form part of Council’s overall response to the government’s Local Water Done Well reform programme and associated legislation. There are no specific statutory compliance matters to be considered in respect of this report.

STRATEGIC ALIGNMENT

- 91. Council’s overall response to the Local Water Done Well reforms supports delivery of the following community outcomes.

	Contributes
We are an inclusive city	<input type="checkbox"/>
We value, protect and enhance the environment	<input checked="" type="checkbox"/>
We are a well-planned city that is easy to move around	<input checked="" type="checkbox"/>
We are a city that supports business and education	<input type="checkbox"/>
We are a vibrant city that embraces events	<input type="checkbox"/>

- 92. This report, and the wider water reform programme, are part of ensuring Tauranga has water services that are sustainable, affordable, well-planned and maintained, and of high quality.

LEGAL IMPLICATIONS / RISKS

- 93. The range of options for managing cross-boundary access to, and funding of, infrastructure have differing legal implications and levels of risk for Council. Refer to the issues and options paper, and associated recommendation/s circulated separately to this paper.

TE AO MĀORI APPROACH

94. Council is working in partnership with Tangata Whenua on the establishment of the proposed WO, ensuring that Council's Te Ao Māori principles are considered and integrated into project work. For more detail on this process please refer to the Te Ao Māori section of the accompanying 24 March 2026 Council report 'Local Water Done Well – Project Update' and to the recommendations made by the Project Update report.
95. Additionally, the accompanying 24 March 2026 Council report 'Local Water Done Well – Commercial Terms' recommends forming a Joint Committee which includes Tangata Whenua, alongside elected members from Council and WBOPDC. Inclusion of Tangata Whenua on the Joint Committee is an important part of enabling Tangata Whenua involvement in governance discussions (noting that the Committee is not a decision-making body).

CLIMATE IMPACT

96. This report has no direct climate impacts, however the proposed WO will enable an integrated sub-regional approach to the management and delivery of water, wastewater and stormwater services, providing opportunities for improved climate and environmental outcomes over time.

CONSULTATION / ENGAGEMENT

97. Engagement regarding the option of establishing a multi-council WO occurred alongside Council's 2025/2026 Annual Plan consultation process.

SIGNIFICANCE

98. The Local Government Act 2002 requires an assessment of the significance of matters, issues, proposals and decisions in this report against Council's Significance and Engagement Policy. Council acknowledges that in some instances a matter, issue, proposal or decision may have a high degree of importance to individuals, groups, or agencies affected by the report.
99. In making this assessment, consideration has been given to the likely impact, and likely consequences for:
 - (a) the current and future social, economic, environmental, or cultural well-being of the district or region
 - (b) any persons who are likely to be particularly affected by, or interested in, the decisions.
 - (c) the capacity of the local authority to perform its role, and the financial and other costs of doing so.
100. In accordance with the considerations above, criteria and thresholds in the policy, it is considered that the decisions are of high significance overall.
101. The decision to accept the findings of the Finance DD is assessed as of medium significance. It is a key step in progressing towards the decision to establish a WO, but carries no direct financial implications.
102. The decision to adopt principles to guide the exit of water services from the organisation is assessed as of medium significance. No engagement is required, and it is not recommended as these principles are focused on managing the internal impacts of establishing a WO and have a logical flow from previous decisions (such as the principles in the Commitment Agreement with WBOPDC).
103. Recommendations regarding cross-boundary infrastructure will be circulated separately, with a separate significance assessment.






ENGAGEMENT

104. Taking into consideration the above assessment, that the decisions are of medium to high significance, and that public consultation has previously occurred on water service delivery options, officers are of the opinion that no further engagement is required prior to Council making a decision.

NEXT STEPS

105. Progress the next steps as outlined by the Finance DD and contained within this report (subject to the decision of whether to proceed with establishing a WO, due 2 April 2026).

ATTACHMENTS

1. **Financial Modelling of Water Delivery Options - A19929793** [↓](#) 
2. **Finance Due Diligence Report - A19929916** [↓](#) 
3. **Independent Water Debt Review - A19929993** [↓](#) 
4. **Cost Impacts of Establishing a Water Organisation - A19930495** [↓](#) 
5. **PLACEHOLDER - Confidential Attachments to the Cost Impacts of Establishing a Water Organisation report - A19930535 - Public Excluded**
6. **PLACEHOLDER - Cross-Boundary Issues and Options Paper - A19933358** [↓](#) 

11.5 Annual Plan 2026-27 Update

File Number: A19873403

Author: Kathryn Sharplin, Head of Finance
Tracey Hughes, Manager: Organisational Financial Performance and Corporate Planning

Authoriser: Craig Rice, Chief Operating and Financial Officer

PURPOSE OF THE REPORT

1. This report provides an update on the Annual Plan 2026-27 after adjustments have been incorporated in the corporate planning system as agreed by Council at the 10 February 2026 meeting. This paper presents financial information prior to consideration of level of service changes to be considered in a separate report to this Council meeting. It also seeks approval of additional expenditure and associated funding not included in the February working draft annual plan.

RECOMMENDATIONS

That the Council:

- (a) Receives the report "Annual Plan 2026-27 Update".
 - (b) Confirms the capital budget of \$400m for projects in 2026/27 and the list of deferred projects to be reprioritised through the Long-term Plan per **Attachment 1**. A further \$50m of carry forwards from 2025/26 is anticipated.
 - (c) Agrees to the annual plan budgets for waters as set out in **Attachment 2** with a rates requirement of \$96m excluding water by meter charges. This is an increase after growth of 7.5%. The water by meter charge has increased by 7.5% from \$3.87 per cubic metre to \$4.16 per cubic metre, including GST.
 - (d) Notes that based on decisions from 10 February 2026 and, including recommendations (b) and (g) in this report, the rates requirement for 2026/27 excluding waters would be \$260m, which is a rates increase of 9.7% after growth if no placeholder budget for the Māori ward is included or 9.9% if it is.
 - (e) Notes that currently no budget for Māori ward consultation is included in the draft financials in this report.
 - (f) Agrees regarding a Māori ward referendum budget to EITHER
 - (i) include \$500,000 as a placeholder expenditure budget for a referendum on the Te Awanui Māori ward if future Council decision-making leads to a need for such a referendum which would have a rates impact of \$350k.
- OR
- (ii) not include a budget for a potential referendum on the Te Awanui Māori ward, noting that this decision does not in any way pre-empt Council's substantive decision-making on the future of that ward.
- (g) Agrees that additional budgets are included in the 2026/27 Annual Plan for the January 2026 weather event recovery and review of \$2.6m to be funded from the risk reserve, which has a net impact on debt for the year of \$2.6m with only the cost of borrowing impacting rates (up to \$100k).

-
- (h) Notes the risk reserve has a balance at 30 June 2025 of \$5m, with a further \$1m per annum budgeted to be contributed to the reserve in 2025/26 and in 2026/27 and that the balance would be reduced by costs arising in 2025/26 that are funded from the reserve.
 - (i) Notes that for capital expenditure the placeholder budget currently included for the January weather event is \$6m.
 - (j) Notes that the above weather event expenditure of \$2.6m for opex funded from the risk reserve, and \$6m capex funded from loans is currently included in the draft financials in this report.
 - (k) Notes that the remaining challenge to meet 7.5% rates increase is a rate-funded amount of \$5.6m.
 - (l) Agrees to let this report lie on the table pending consideration of the level of service paper which recommends changes and reductions to level of service resulting in cost savings of \$2.8m.
 - (m) Agrees to EITHER
 - (i) request the Chief Executive to consider other funding options to further reduce the rates requirement including:
 - (1) carry forward any rates surplus from 2025/26 rather than repaying debt after reviewing areas of underspend against budget
 - (2) further support staff costs relating to establishment of the new water organisation could be loan funded through Water debt
- OR
- (ii) consider a higher rates increase for the firm base case (of 8.5% assuming recommendations (a) through (l) are adopted).
 - (n) Notes that the financial prudence balanced budget measure is currently 97.8% which will need to be disclosed to Local Government Funding Agency as our lender under the terms of the bespoke covenant.
-

EXECUTIVE SUMMARY

- 2. On 10 February 2026, Council considered a report on the Draft Annual Plan 2026/27. This report had followed the December 2025 report that presented working draft budgets. At the December meeting Council requested further work be undertaken to find budget reductions with an aim of achieving a 7.5% rate increase.
- 3. Council requested that the waters activities be reported separately to other activities of Council and that increases in both the waters activities and the remaining Council should be limited to 7.5% (after accounting for growth).
- 4. The reduction to 7.5% is confirmed in the budgets summarised in **Attachment 1** for waters activities. This reduction has primarily been achieved by rephasing the timing of water charge increases over early years. The changes have been accepted as not significant by the Department of Internal Affairs, so there is no need to amend the already approved Water Services Delivery Plan (WSDP).
- 5. The report presented to the 10 February Council meeting proposed areas of savings that were agreed by Council but noted further savings in the order of \$4.5m to \$5.3m would be required to achieve a rates increase of 7.5%.

6. A separate report to this Council meeting identifies areas of potential level of service reduction that if adopted will reduce this gap.
7. The rates increase for the rest of Council is above 7.5% at present. Council will need to make decisions at this Council meeting on expenditure reduction to move closer to this target. The current rates requirement excluding waters activities is \$260m, a rates increase of 9.7%. This does not include an allowance of \$500k for Māori ward consultation (rates impact \$350k as an allocated cost, approximately 0.15% additional rates).
8. Council has yet to decide about consultation on a Māori ward and is asked to choose whether to allow for budget for consultation of \$500k in the annual plan, which would have a rates impact of \$350k.
9. Council confirmation is sought of the \$400m capital budget for the 2026/27 year and the deferred projects identified in **Attachment 1**, or to agree adjustments to the proposed deferrals as part of consideration of this report. A further \$50m of carry forwards from 2025/26 is anticipated, bringing the total capital programme for 2026/27 to \$450m.
10. The decisions at this Council meeting on other reports, including levels of service options, will be incorporated in the Annual Plan 2026-27 firm base case.
11. The levels of service options do not provide sufficient savings to achieve a 7.5% rate increase. The remaining gap is approximately \$2.4m if all levels of service recommendations are approved. This gap could be reduced in two ways:
 - (a) by capturing support staff time on the establishment of the waters entity (funded by waters loan).
 - (b) By assigning any forecast rates surplus from the current year against the 2026/27 rates requirement rather than reducing debt.

Alternatively, Council could agree to a proposed rates increase higher than 7.5%, noting that \$2.3m of expenditure is equivalent to 1% rates increase.
12. Debt at 30 June 2027 excluding three waters activities is currently forecast to be \$988m. Three waters debt at June 2027 is projected to be \$648m. This is a total net debt of \$1,636m and the debt to revenue ratio is at 268% which is within LGFA base covenants without utilising the approved bespoke covenant.
13. The draft financials show an imbalanced budget where allowable revenue for the “financial prudence” calculation (which excludes development contribution revenue and reserve funding) is 97.8% of expenditure. This would need to be communicated to the Local Government Funding Agency under the terms of the bespoke covenant.

BACKGROUND

14. The 10 February report “Draft Annual Plan 2026/27” followed an earlier report and direction from the 16 December 2025 draft annual Plan report.
15. Decisions and actions from the 10 February report have been incorporated in the revised key financials table shown as Table 4 below.
16. In summary this table of changes arising from the 10 February Council meeting includes:
 - (a) All key financial measures for three waters separated from the rest of Council
 - (b) A draft capital budget at \$400m, with the forecast carry forward of 2025/26 budget of a further \$50m included in the year end debt levels but not in the capital budget line.
 - (c) Draft rates requirement for the rest of Council, excluding three waters, noting this rate increase is currently at 9.7% pending Council’s decisions on level of service budgets today.
17. These changes are discussed below along with other areas of budget decisions sought from Council in this report.

DISCUSSION

Separation of waters from rest of Council

- 18. Water activities have been identified separately in this report and in the budget in **Attachment 2**. The 7.5% increase for water rates and metered water has been achieved primarily by altering the price paths across the three waters services. The change in pricing, particularly of water by meter charges, reduces the planned surplus for that activity that was included in the WSDP approved by DIA. This change is a timing difference where the price increase will now be phased more evenly between 2026/27 and 2027/28. The change to the revenue assumptions in the WSDP has been advised to DIA who have confirmed no change to the WSDP is required. The movement of expected revenue is a result of short-term phasing changes and is not material. The wastewater and water activities are ring-fenced in Council and continue to record surpluses under the revised budgets.

Capital Deferrals

- 19. There have been no changes made to the capital programme that was presented on 10 February and the proposed deferrals. The capital programme and list of deferred projects are reproduced as **Attachment 1** and Council confirmation of these budgets is sought in this report.

Cost Impacts of January Weather Event

- 20. The January 2026 weather event has led to areas of expenditure not previously anticipated in preparation of the 2026/27 Annual Plan. Approval for additional budget for 2026/27 to fund recovery and response is sought. The additional funding is \$2.6m for opex, funded from the risk reserve, and \$6m capex funded by loan.
- 21. Council has an option to approve or not approve the additional budget identified for review and recovery.

Table 1 – Options regarding additional budget for the January 2026 weather event recovery and review

Option	Summary	Advantages	Disadvantages / Risks
1	Approve additional operating expenditure budgeted at \$2.6m.	Meets required payments in relation to assisting with information for various reviews being undertaken on the January weather event and the Mauao and wider city recovery initiatives.	Increased debt unless a decision is made to fund the expenditure through rates. Negative impact on balanced budget.
2	Do not approve additional operating expenditure budgeted at \$2.6m.	Reduces debt in this draft by \$2.6m along with associated interest costs	Council would not be resourced to adequately contribute to the reviews that have been established of the weather event. The planned recovery work would not be undertaken.

- 22. Funding from the risk reserve and loans both increase the levels of debt. Funding opex through reserves does not impact rates but does negatively impact the balanced budget by 0.4%. If Council chooses to fund this expenditure through rates rather than the risk reserve, debt will reduce \$2.6m from that indicated in Table 4, and rates requirement would increase by the same amount, moving the year-on-year rates increase from 9.7% to 10.8%.
- 23. The opening balance of the risk reserve at 1 July 2026 would be \$6m less payments funded through the risk reserve in 2025/26 relating to the January 2026 weather event.

24. To summarise, the options for funding of additional operating expenditure relating to the January 2026 weather event are:

Table 2 – Options regarding funding of additional budget for the January 2026 weather event recovery and review

Option	Summary	Advantages	Disadvantages / Risks
1	Fund the operating expenditure (currently budgeted at \$2.6m) from the risk reserve	Minimal increase to rates (interest only). Uses risk reserve for the purpose it was created.	Increased debt as reserves are not held as cash. Negative impact on balanced budget. Reduces available reserve for future use.
2	Fund the operating expenditure (currently budgeted at \$2.6m) from rates	Reduces debt in this draft by \$2.6m along with associated interest costs Risk reserve remains intact for future use.	Additional rates requirement of 1.1%, increasing the total requirement to 10.8% excluding waters.

Māori ward referendum budget

25. Under current legislation, Council will be required in the 2026/27 year to decide if it wants to retain the Te Awanui Māori ward. If it decides it wishes to retain the ward, then it will be required to conduct a referendum of all voters to confirm or reject that proposal.
26. This report does not seek to consider whether or not Council wishes to retain the Māori ward. That is a matter that Council will be invited to consider ahead of the statutory deadline for that decision-making of 30 November 2026.
27. The total costs of a referendum will include electoral officer costs, postage costs, and marketing and promotion costs. Having taken advice from the electoral officer, including current postal rates, a broad estimate of \$0.5 million should be budgeted for a city-wide referendum if required.
28. On 16 December 2025, Council considered this issue and resolved as follows:
Council notes that funding for the Māori Ward referendum was not included in the Long-Term Plan and if Council wishes to budget for a referendum the expenditure would require a decision of Council, which is likely to have an impact on rates of 0.2%.
29. Council is now invited to formally decide whether or not to budget for a referendum. There are two principal options:

Table 3 – Options for Māori ward referendum budget

Option	Summary	Advantages	Disadvantages / Risks
1	Budget \$500,000 for a potential referendum	Ensures budget is available if a referendum is required once Council makes its substantive decision on the future of the Te Awanui Māori ward. Is a decision that is less likely to be construed as a premature decision on the future of the Te Awanui Māori ward.	If a referendum is not required, the community will have been 'over-rated' in the 2026/27 year. (If there is an organisation-wide rates surplus at the end of that year, Council will determine how that surplus is applied.) Increases rates by 0.15%.

2	Do not budget \$500,000 for a potential referendum	Community is not 'over-rated' if a referendum is not required. No increase to rates.	If a referendum is required, funding would need to be found from offsetting budget savings. Decision may be seen as prematurely deciding on the future of the Te Awanui Māori ward.
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Revised Financials

- 30. The agreed changes from the 10 February Council meeting have been incorporated in the financials below. There has also been a review of interest rates included which was based on interest rate projections at 3 March. These had seen a reduction in our weighted average cost of borrowing to 3.91%.
- 31. However, this last week has seen significant risk to these assumptions with the conflict in the Middle East. An update to interest rates will be undertaken in May prior to finalising the Annual Plan. The risk of current higher rates remaining is that new and replacement borrowing will be more expensive, increasing our overall borrowing costs

Table 4

Draft Key Financials for 2027 Annual Plan

at 13 March 2026

	TCC ex 3 Waters			3 Waters			TCC Including 3 Waters		
	2026 Annual Plan	2027 Draft Annual Plan	Variance to 2026 Annual Plan	2026 Annual Plan	2027 Draft Annual Plan	Variance to 2026 Annual Plan	2026 Annual Plan	2027 Draft Annual Plan	Variance to 2026 Annual Plan
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Capital and Debt Summary									
Capital Programme	316	208	(108)	109	141	32	425	349	(76)
Operational Expenditure of a Capital Nature	78	50	(27)	0	0	0	78	50	(27)
Net Debt	1,046	988	(58)	602	648	46	1,648	1,636	(12)
Debt to revenue ratio (LGFA compliance)	216%	215%	(1)%	390%	428%	38%	260%	268%	8%
Financial Limit on Borrowing (debt to revenue ratio - bespoke)							330%	330%	0%
Operational Summary									
Total revenue including all asset development revenue	439	441	2	199	218	19	638	659	21
Capital subsidies	57	35	(22)	4	6	1	61	41	(21)
Total operating revenue	394	398	4	138	151	14	532	550	18
Total operating expenditure	451	458	8	140	144	4	591	603	12
Balanced budget (LGFA requirement)	99.9%	94.4%	(5.5)%	101.3%	108.8%	7.4%	100.2%	97.8%	(2.4)%
Rates Revenue									
Rates revenue (exc WBM)	236	260	24	89	96	7	325	357	31
Water by meter revenue*	0	0	0	43	49	6	43	49	6
Rates Revenue (including WBM)	236	260	24	132	145	14	368	406	38
Year on Year Rates increases									
			YoY Growth			YoY Growth			YoY Growth
Total Rates Increase excluding WBM (net growth and penalties)			9.7%			7.5%			9.1%
Water by meter *						15.1%			15.1%
Water by Meter unit rate increase (\$/m ³ incl GST)			0	\$3.87	\$4.16	7.5%	\$3.87	\$4.16	7.5%

* Water by meter revenue is a calculation of price x volume. The price (unit rate) has increased by 7.5%, and there is an assumed volume increase of 1.1% as water consumption growth is faster than property growth.

STATUTORY CONTEXT

- 32. The Annual Plan is required to be produced by council under the Local Government ACT 2002.

STRATEGIC ALIGNMENT

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

	Contributes
We are an inclusive city	✓
We value, protect and enhance the environment	✓
We are a well-planned city that is easy to move around	✓
We are a city that supports business and education	✓
We are a vibrant city that embraces events	✓

- 34. The Annual Plan aligns with all community outcomes as it represents the resources Council commits to run the organisation and deliver services grants to other organisations and capital investments to achieve these outcomes.

FINANCIAL CONSIDERATIONS

- 35. The 2026-27 draft budget included in this Annual Plan update has a whole of organisation rates requirement of \$357m. This is an overall rates increase of 9.1% after growth of 0.5%, which is below the 12% limit on rates increases set in the 2024-34 Long-term Plan. It is also below the rates increase included in the LTP for 2026-27, which was 10.4% after growth.

LEGAL IMPLICATIONS / RISKS

- 36. There are no specific legal implications associated with the update on the annual plan. However, decisions on resourcing, which are actioned through the Annual Plan, may have an impact on the level of risk associated with the organisation’s operations and delivery.
- 37. The Middle East conflict is having an immediate impact on fuel and interest costs which have not been incorporated in interest and opex and capex costs in this Annual Plan update. The update in May prior to adoption of the Annual Plan will incorporate the latest assumptions at that time.

TE AO MĀORI APPROACH

- 38. The Annual Plan represents resourcing to include the outcomes agreed by Council. The outcomes are addressed through decisions on activities, capital expenditure and services. These should align with Council’s Te Ao Māori approach. The level of resourcing for the Annual Plan should have regard to the agreed outcomes and deliverables the expenditure aims to achieve.

CLIMATE IMPACT

- 39. The Annual Plan includes both operating and capital expenditure to adapt to a changing climate, reduce emissions and enhance nature and biodiversity. These initiatives are included in the Groups of Activity information.

SIGNIFICANCE

- 40. The Local Government Act 2002 requires an assessment of the significance of matters, issues, proposals and decisions in this report against Council’s Significance and Engagement Policy.

Council acknowledges that in some instances a matter, issue, proposal or decision may have a high degree of importance to individuals, groups, or agencies affected by the report.

41. In making this assessment, consideration has been given to the likely impact, and likely consequences for:
 - (a) the current and future social, economic, environmental, or cultural well-being of the district or region
 - (b) any persons who are likely to be particularly affected by, or interested in, the matter.
 - (c) the capacity of the local authority to perform its role, and the financial and other costs of doing so.
42. In accordance with the considerations above, criteria and thresholds in the policy, it is considered that the matter is of medium significance.

ENGAGEMENT

43. Taking into consideration the above assessment, that the matter is of medium significance, officers are of the opinion that no further engagement is required prior to Council making a decision.
44. Council has agreed that it will not formally consult on the 2026/27 Annual Plan, as there is no significant movement from year three of the 2024-34 Long-term Plan. However consistent with decisions of Council on 10 February Council is proposing to undertake engagement through a survey with the community with the agreed base case Annual Plan available to respondents to the survey. This will help inform Council's direction through the next year including preparation of the 2027-37 Long-term Plan.

NEXT STEPS

45. Following decisions from this report and other reports to the 24 March Council meeting staff will further revise the Annual Plan to report to Council as a revised base case on 21 April 2026.

ATTACHMENTS

1. **Draft 2027 Annual Plan Capital Projects - A19917345** [↓](#) 
2. **Draft 2027 Annual Plan Operating Revenue and Expense - A19917614** [↓](#) 

11.6 Annual Plan 2026/27 - Levels of Service Options - part 1

File Number: A19774731

Author: Jeremy Boase, Head of Strategy, Governance & Climate Resilience

Authoriser: Christine Jones, General Manager: Strategy, Partnerships & Growth

PURPOSE OF THE REPORT

1. To consider various levels of service and associated budgeting implications for inclusion in the 2026/27 Annual Plan.

RECOMMENDATIONS

That the Council:

- (a) Receives the report "Annual Plan 2026/27 - Levels of Service Options - part 1".
- (b) Approves the following option for 2026/27 for each of the levels of service identified in this paper:

Climate engagement, education & public awareness (Attachment 1)

- (i) Option 2 – Reduce budget to \$100,000 and allocates 0.1 Full Time Equivalent (FTE) Communications support

Climate-related grants and funding (Attachment 2)

- (ii) Option 2 – Reduce each of the three external grant funds to 50% of the 2025/26 value (being an additional saving of \$85,000 above the \$50,000 saving previously made), leaving a total remaining budget of \$135,000.

Event funding (Attachment 3)

- (iii) Option 3 – Reduce the amount of rates funding needed in 2026/27 by \$500,000 and top up the available funds with \$300,000 from the Event Reserve.

EXECUTIVE SUMMARY

2. Council has resolved to consider the future level of community-facing services in order to restrain rates increases in the 2026/27 annual plan.
3. This paper covers three issues identified by Council for further discussion. A separate report in the public-excluded section of this agenda considers a number more.
4. Each issue has its own dedicated issues and options paper included as an attachment to this report.
5. The combined recommendations covered by this report result in a \$685,000 reduction in the rates requirement for 2026/27.

BACKGROUND

6. At its 10 February 2026 meeting, Council considered a range of issues related to the preparation of the 2026/27 Annual Plan. Among the resolutions from that meeting were two which, paraphrased, stated:

- That Council requires \$4.5m to \$5.3m of savings to be attained from a list of service levels included in a confidential attachment to the report to that meeting, and
 - That Council requires details from the outcome of decision-making on the above to be provided to the April Council meeting.
7. On 12 February 2026, Council held an annual plan workshop. During the confidential section of that workshop, elected members provided further individual and collective guidance on the topics (from the confidential attachment to the 10 February meeting) that Council wished to see addressed by options papers.
 8. That list of topics identified by elected members forms the basis of this report.
 9. Each of the attachments to this report covers one or more matters raised in that list. Each provides Council with options for future service delivery to the community, with those options prepared with a view to helping work towards the \$4.5m to \$5.3m target identified in the 10 February resolution (which itself will be updated through a separate annual plan report on this meeting’s agenda).
 10. Note that this report is one of two. This report includes matters that can be covered in the open section of the meeting.
 11. A parallel report is included in the public excluded section of this agenda. That report includes attachments that cover matters where the level of service to be determined involves potential future employment negotiations, or contract or other negotiations with third parties. The details of decisions made on those matters will be able to be released publicly once directly affected parties have been informed.

STATUTORY CONTEXT

12. Section 97 of the Local Government Act 2002 states that *“a decision to alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the local authority”* can only be made if provided for in the long-term plan.
13. None of the recommended resolutions included in this report are considered to meet this threshold. As such, decisions can be made through this report.
14. Section 78 of the Local Government Act 2002 states that Council *“must, in the course of its decision-making process in relation to a matter, give consideration to the views and preferences of persons likely to be affected by, or to have an interest in, the matter”*. Section 78 further states that Council *“is not required by this section alone to undertake any consultation process or procedure.”*
15. The matters covered by this report are considered to be ones where Council will be individually and collectively able to give consideration to the likely views and preferences of affected and interested parties without conducting formal consultation.

STRATEGIC ALIGNMENT

16. The various matters covered by the attachments to this report contributes to the promotion or achievement of the following strategic community outcome(s):

	Contributes
We are an inclusive city	✓
We value, protect and enhance the environment	✓
We are a well-planned city that is easy to move around	<input type="checkbox"/>
We are a city that supports business and education	<input type="checkbox"/>
We are a vibrant city that embraces events	✓

17. The impact on these outcomes is specific to each paper. In general, any reduction in levels of service is more likely to have a negative than positive impact on the achievement of community outcomes.

OPTIONS ANALYSIS

18. Each substantive attachment has a subject-specific assessment of options.

FINANCIAL CONSIDERATIONS

19. Each substantive attachment contains relevant financial information.
20. Taken together, the recommendations in each of the papers result in a \$685,000 reduction in rates for the 2026/27 year. If Council resolves other options, this total will be different.

LEGAL IMPLICATIONS / RISKS

21. Any legal implications or risks are identified in the individual attachments.
22. The Statutory Context section above has consideration of the Local Government Act 2002 requirements for decision-making.

TE AO MĀORI APPROACH

23. Where applicable, individual attachments address matters relevant to Council's Te Ao Māori approach. Attachments 3 and 4, relating to Event Funding, specifically reference the Kaupapa Māori Event Fund.

CLIMATE IMPACT

24. Where applicable, individual attachments address matters relevant to Council's climate impact. Attachments 1 and 2 deal specifically with funding allocated to climate-related matters.

CONSULTATION / ENGAGEMENT

25. There has been no specific pre-engagement with the community on any of the matters covered by the attachments to this report.

SIGNIFICANCE

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




ENGAGEMENT

29. Taking into consideration the above assessment, that the decision is of medium significance, officers are of the opinion that no further engagement is required prior to Council making a decision. See the Statutory Context of this report for consideration of the legal requirements.

NEXT STEPS

30. Once decisions have been made, budgets and work programmes will be amended accordingly.

ATTACHMENTS

1. **Issues and Options - Climate engagement and education - A19760200**  
2. **Issues and Options - Climate grants - A19760120**  
3. **Issues and Options - Event Funding - A19760332**  
4. **Event Funding Framework - Funded Events 2024-25 - A19872887**  

11.7 January 2026 Weather Event and Subsequent Expenditure

File Number: A19870493

Author: Kathryn Sharplin, Head of Finance
Frazer Smith, Manager: Strategic Finance & Growth
Sheree Covell, Manager: Treasury & Financial Processes

Authoriser: Craig Rice, Chief Operating and Financial Officer

PURPOSE OF THE REPORT

1. The purpose of this report is to provide Council with an update on the financial implications arising from the January 2026 weather event. Unexpected events are not budgeted for directly but annual contribution to a risk reserve is budgeted to enable reserve funding of unexpected events. Delegation is sought to the Chief Executive to undertake the forecast unbudgeted expenditure arising in 2025/26 from the January weather event.

RECOMMENDATIONS

That the Council:

- (a) Receives the report "January 2026 Weather Event and Subsequent Expenditure".
- (b) Agrees retrospectively to the expenditure that has been incurred to date of \$2m committed primarily through the emergency response stage, but also at the commencement of recovery and review including the mayoral fund expenditure.
- (c) Notes that in addition to these costs internal productivity costs arising from staff redirected to the Emergency Operations Centre (EOC) was \$150k.
- (d) Agrees to delegate to the chief executive the financial authority to undertake further expenditure up to \$2.425m this financial year consistent with Table 1 in this report.
- (e) Notes the forecast full year deficit for the Beachside Holiday Park of \$689k for which loss of profit compensation is being sought from our insurers.
- (f)
- (g) Notes that costs will continue into 2026/27 and this expenditure is incorporated in additional budget requested in the "Annual Plan 2026-27 Update" report to this meeting.

EXECUTIVE SUMMARY

2. This report identifies financial implications for TCC from the January weather event.
3. The report broadly categorises expenditure to 16 March as expenditure committed during the event response (\$1.45m) under direction of the emergency response controller, and expenditure occurring subsequently as part of review and recovery (\$550k). Retrospective Council agreement is sought for the total committed expenditure to date of \$2m.
4. The report also forecasts expenditure arising from the weather event to the end of June 2026 at \$2.425m. This includes the full amount of the monitoring equipment with TCC only expecting to pay a share with the balance covered by FENZ and NZ Police. Council delegation to the Chief Executive for this unbudgeted expenditure is requested in this report.

5. Recovery and review expenditure is forecast to continue through 2026/27 and additional budget is requested to be included in the 2026/27 Annual Plan as part of a separate report to this meeting.
6. Funding the expenditure identified in this report comes from a variety of sources including NEMA, grants and insurance. The TCC portion of funding is proposed to come from the risk reserve which has a balance at 30 June 2025 of \$5m and has been established for this purpose consistent with the financial strategy for the 2024-34 Long-term Plan.

BACKGROUND AND DISCUSSION

7. The January 2026 weather event resulted in declaration of a State of Emergency for the Bay of Plenty. Tauranga experienced significant damage across the city including on Mauao where a devastating landslide resulted in the loss of life and significant damage to Mauao and surrounding facilities. An Emergency Operations Centre and Controller were activated. Expenditure was committed under the authority of the Controller during the state of emergency to ensure access to the Mauao site was controlled, geotechnical information was gathered on damage to Mauao and the landslide risk, monitoring was set up, welfare response and public safety responses were put in place including establishment of He Maima Aroha community care centre..
8. Subsequently expenditure has been committed and further expenditure required to meet requirements of a number of reviews and ongoing recovery and site safety. Multiple active and independent inquiries underway include reviews by the following organisations:
 - Coroner
 - Worksafe NZ
 - NZ Police
 - TCC external review
 - Central Government
9. A significant amount of the forecast expenditure this year and for next year (as included in the Annual Plan Update report to this meeting) is on legal review of past documentation technical information, interviews and ongoing legal advice. This work will meet the requirements of the various reviews as well as supporting TCC future decisions and organisation.
10. Other expenditure is also proposed as part of recovery from that event, including appointment of a recovery manager to lead the city's long-term recovery from the Mauao landslide and the wider impacts across the city.
11. This Council report is concerned with financial delegation for unbudgeted expenditure forecast for the remainder of this year required for the CE to approve this expenditure.
12. Detail of recovery proposals will be provided as they are developed by the recovery team, working with Council.

STATUTORY CONTEXT

13. There are two Acts relevant to this report. The Civil Defence & Emergency Management (CDEM) Act 2002 which governs powers to commit expenditure during a State of Emergency and the Local Government Act 2002 which governs responsibility for setting council budgets through annual plans and long-term plans.

14. Under the CDEM Act, while a State of Emergency is in force, a Controller may authorise expenditure necessary to respond to the emergency, even if it exceeds normal delegations. This flows from:
 - Section 91 – power to give directions, including directing actions that necessarily incur cost.
 - Section 86–94 emergency powers framework, which prioritises protection of life and property over normal administrative controls.
15. In practice, this allows a Controller to:
 - Approve emergency procurement
 - Hire contractors, equipment, or services
 - Direct local authorities or lifeline utilities to act (with costs incurred)
 - Commit public resources immediately
16. There is no dollar cap in the Act, but expenditure must be reasonable, necessary, and directly linked to the emergency. Normal procurement and financial rules may be bypassed only to the extent required.
17. For Council’s expenditure controls during and after the weather event the Local Government Act 2002 guides budgeting and prudent financial management. Budget for Council revenue and expenditure is set by Council through long-term plans and annual plans. Unforeseen events affecting council operations and responsibilities are part of the risk and uncertainty of planning and budgeting. The financial strategy in the 2024-34 Long-term Plan (LTP) sets out tools used by Council to manage risk and uncertainty in its budgets (page 281). These tools include:
 - (a) Maintenance of debt headroom below treasury limits to provide ability to borrow to respond to unforeseen events
 - (b) Funding of a risk reserve, funded from annual rates, that enables consistent funding to respond to unforeseen events which are likely to occur sporadically over time.
18. Risk reserve funding in the LTP was set at \$1m per annum. This amount of funding has been maintained for 2024/25 and 2025/26 and is included in the draft 2026/27 Annual Plan. The balance of the risk reserve at 30 June 2025 was \$5m.
19. Council delegates to the Chief Executive financial authority to spend to the budget. However, unbudgeted emergency expenditure does not currently fall within this delegation, despite the collection of funds for the risk reserve. Therefore, the CE must seek additional financial authority to spend above existing financial delegations and to access risk reserve funding.

STRATEGIC ALIGNMENT

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

	Contributes
We are an inclusive city	✓
We value, protect and enhance the environment	✓
We are a well-planned city that is easy to move around	✓
We are a city that supports business and education	✓
We are a vibrant city that embraces events	☐

21. Council reflects its responsibility for maintaining and helping to restore areas of the city after weather events by supporting emergency response and subsequent recovery and review.

The maintenance of a risk reserve is a key mechanism by which Council financially plans for these events.

OPTIONS ANALYSIS

22. Council has an option to approve or not approve the additional expenditure identified for review and recovery.

Option	Summary	Advantages	Disadvantages / Risks
1	Approve financial delegation to the CE for further unbudgeted operating expenditure for the remainder of the current financial year of \$2.425m	Achieves the expenditure requirements for review response and recovery arising from the January 2026 weather event.	Increases debt.
2	Do not approve financial delegation to the CE for further unbudgeted operating expenditure for the remainder of the current financial year of \$2.425m	Further debt is not incurred in 2025/26.	Council would not be resourced to adequately contribute to the reviews that have been established of the weather event. The planned recovery work would not be undertaken. Undertakings to suppliers would need to be managed.

FINANCIAL CONSIDERATIONS

Expenditure

23. The following table summarises expenditure to date and projected expenditure through to the end of this financial year. There is further expenditure required in 2026/27 of \$2.6m opex and \$6m capex.

Table 1: Expenditure Summary

January Weather Event Expenditure		
Response		
Physical Works & Equipment Hire		629,080
Security		356,493
Professional/Expert Advice		99,664
Mayoral Relief Fund - Payments to impacted businesses		90,225
Travel/Accommodation/Welfare and misc		81,316
Signage/Information		24,612
Trauma Support Services		17,515
EOC TOIL & overtime		149,307
Total Response Expenditure to date		1,448,212
Recovery		
Professional/Expert Advice		52,518
Trauma Support Services		13,860
Physical Works & Equipment Hire		7,074
Travel/Accommodation/Welfare and misc		3,414
Total Response Expenditure to date		76,866
Reviews		
Legal & Professional Services		491,330
Total Response Expenditure to date		491,330
Total Expenditure incurred to date		2,016,409
Committed / Expected expenditure		
Monitoring equipment		650,000
Future expected legal costs		854,335
Future expected and committed recovery costs		921,473
Secondments to recovery & staff backfill requirements		143,750
Total Committed/Expected		2,425,808
Total actual and committed spend		4,442,217
2026/27 Forecast Expenditure		
Legal & technical support		2,000,000
Secondments to recovery & staff backfill requirements		575,000
Total forecast 2026/27 opex		2,575,000
Placeholder capex		6,000,000
Total 2026/27 forecast expenditure		8,575,000

Revenue and Funding

24. We have outlined several funding sources that will assist TCC/ the community to deal with the impacts of the weather event. These include:
- (a) Crown support through NEMA
 - (b) Mayoral relief fund
 - (c) Donations from the public
 - (d) Insurance Coverage

Crown Financial Support through NEMA

25. NEMA (National Emergency Management Agency) is the entity which provides Crown funding support in relation to an emergency.
26. We are able to claim 100% of eligible welfare cost back from NEMA. To date we have incurred approximately \$31,000 in welfare costs. We intend to make a claim in April with reimbursable amounts to be determined by NEMA after their standard claim review process.

Although there is no new expenditure being incurred, we are still receiving some late invoices.

27. In relation to costs of dealing with the event and repairs to essential infrastructure we are unlikely to qualify for funding from NEMA. To qualify Council would need to reach a threshold of expenditure of approximately \$6m. This threshold is based on the size of the Council. In relation a potential claim for this funding we note:
- (a) For Councils, essential infrastructure only relates to 3 waters assets (i.e. doesn't include restoration of Mauao or walkways)
 - (b) Relates to all damaged infrastructure from the event, not just at this site (i.e. includes damage to infrastructure at other sites around Tauranga)
 - (c) We only get 60% of the amount over the threshold (approximately \$6m) from NEMA (see insurance section for more).

Mayoral Relief Fund

28. Tauranga City Council has established a Mayoral Relief Fund to provide financial assistance to families, residents, and businesses experiencing urgent, unmet needs following the recent severe weather events across Tauranga. The fund also acts as a flexible, locally administered mechanism to support immediate recovery where existing support may be delayed, incomplete, or unavailable.
29. The type of support that the fund offers includes:
- specific needs of individuals or families directly affected
 - financial and advisory support to locally impacted businesses
 - recovery of Mauao
 - assistance to community and volunteer groups involved in recovery efforts

The following areas fall outside the scope of the fund:

- Damage or losses covered by insurance, EQC, or other funding streams
 - General maintenance or repairs unrelated to the weather event
 - Long-term, large-scale building or infrastructure repair
 - Costs ordinarily met by local government, central government welfare or infrastructure programmes.
30. To date we have received \$200k from NEMA for the mayoral fund, and \$14k from the general public.
31. To date \$ 90k of these funds has been distributed to affected businesses. The Mayoral Relief Fund Panel manages these funds and determines how funds are allocated.

Insurance Coverage

32. Council has insurance policies that come into effect in relation to the weather events, particularly in relation to the slips on Mauao. At this stage Council assessors have not had access to the site so there has been no formal insurance assessment made. Relevant Council insurance policies in relation to this event are outlined in Table 2 below.

Table 2: Insurance Cover Summary

Insurance Type	Limit	Excess	Comment
Material Damage (MD)	\$7.1m	\$25K *	\$2m sublimit for landslip
Mount Hot Pools (BVL)	\$9 m		
Beachside Holiday Park			
Loss of Revenue		\$25K *	Relates to loss of profit (not revenue) based on these entities continuing
Mount Hot Pools	\$1.5m (12 months)		
Rest of Council	\$6m (24 months)		
AICOW	\$9.1m (shared)	\$25K *	Shared over BOPLASS. Extra 1.1m just for TCC
Claim preparation costs	\$1m (shared)	N/a	Shared over BOPLASS

* Same excess applies to all three

33. There is a \$2m sublimit for landslips within the policy. This will apply to both the Hot Pool assets and the Beachside Holiday Park. Until we can access the site, it is not possible to understand what the extent of the damage is, particularly in relation to the hot pools.
34. Because of the significance of the claim, we have appointed Aon to assist with the claim preparation. The insurance company has appointed a loss adjuster to work on their behalf. The costs of the claim preparation are fully claimable under the policy.
35. The insurance company has paid out \$1m to TCC in advance recognition of the claim, which has been recognised in a new reserve called “January Weather Event” pending decisions on use of these funds once TCC has access to the site and decisions have been made about a course of action.
36. We are currently preparing financial and booking information in relation to potential loss of profits cover for both the Mount Hot Pools and Beachside Holiday Park. The ability to claim insurance for business interruption is dependent on the future opening of the camp grounds and hotpools.
37. The AICOW (Additional Increased Cost of Working) cover might come into play depending on the way TCC approaches the interim period until facilities are reopened. An example could be to turn a sports ground into a temporary campsite to cover bookings already made. The costs of setting up such a site could be included in an AICOW claim.
38. There is also a water reservoir on Mauao. Any damage to the reservoir would likely fall under the MD policy and the existing sublimit. There is a separate policy for the underground assets, but this has an excess of \$1.5m so it is unlikely that this would result in a claim unless there is also pipe damage at other locations around Tauranga arising from the same event. Any claim under this policy would recover the 40% not recoverable from the Crown (see NEMA section above).
39. There is no potential claim in relation to damage to paths or tracks. These are not insurable assets.

LEGAL IMPLICATIONS / RISKS

40. The expenditure associated with review and recovery includes providing information related to legal obligations and risk management.

TE AO MĀORI APPROACH

41. TCC's response to the January weather event follows the principle of Manaakitanga with a strong duty of care and safety for our people. Tangata whenua have been alongside TCC on the response and recovery and will continue to be engaged through findings of the reviews and future decision-making.

CLIMATE IMPACT

42. The January weather event involved heavy and concentrated rainfall resulting in land slips and other impacts. This was the primary cause of the costs identified in this report and the reason for ongoing expenditure on reviews and recovery. The reviews that are commencing will contribute to future understanding of risks and options to manage future climate risks and impacts.

CONSULTATION / ENGAGEMENT

43. No consultation is proposed as a result of this report.

SIGNIFICANCE

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

ENGAGEMENT

47. Taking into consideration the above assessment, that the matter is of medium significance, officers are of the opinion that no further engagement is required prior to Council making a decision. A website has been established to provide materials, documents and updates regarding the event and response.

NEXT STEPS

48. If financial delegation is approved, the Chief Executive will undertake the expenditure required to the end of this financial year.
49. The outcome of reviews and recovery initiatives will be provided to Council which will at an appropriate time consider future actions and resourcing in response to review findings.

ATTACHMENTS

Nil

11.8 Draft User Fees and Charges Schedule 2026/27

File Number: A19745132

Author: Holly Riddell, Corporate Planner
Emma Cooper, Business Analyst & Partner

Authoriser: Craig Rice, Chief Operating and Financial Officer

PURPOSE OF THE REPORT

1. The purpose of this report is to present the proposed draft User Fees and Charges for Council to adopt as a draft for consultation.

RECOMMENDATIONS

That the Council:

- (a) Receives the report "Draft User Fees and Charges Schedule 2026/27".
- (b) Approves Option 3, which retains current cremation fees and applies Consumer Price Index (CPI) to all other cemetery charges, to be included in the draft User Fees and Charges 2026/27 for consultation.
- (c) Adopts the draft User Fees and Charges 2026/27 and Statement of Proposal as set out in Attachments 1 and 2, as a draft for public consultation, incorporating any amendments directed by Council at this meeting.
- (d) Delegates the Chief Operating and Financial Officer to approve the final wording of amendments (as per Council direction) prior to public consultation.

EXECUTIVE SUMMARY

2. As part of the 2026/27 Annual Plan process, Council staff have undertaken a review of user fees and charges to ensure they remain fair, equitable, financially sustainable, and aligned with the Revenue and Financing Policy.
3. Nine priority activity areas were selected for in-depth review: Baycourt, Libraries, Parks and Recreation, Use of Council Land, Cemetery Parks and Crematorium, Alcohol Licensing, Animal Services, Building Services, and Trade Waste. These reviews assessed cost recovery levels, service usage, affordability impacts, market benchmarks, inflation, and historical consultation feedback. All other fees and charges also underwent the standard annual review process, including consideration of new fees.
4. At its meeting on 10 February 2026, Council resolved to defer the broader comprehensive review of fees and charges to the upcoming Long-term Plan (LTP), while proceeding with standard annual updates, including a 3% CPI adjustment. Accordingly, most proposed changes for the 2026/27 financial year reflect minor increases in line with inflation.
5. Key proposed amendments include:
 - Airport: A 10% increase to non-regular passenger landing charges to align with national aviation market rates.
 - Building Services: A 5% plus CPI increase, consistent with the LTP approach, to address a forecast deficit. This is expected to reduce the deficit by approximately \$1.2m.
 - Bay Venues: Entry fees at our three aquatics centres (Baywave, Greerton, and Memorial/Ōtūmoetai) are proposed to increase based on comparisons with similar facilities.

The proposed increases range from 5% to 16%. Fees for the Tauriko Settlers Hall have been removed from the schedule, as the hall is no longer in operation.

Cemeteries and Crematorium: Options have been developed to limit cremation costs and reduce cross-subsidisation of burials, with a recommended approach included for consultation.

Development Works: Introduction of a new application fee for departures from Infrastructure Development Code requirements.

Food Premises: Adjustment of Ministry for Primary Industries (MPI)-set fees.

Land Information (LIMs): Courier fee updates to reflect actual costs and introduction of a 10-day commercial service option.

Libraries: Introduction of room hire fees for Te Manawataki o Te Papa ahead of its opening in late 2026, and an increase to the 'top title' book charge.

Planning: New and amended fees to improve cost recovery, including automated electronic reports, hourly-based pre-application advice, compliance monitoring under recent RMA amendments, and additional specialist roles.

Road Reserve Occupation: New fees for permit extensions and overdue penalties.

Street Dining: Single citywide fee structure following bylaw changes, with updated discounted annual charges.

Sustainability and Waste: Revised waste licensing and bin replacement fees to reflect actual administration and supply costs.

Water Supply and Wastewater: A 7.5% increase to support the Water Services Delivery Plan.

Stormwater: Introduction of an hourly pollution prevention officer charge.

Trade Waste: Fee restructuring to align with updated bylaw classifications and permit types.

6. The financial implications of these changes have been incorporated into the latest 2026/27 Annual Plan revenue projections.
7. A separate report on Dog Registration Fees and Charges for 2026/27 will be presented to Council in April 2026 for adoption.

BACKGROUND

8. User fees and charges have been reviewed and updated by staff as part of the comprehensive review agreed in the Annual Plan. Staff assessed all fees and charges activity areas to identify those with the greatest potential for improved cost recovery or financial impact. Council subsequently approved^[6] in-depth reviews of nine activity areas: Baycourt, Libraries, Parks and Recreation, Use of Council Land, Cemetery Parks and Crematorium, Alcohol Licensing, Animal Services, Building Services, and Trade Waste. Each detailed review included analysis of cost recovery, historical consultation feedback, service usage, inflation and affordability impacts, market context, and benchmarking against other councils.
9. In addition to these in-depth reviews, staff have completed the standard annual review of all other fees and charges, including proposed new fees.
10. The review has been guided by principles in the Revenue and Financing Policy; ensuring fees are fair and equitable, consistent across Council, simple to administer and understand, and reflective of both capital investment and the value of assets and the environment.
11. At its meeting on 10 February 2026, Council resolved to defer the comprehensive review of user fees and charges to the upcoming Long-term Plan (LTP) process, which begins this year. In the interim, standard updates will continue, including the application of a 3% CPI adjustment.

12. **Attachment 1** to this report sets out the current user fees and charges and the proposed changes for the 2026/27 financial year. The proposed changes for the most part are minor, with a 3% increase applied in line with CPI assumptions.
13. **Attachment 2** to this report sets out the proposed changes within the Statement of Proposal which will be used in consultation with the community.
14. Please note that a separate report for Adoption of Dog Registration Fees and Charges (Dog Control Act 1996) 2026/27, will be presented to Council for adoption at its meeting in April 2026.

DISCUSSION

15. Council requested that options relating to Cemeteries be brought forward for discussion. These options have been included within the options section of this report, and decisions will be included with the draft user fees and charges for consultation. Staff's recommended option has been included in the draft user fees and charges schedule attached to this report as **Attachment 1** and will be updated following the outcome of this report.
16. Smaller wording clarifications have been included and can be seen within the tracked changes as **Attachment 1**. These changes are proposed to improve clarity and understanding for users. Where more significant changes have been made, these are explained below:

Airport

17. A 10% increase is proposed for non-regular passenger landing charges to bring these fees in line with national aviation market rates. The airport operates as a fully commercial activity and is funded entirely through user fees and charges, which requires fees to reflect actual market conditions.

Building Services

18. Detailed financial forecasting undertaken during the 2024–34 Long-term Plan identified the need for significant fee increases. Council agreed to apply a 5% increase each year for the first five years, rather than implementing a large one-off increase in year 1. These annual increases were to be reviewed each year and applied only if cost forecasts remained accurate.
19. The comprehensive review completed this year shows that a higher increase is now required to address the forecast deficit of \$3.6m for the current year. This deficit projection reflects last year's deficit of \$4.4m, with 8% increase in revenue due to the 8% increase in user fees applied in this current year.
20. In line with Council's direction, it is proposed that fees be increased by 5% plus CPI, consistent with the approach agreed through the LTP. A further detailed review will be undertaken as part of the upcoming LTP process.
21. Increasing fees by 5% (plus CPI) is expected to increase revenue and reduce the projected deficit by approximately \$1.2m. The remaining deficit will be addressed through other initiatives already underway, including improved cost recovery, increased productivity, and reduced contractor spend. These combined measures are expected to result in a modelled deficit of \$2.3m.

Bay Venues

22. Entry fees at the three aquatics centres (Baywave, Greerton, and Memorial/Ōtūmoetai) are proposed to increase based on comparisons with similar facilities. The proposed increases range from 5% to 16%. The most notable changes are at Baywave, where senior entry would rise from \$6.20 to \$7.20, and child entry from \$6.10 to \$7.00.
23. Fees for the Tauriko Settlers Hall have been removed from the schedule, as the hall is no longer in operation.

Development Works

24. A new fee has been included for an application for departure from Infrastructure Development Code (IDC) requirements to recover staff time in processing these applications. A \$2,000 deposit will be required, with any variations from this deposit refunded or invoiced following completion of the application.

Food Premises

25. Council is required to collect a fee for Food Control Plans and National Programmes on behalf of the Ministry for Primary Industries (MPI). This fee set by MPI, will increase to \$99.19 from 1 July 2026.

Health Act Functions

26. The new and annual registration fees for hairdressers has been removed following a central government change that no longer requires hairdressers to obtain registration from Council.

Land Information

27. We're proposing to increase the courier fee for property files on USB and paper copy LIMs to reflect the actual cost of updated courier charges and the non-returnable USB stick. The fee would increase from \$11.50 to \$17.00.
28. A new fee has been included for a request for LIM and Property File - 10-day commercial service. The residential combination fee has been successful and therefore we are now proposing the same for the commercial product.

Libraries

29. With Te Manawataki o Te Papa scheduled to open in late 2026, staff are proposing the introduction of new room hire fees to reflect the additional spaces that will be available for public booking. The proposed fees are based on the size, functionality, and capability of each room, and have been benchmarked against comparable facilities in Tauranga. These new meeting rooms and associated charges are expected to generate approximately \$51,000 in revenue, contributing to the ongoing operational costs of the facility.
30. An increase to the 'top title' book charge is also proposed, as no adjustments including CPI have been applied for the past five years. The fee would increase from \$3.00 to \$3.50.

Planning

31. A new fee for an automated electronic report has been proposed as council is currently trialling a new software solution to automatically generate planning reports tailored to individual applications. It is expected that this will result in a 15%-30% reduction in the amount of time required to complete a planning assessment, leading to significant overall savings for customers. This new fee will recover the per-application cost of the software and will only be applied should the trial be successful.
32. A pre-application advice fee is also proposed to change from a set fee of \$886 to a per hourly rate/actual cost. This is to ensure that we are recovering our cost of providing this service and to encourage uptake.
33. Due to a recent RMA amendment that provided for a new cost recovery pathway, a new fee is being proposed to monitor compliance with a permitted activity rule. This fee will only apply where it has been confirmed that a city plan rule has been breached and determined that charges should apply to recover the cost of Council's response. These costs will be invoiced to the person or persons deemed to be responsible for the breach.
34. Fees for additional roles have also been included to reflect the work being performed.

Road Reserve Occupation (Corridor Access Requests)

35. Two new fees have been proposed for greater cost recovery for extension to work access permits and an overdue penalty. These have been set in line with other similar fees nationally.

Street Dining

36. Changes to the Street Use and Public Places Bylaw now allow all businesses citywide to use a standard 1.5 square metre area of footpath for street dining or commercial display without requiring a licence. Any additional use will require approval through a licence. As a result, the previous zone-based fee structure has been removed and replaced with a single citywide fee. In addition, the current 50% discount has been updated so that business will now pay 60% of the \$100 per square metre annual charge.

Sustainability & Waste

37. Due to the introduction of a new regional waste licensing administration system, managed by BOPLASS, we propose to update the fee structure for licences to collect waste. The proposed fees reflect the actual cost of administering and issuing these licences under the new system, ensuring cost recovery and consistency across the region.
38. The fees for replacement bins have been updated to reflect the true cost of supplying new bins to both residential properties and multi-unit developments (MUDs). These adjustments ensure that the charges better match the actual cost of providing the service.

Water supply & Wastewater

39. As per Council's decision, a 7.5% increase has been applied to water supply and wastewater fees to support the water services delivery plan. This is to also reflect the increasing costs of maintenance, infrastructure upgrades and servicing increase.

Stormwater

40. A new fee for an hourly rate for the pollution prevention officer is proposed to ensure recovery of staff time. The rate of \$222.80 has been aligned with comparable wastewater roles, maintaining consistency across the fees and charges schedule.

Trade Waste

41. Upcoming proposed changes to the trade waste bylaw will require an update to the classification of trade waste discharges. Provision for controlled, conditional and renewal of these permits has been allowed for within the bylaw. The adjustments to the fees have been proposed to align with the new permit structure while still retaining the current permit requirements until the changes within the bylaw are in force.

STATUTORY CONTEXT

42. Setting user fees and charges at the correct level enables the funding of council's activities. These activities help deliver our community outcomes and facilitate improved quality of life, quality of economy and sound city foundations.
43. The recommendation meets the requirements of the Local Government Act 2002.
44. Council is authorised to set user fees and charges under specific legislation, including:
- 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

STRATEGIC ALIGNMENT

45. This contributes to the promotion or achievement of the following strategic community outcome:

	Contributes
We are an inclusive city	✓
We value, protect and enhance the environment	✓
We are a well-planned city that is easy to move around	✓
We are a city that supports business and education	✓
We are a vibrant city that embraces events	✓

46. This review supports all strategic community outcomes by ensuring user fees and charges are fair, transparent, and aligned with the financially sustainable delivery of Council services that benefit the community.

OPTIONS ANALYSIS

Issue 1: Options for Cemeteries

Option 1: Cremations at cost, burials and all other fees increase by 6%

Under this option, Council would adjust the cost of cremations to cost including inflation and would increase the cost of burials and chapel fees by a total of 6% (3% increase and 3% inflation) as shown in the table below:

Example of fee	Cost
Cremation	\$777.00
Casket Burial	\$4,511.00
Ash Burial	\$1,590.00
Chapel Hire	\$378.00
Deficit⁶⁰	- \$752,247

Advantages	Disadvantages
<ul style="list-style-type: none"> • Applies a moderate, manageable increase to burial and chapel fees (6%), rather than a larger jump, helping maintain affordability for bereaved families. • Increased demand on cremation services due to a reduction in cost. 	<ul style="list-style-type: none"> • Burial fees and chapel fees remain below full cost recovery, meaning Council continues to subsidise burial services and the overall activity still carries a large deficit (\$752,247). • Does not fully address long-term financial gaps, requiring additional increases or further review in future years. • Potential for perceived inequity between service types, as cremations move to full cost while burials only increase moderately.

Option 2: Reduce cost of cremations to halfway back to cost, burials and all other fees to increase 6%

⁶⁰ The deficit for all three options has been estimated using previous years’ figures and demand. It is subject to change as demand patterns and usage respond to the updated pricing.

Under this option, Council would adjust the cost of cremations to halfway back to cost and would increase the cost of burials and chapel fees by a total of 6% (3% increase and 3% for inflation) as shown in the table below:

Example of fee	Cost
Cremation	\$893
Casket Burial	\$4,511
Ash Burial	\$1,590
Chapel Hire	\$378
Deficit	- \$606,742

Advantages	Disadvantages
<ul style="list-style-type: none"> Reduces the deficit by not reducing cremation price to cost. Provides a more gradual pathway toward cost recovery over time. Maintains moderate burial increases, helping keep these services relatively affordable while still accounting for inflationary pressures. Provides a pragmatic middle-ground option, offering partial progress on financial recovery without large immediate price changes. 	<ul style="list-style-type: none"> Does not fully align fees with true service costs, which may create challenges in explaining the continued cross-subsidisation to the community.

Option 3: Existing charges with 3% inflation applied to each fee excluding cremations – Recommended

47. Under this option, Council would retain the existing fees and charges and apply 3% for inflation excluding cremations as shown in the table below:

Example of fee	Cost
Cremation	\$979
Casket Burial	\$4,384
Ash Burial	\$1,545
Chapel Hire	\$368
Deficit	- \$519,228

Advantages	Disadvantages
<ul style="list-style-type: none"> Lowest impact on users, as burial and cemetery fees increase only by inflation. Simple and easy to communicate, as it continues the existing approach without structural changes or complex rationale. Minimises immediate price pressure, supporting household affordability during a time of rising living costs. Maintains consistency with standard 	<ul style="list-style-type: none"> Does not move cemetery and chapel fees toward greater cost recovery, meaning Council continues to heavily subsidise burial services through cross-subsidisation of cremations. Worsens long-term financial sustainability, requiring larger fee increases in future years if Council wishes to reduce the deficit. May be seen as delaying necessary

<p>annual CPI adjustments.</p> <ul style="list-style-type: none"> • Provides highest level of cost recovery for the activity of the three options. • By not applying CPI to cremations, we avoid further increasing what are already relatively high fees. • A comprehensive review of this area will be undertaken as part of the upcoming Long-term Plan. 	<p>decisions, as it pushes cost recovery conversations and affordability challenges into future planning cycles.</p> <ul style="list-style-type: none"> • By not decreasing cost of cremations, demand and activity revenue may remain affected.
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Issue 2: Approves draft User Fees and Charges and statement of proposal for consultation.

Option 1: Council approves the draft user fees and charges schedule and statement of proposal.

48. Under this option, Council approves the draft User Fees and Charges Schedule as proposed in **Appendix 1**, and the Statement of Proposal in **Attachment 2**, with inclusion of a decision on cemeteries.

Advantages	Disadvantages
<ul style="list-style-type: none"> • Managers have reviewed existing fees and charges and have made recommendations based on actual and reasonable costs. • Engagement and communications planning can be finalised. 	<ul style="list-style-type: none"> • Potential opportunities for other fees and charges may not have been considered.

Option 2: Council requests further changes to the draft User Fees and Charges Schedule.

49. Council does not approve the draft User Fees and Charges Schedule and either rejects suggested changes or requests further analysis be undertaken.

Advantages	Disadvantages
<ul style="list-style-type: none"> • Potential opportunities for fees and charges may be raised and considered. 	<ul style="list-style-type: none"> • Delays in finalising the draft annual plan budgets. • Delays in community consultation.

FINANCIAL CONSIDERATIONS

50. The financial implications of the proposed user fees and charges are included in the draft 2026/27 Annual Plan.

LEGAL IMPLICATIONS / RISKS

51. The proposed changes to user fees and charges must comply with the Local Government Act 2002 and any other legislation relevant to specific fees. Council is required to ensure that all fees are lawful, transparent, consistent with its Revenue and Financing Policy, and do not exceed reasonable cost recovery.

52. Significant increases in fees carry the risk of negative community perception and may result in reduced service uptake.

TE AO MĀORI APPROACH

53. The proposed updates to user fees and charges do not include any changes that affect Council’s Te Ao Māori approach.

CLIMATE IMPACT

54. The proposed updates to user fees and charges do not include any changes that affect Council's Climate Impact Statement.

CONSULTATION / ENGAGEMENT

55. The draft user fees and charges represent fees proposed to be charged to the community.
56. After approval for consultation today, the draft user fees and charges will be consulted on with the community for four weeks in accordance with sections 83 and 150 of the Local Government Act.
57. Consistent with Council's resolution of 10 February 2026, consultation will be proportionate and focused, rather than a full or extensive engagement process. All statutory consultation requirements will be met, and relevant materials will be made publicly available online.

SIGNIFICANCE

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

ENGAGEMENT

61. Taking into consideration the above assessment, that the decision is of medium significance, officers are of the opinion that the following consultation/engagement is suggested/required under section 83 of the Local Government Act.

NEXT STEPS

62. Pending decisions from this Council meeting, key steps are:
- (a) **1 April to 1 May:** Community feedback sought on the draft User Fees and Charges.
 - (b) **Early May:** Staff will analyse feedback and make recommendations on changes.
 - (c) **Council 12 May:** Hearings will be held within the regular Council meeting.
 - (d) **Council June:** Deliberate and adopt a final version of the User Fees and Charges.
63. Once finalised, updated fees will come into effect on 1 July 2027.

ATTACHMENTS

1. **2026-27 Fees and Charges Schedule for consultation (Tracked Changes) - A19934064**
[!\[\]\(f126739a86934011002307097e7bbf86_img.jpg\) !\[\]\(2c59fe287f67ecff746b042948f8aa42_img.jpg\)](#)
2. **2026-27 User Fees and Charges - Statement of Proposal - A19870421** [!\[\]\(319b8528fd94646e7769aa69deb1f1a9_img.jpg\) !\[\]\(1c2f8641e19caade63b0e0931af8196c_img.jpg\)](#)

11.9 Approval of Draft Development Contributions Policy 2026/27

File Number: A19859923

Author: Ben Corbett, Team Leader: Growth Funding

Authoriser: Christine Jones, General Manager: Strategy, Partnerships & Growth

PURPOSE OF THE REPORT

1. To present the proposed local and citywide development charges to be included in the draft Development Contributions Policy 2026/27 (draft DCP).
2. To present the Statement of Proposal and draft DCP for adoption for the purposes of public consultation.

RECOMMENDATIONS

That the Council:

- (a) Receives the report "Approval of Draft Development Contributions Policy 2026/27".
- (b) Agrees to incorporate the proposed updates to local and citywide development contributions in the draft Development Contributions Policy 2026/27.
- (c) Approves the draft Development Contributions Policy 2026/27 including:
 - (i) Revision of the definition of "bedroom" for the purpose of assessing the citywide development contribution to clarify that second living rooms including multi-purpose rooms like media rooms or rumpus rooms which are capable of functioning as a bedroom will be treated as a bedroom;
 - (ii) A drafting note to clarify that local development contributions are generally payable for minor dwellings developed in residential zones; and
 - (iii) Further detail of the calculation methodology used for the Tauriko West, Tauriko Business Estate Stage 4 and Upper Ohauti catchments.
- (d) Adopts the Statement of Proposal and draft Development Contributions Policy 2026/27 for the purposes of public consultation.
- (e) Delegates authority to the General Manager: Strategy, Partnerships & Growth to make amendments to the draft Development Contributions Policy 2026/27 to correct minor errors in wording or financial information as required.

EXECUTIVE SUMMARY

3. Council uses development contributions (DCs) to fund a portion of the cost of growth-related capital expenditure for certain infrastructure projects. DCs are charged in accordance with the operative Development Contributions Policy (DCP).
4. Tauranga City Council (TCC) generally updates its DCP annually. The amendments proposed in the draft Development Contributions Policy 2026/27 (draft DCP, to be circulated prior to this meeting) are largely aligned with TCC's Annual Plan 2026/27 (AP). Further changes may be required to reflect other Council decisions at this meeting.
5. TCC is proposing to include a number of changes in its draft DCP. These are to update DCs to reflect the AP and wording updates to improve the clarity and functionality of the DCP.

6. The citywide DC is proposed to increase by 7.3%. A 3-bedroom dwelling currently pays a charge of \$34,823 plus GST and this is proposed to change to \$37,349 plus GST – an increase of \$2,526 or 7.3%. The change has been primarily driven by:
 - (a) Increase in cost of capital (+ 3.8%) – this increase is primarily driven by slower than projected development across the city resulting in higher interest costs. This increase is net of reduced capital costs associated with shifting from funding BayPark Arena Extension to Haumarū indoor courts.
 - (b) Increase in community infrastructure (1.5%) – this increase is a result of TCC retaining the Queen Elizabeth Youth Centre indoor court facility and delivering the Haumarū facility on Cameron Road. Haumarū provides capacity for growth and so is now partially growth funded in place of the less expensive BayPark Arena Extension.
 - (c) Wastewater infrastructure: (+ 1%) – this increase is primarily driven by an increase in capital budgets for electrical upgrades at Te Maunga Wastewater Treatment Plant.
7. The citywide DC charge for non-residential development is proposed to increase by 8.7%. A non-residential development will currently pay \$7,492 plus GST per 100 square metres of gross floor area. This is proposed to change to \$8,146 which is an increase of \$653 or 8.7%. This is driven by the increases in cost of capital and wastewater infrastructure described above.
8. The charge for West Bethlehem (a local DC catchment) is proposed to increase by 6.5%. This does not reflect an increase in capital expenditure charges. Rather, charges for this catchment have been subsidised for many years based on decision made by previous Councils, with the subsidy decreasing each year.
9. All other DCs are proposed to stay materially the same as in 2025/26 with no other percentage movements of 3% or more and most sitting below 1%.
10. Wording changes have been suggested to improve the readability and efficacy of implementing the DCP or to provide further detail on how the charges have been calculated. These are:
 - (a) Revising the definition of “bedroom” for the purposes of the citywide DC. The current definition is causing some difficulty in application for TCC’s DC Assessors in particular around the treatment of multi-purpose rooms like media rooms or rumpus rooms.
 - (b) Clarifying that local DCs are payable for ‘minor dwellings’ (commonly referred to as granny flats) in residentially zoned areas in Tauranga.
 - (c) Setting out more detail as to how DCs have been calculated in three new local DC catchments (Tauriko West, TBE Stage 4 and Upper Ohauti).
11. Council may resolve to make all, some or none of these changes. It is recommended all be implemented on the basis this will better ensure developers pay their fair share of growth-related capital expenditure.
12. The draft DCP and Statement of Proposal will be published for public consultation from 27 March – 25 April 2026 and Council deliberations will follow thereafter. The final DCP will return to Council for adoption in June and be operative from 1 July 2026.

DISCUSSION

13. The proposed DCs for each catchment are set out in the draft DCP and in the attached Statement of Proposal. The draft DCP will be circulated to Council prior to the meeting as supplementary material.

Proposed changes to citywide DCs and rationale for change

14. The following tables summarise the proposed changes to the citywide DC. Charges are shown exclusive of GST.

Catchment	2025/26 DC (\$)	Draft 2026/27 DC (\$)	Increase / (decrease) (\$)	Increase / (decrease) (%)	Unit
Citywide (residential)	34,823	37,349	2,526	7.3%	Per 3-bedroom dwelling
Citywide (business activities)	7,493	8,146	653	8.7%	Per 100 sqm gross floor area

15. The below table summarises the changes to the residential citywide DC. Further detail regarding the key drivers of change is included thereafter.

Charge	Charge per 3-bedroom dwelling (\$)	Key drivers of change
2025/26 citywide DC change	34,823	
Water supply	+159	Increase in base costs has been driven by increased costs for the Cambridge Rd Water Reservoir.
Wastewater	+347	Increase in base costs has been driven primarily by increases in costs of electrical upgrades at Te Maunga Wastewater Treatment Plant.
Reserves	+1	De minimis changes
Community infrastructure	+507	In 2025 Council resolved to retain the Queen Elizabeth Youth Centre indoor court facility and delivered the Haumarū indoor courts. This shifted indoor court funding from BayPark Arena Extension to the more expensive Haumarū facility.
Cost of capital	+1,358	Increase is primarily driven by lower than forecast development resulting in delayed revenue and higher debt costs.
Low demand adjustment	+154	Standard adjustment to allow for low demand development (undertaken each year)
Draft 26/27 citywide DC	37,349	

16. One material change has been made to funding for the community infrastructure activity. In 2025 Council has resolved to maintain the existing Queen Elizabeth Youth Centre indoor courts. It had previously been assumed this facility would be demolished once Haumarū, (the indoor courts located on Cameron Rd), were complete. With both facilities operating, significantly more capacity has been added to the indoor court network. Consequently, Haumarū is now projected to provide for growth in Tauranga at the current level of service until 2032.
17. Council has a long-standing policy of only charging for one asset of each type at a time. Consequently, staff are proposing to stop collecting for the BayPark Arena Extension and start collecting for the growth portion of Haumarū (some 35%). DCs collected towards the Arena Extension will be directed towards Haumarū. This has resulted in an increase in the charge for indoor courts per dwelling (from \$514 to \$1,015) as Haumarū was more expensive to deliver than the Arena Extension cost estimate.

18. This increase is offset by a reduction in cost of capital for community infrastructure achieved through changing funding from the Arena Extension to Haumarū. This is because the Haumarū facility has been delivered thereby minimising inflation exposure and is funded over a shorter period which reduces debt servicing costs as compared to the Arena Extension.
19. Staff note work is underway to review TCC’s indoor court level of service policy as part of preparing for the Long-term Plan 2027-37 may have further impacts on DC charges and which asset is being charge for.

Proposed changes to local DCs

20. The table below summarises the catchments for which DCs have changed by more than 5%. All charges are shown exclusive of GST.

Catchment	2025/26 DC (\$)	Draft 2026/27 DC (\$)	Increase / (decrease) (\$)	Increase / (decrease) (%)	Unit
Te Papa Infill (North)	5,911	5,318	(592)	(10%)	Per lot
Te Papa Infill (South)	8,838	8,372	(466)	(5.3%)	Per lot
Wairakei A	551,675	586,266	34,591	6.3%	Per hectare
West Bethlehem (residential)	32,813	34,945	2,132	6.5%	Per lot
West Bethlehem (residential)	442,971	471,764	28,793	6.5%	Per hectare
West Bethlehem (non-residential)	635,780	677,106	41,326	6.5%	Per hectare

Changes to Te Papa Infill local DCs

21. The charges for Te Papa Infill North and South have both decreased as a result of the decrease in budget for Cameron Rd Stage 2.

Changes to Wairakei A local DCs

22. The charge for the Wairakei A catchment has increased primarily as a result of slower development than originally predicted. This results in TCC incurring more interest on its growth-related debt than previously assumed. As Wairakei A is a very small catchment, this change has a relatively large impact on the balance of developable land.

Changes to West Bethlehem local DCs

23. The capital expenditure budgets that form the basis of the West Bethlehem charge have not changed materially since 2025/26. Rather, the DC has increased due to a reduction in subsidy for this catchment.
24. The West Bethlehem local DC has had a subsidy applied to it for many years. This subsidy was introduced to assist in progressing development in this area as Council considered the charge to be prohibitively high when introduced. The subsidy was structured to reduce year-on-year causing the DC to increase by 6.5% annually.
25. Over time, the charge for each asset class (transport, water supply, etc) will return to the full capital expenditure budget.

Proposed changes to DCP wording

26. Staff have proposed a number of wording changes to improve the readability and efficacy of the DCP. The key changes are summarised below.

- 27. The definition of “bedroom” is being updated. The number of bedrooms in a dwelling determines the citywide DC charge. There is a substantial difference between a 3-bedroom DC and a 4+-bedroom DC (approximately \$10,000). Consequently, there is a high incentive for developers to have their developments treated as having fewer bedrooms. The bedroom definition was updated last year to improve its clarity but TCC’s DC Assessor team has identified further improvements to make it clear that each dwelling will be assumed to have one separable living area with each subsequent area being treated as a bedroom. This reflects the current intent of the DCP.
- 28. The definition of “household unit” is being updated. In the past the DCP treated Secondary Independent Dwelling Units (SIDUs, commonly referred to as “granny flats”) in residential zones as being assessable for citywide DCs but not local DCs. This treatment was long-standing but did not fully align to TCC’s ‘growth pays for growth’ principle. Changes to the City Plan through Plan Change 33 (the medium density residential standards Plan Change) removed the ability to develop a SIDU in residential zones (but retained them in rural zones). This means the exclusion for SIDUs in the DCP no longer functions and so the wording is proposed to be updated to ensure it is clear local DCs are payable for this type of development.
- 29. Further detail is proposed to be added to the local DC calculation methodology for Tauriko West, TBE Stage 4 and Upper Ohauti to provide more clarity and detail on the land area that the DC calculation applies to.

STRATEGIC ALIGNMENT

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

	Contributes
We are an inclusive city	<input type="checkbox"/>
We value, protect and enhance the environment	<input type="checkbox"/>
We are a well-planned city that is easy to move around	<input checked="" type="checkbox"/>
We are a city that supports business and education	<input type="checkbox"/>
We are a vibrant city that embraces events	<input type="checkbox"/>

- 31. A robust, comprehensive and transparent DCP encourages trust from developers in TCC and assists in their planning of developments. DCs are a key funding source to deliver growth-related infrastructure. This enables planned growth to occur in a manner that is supported by appropriate infrastructure and associated services.

OPTIONS ANALYSIS

Option 1: Approve the proposed changes to the draft DCP 26/27 (recommended)

Advantages	Disadvantages
<ul style="list-style-type: none"> • Complies with legislative requirement to ensure the development contributions policy aligns with TCC’s Annual Plan • Ensures TCC is maximising development contributions revenue using up to date budgets and finance assumptions • Ensures incremental improvements to wording are implemented to strengthen the efficacy and transparency of the DCP. 	<ul style="list-style-type: none"> • Increases the cost of many development contribution charges which will make development more expensive overall

Option 2: Do not approve some or all of the proposed changes

32. The advantages and disadvantages of this approach are inverse to those of option 1.

FINANCIAL CONSIDERATIONS

33. The changes proposed to the operative DCP will provide financial benefits to Council and ratepayers while ensuring the costs of growth are shared among developers.
34. Funding the growth share of capital expenditure through development contributions ensures that those who cause and benefit from growth infrastructure are contributing equitably towards the associated expenditure and thereby minimises reliance on debt funded by general rates.

LEGAL IMPLICATIONS / RISKS

35. There are no particular legal implications or risks associated with the decision to incorporate these changes into the draft DCP for consultation.

TE AO MĀORI APPROACH

36. The preparation of the DCP is primarily a regulatory matter determined by the Local Government Act 2002.
37. However, updates to the DCP have been considered from a Te Ao Maori approach. The following principles have been considered:
- (a) *Rangatiratanga* – staff have reached out to local iwi through Te Rangapu to share upcoming consultation topics and timelines. Staff have offered to work through the proposed changes to assess the impact for development on Maori Land. Te Rangapu will have an opportunity to submit on the draft DCP, and submissions will be considered by Council prior to adoption.
 - (b) *Tumanako* – the DCP generally provides avenues for development of Maori Land which is an aspiration for some iwi. Increases to DCs make development more expensive and less achievable in general. This is a particularly acute issue for land that is more difficult to develop like Maori Land where finance is difficult to secure and financial returns may be realised over decades.
38. The proposed changes make development more expensive but also better enable TCC to fund growth and provide infrastructure that enables growth. This has both a negative and positive impact for potential development of Maori Land.

SIGNIFICANCE

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



ENGAGEMENT

42. While the matter is of medium significance, TCC is required to follow the special consultation procedure set out in the Local Government Act 2002. It is proposed consultation will be undertaken for a month from 27 March – 28 April 2025.

NEXT STEPS

43. Publish draft DCP and open public consultation.
44. Submission hearings will follow public consultation.
45. Return to Council with public consultation feedback and proposed amendments to the draft DCP reflecting internal and public submissions.
46. Adopt a final DCP for implementation from 1 July 2026.

ATTACHMENTS

1. **Statement of Proposal - 2026/27 - A19915182** [↓](#) 
2. **Draft Development Contributions Policy 2026/27 - A19917702** [↓](#) 

11.10 Long-term Plan 2027-2037 - Project Plan

File Number: A19836770

Author: Josh Logan, Team Leader: Policy & Corporate Planning

Authoriser: Christine Jones, General Manager: Strategy, Partnerships & Growth

Please note that this report contains confidential attachments.

Public Excluded Attachment	Reason why Public Excluded
Item 11.10 - Long-term Plan 2027-2037 - Project Plan - Attachment 4 - Confidential List of emerging issues for the LTP 2027-2037	s7(2)(h) - The withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities.

PURPOSE OF THE REPORT

1. This report seeks to meet one of the Chief Executive’s KPIs set by Council to provide a detailed timeline for the Long-term Plan 2027-2037 by the end of quarter three in 2025/26.

RECOMMENDATIONS

That the Council:

- (a) Receives the report "Long-term Plan 2027-2037 - Project Plan".
- (b) Endorses Attachments 3 and 4 (confidential) as the schedule of issues to be considered through the Long-term Plan 2027-2037. Notes that items will be added to or removed from the schedule through the Long-Term Plan development process.
- (c) **Attachment 4** can be transferred into the open after discussions with affected parties has taken place.

EXECUTIVE SUMMARY

2. The Long-term Plan (LTP) is the most significant planning and decision-making process for the Elected Members for their term of council. It sets out what Tauranga City Council will do over the next 10 years and how we’ll pay for it. This includes everything from major infrastructure projects to the services we provide every day.
3. A new LTP is developed and adopted every three years by Elected Members, in the middle year of the normal local government election cycle. Each plan must include a financial strategy that shows how we’ll manage our finances over the long term.
4. The next LTP is due for adoption by 30 June 2027.
5. This report and its attachments provide the Elected Members a high-level overview of the standard LTP process and a detailed timeline that starts from now and runs through to June 2027.

BACKGROUND

- 6. Council is required to prepare a long-term plan (“LTP”) every three years. The purpose⁶¹ of the LTP is to:
 - a) *describe the activities of the local authority; and*
 - b) *describe the community outcomes of the local authority’s district or region; and*
 - c) *provide integrated decision-making and co-ordination of the resources of the local authority; and*
 - d) *provide a long-term focus for the decisions and activities of the local authority; and*
 - e) *provide a basis for accountability of the local authority to the community.*
- 7. The LTP covers ten years and also incorporates an infrastructure strategy with a 30-year timeframe.
- 8. The LTP brings together a large number of processes and topics and requires content input from all Council activities. Coordinating this, including providing appropriate content to the Elected Members for direction-setting and decision-making is a significant task. Some workstreams have been underway for a few months, others commence later in the process.
- 9. This report continues on from the report to Council from 18 November 2025 which outlined the high-level process that an LTP takes over its creation. This report can be found at: https://infocouncil.tauranga.govt.nz/Open/2025/11/CO_20251118_AGN_2765_AT.PDF
- 10. **Attachment 1** to this report includes the project plan for the LTP 2027-2037 which outlines the four phases this LTP will go through in its creation and when these phases are likely to occur.
- 11. **Attachment 2** gives a high-level month by month breakdown from now till June 2027 of when each of the content and process pieces of the LTP identified in the 18 November 2025 report are currently scheduled to occur.
- 12. **Attachment 2** also provides the dates for when all eight workshops relating to the LTP have been booked with Elected Members from May 2026 to December 2026.
- 13. **Attachment 3 and 4** include a schedule of issues to be considered through the 2027-37 LTP. The issues in this staff compiled list are over and above the usual approach of Strategy Stocktake (including AIP review), Asset Management Plan reviews, Activity Area Plan reviews.
- 14. The issues identified in the attached lists are topic specific matters that are likely to progress to issues and options papers over the course of the development of the LTP. The intent is that these lists are also a live document that gets updated as issues are identified.

STATUTORY CONTEXT

- 15. Legislative issues are considered in the Background section to this report.

STRATEGIC ALIGNMENT

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

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

⁶¹ Per section 93(6) of the Local Government Act 2002

We are a vibrant city that embraces events ✓

17. The LTP seeks to enable Council to achieve its community outcomes.

OPTIONS ANALYSIS

18. This report has no options for Council to consider in this report.

FINANCIAL CONSIDERATIONS

19. This report has no financial implications.

LEGAL IMPLICATIONS / RISKS

20. This report has no other legal implications or risks.

TE AO MĀORI APPROACH

21. The LTP process does not affect TCC's ambitions to align with the Te Ao Māori approach. However, future funding decisions in the process may have an impact on individual projects or programmes that are specifically working towards fulfilling the approach.

CLIMATE IMPACT

22. The LTP process does not affect TCC's ambitions to align with the Climate Impact Statement. However, future funding decisions in the process may have an impact on individual projects or programmes that are specifically working towards fulfilling this ambition.

CONSULTATION / ENGAGEMENT

23. An engagement approach and programme will be one of the key aspects of the LTP programme of work.

24. The Elected Members will be further involved in the development of that approach and programme over coming months.

25. The LTP consultation document will be formally consulted on in March/April 2027.

SIGNIFICANCE

26. The Local Government Act 2002 requires an assessment of the significance of matters, issues, proposals and decisions in this report against Council's Significance and Engagement Policy. Council acknowledges that in some instances a matter, issue, proposal or decision may have a high degree of importance to individuals, groups, or agencies affected by the report.

27. In making this assessment, consideration has been given to the likely impact, and likely consequences for:

- (a) the current and future social, economic, environmental, or cultural well-being of the district or region
- (b) any persons who are likely to be particularly affected by, or interested in, the matter.
- (c) the capacity of the local authority to perform its role, and the financial and other costs of doing so.

28. The matter of the LTP and its contents have a high degree of significance. However, the decision to receive this report and the project plan (Attachment 1) and outline month by month work programme (Attachment 2) is of low significance as they are predominantly procedural and work is already underway.







ENGAGEMENT

29. Taking into consideration the above assessment, that the decision is of low significance, officers are of the opinion that no further engagement is required prior to Council making a decision.

NEXT STEPS

30. Work will continue or commence on each of the phases and workstreams included in Attachments 1 and 2. Workshops and formal Council and Committee meetings will be scheduled to bring these LTP workstreams to the Elected Members for direction-setting and decision-making throughout 2026.
31. Emerging issues identified in Attachments 3 and 4 will progress to workshops, discussion papers and/or issues and options papers to Council between now and December 2026.

ATTACHMENTS

1. **Project Management Plan - 2027-37 Long-term Plan - A19864889**  
2. **2026-27 Month by Month View of LTP 2027-37 - A19864886**  
3. **List of emerging issues for the LTP 2027-2037 - A19871457**  
4. **Confidential List of emerging issues for the LTP 2027-2037 - A19872488 - Public Excluded**

11.11 Submission to Bay of Plenty Regional Council's Long Term Plan Amendment

File Number: A19923493

Author: Clare Sullivan, Senior Governance Advisor

Authoriser: Sarah Holmes, Team Leader: Governance & CCO Support Services

BACKGROUND

1. The report accompanying this agenda item, 'Submission to Bay of Plenty Regional Council's Long Term Plan Amendment', will be circulated separately prior to the meeting.

11.12 Transport Resolutions Report No.60

File Number: A19813175

Author: Karen Hay, Team Leader: Engineering Services
Will Hyde, Senior Transport Engineer

Authoriser: Reneke van Soest, General Manager: Operations & Infrastructure

PURPOSE OF THE REPORT

1. This report proposes the introduction, removal or amendment of traffic controls throughout the city, and seeks a resolution from Council to implement or formally approve these proposals.

RECOMMENDATIONS

That the Council:

- (a) Receives the report "Transport Resolutions Report No.60".
- (b) Resolves to implement the proposed traffic and parking controls for general safety, operational, or amenity purposes as detailed in Attachment A - including Attachments 2, 7.1, 7.2, 7.4, 7.7, 7.8, 7.9, 7.16, 7.19.
- (c) Approves these changes taking effect on or after 25 March 2026, subject to the installation of appropriate signs and road markings where necessary.

EXECUTIVE SUMMARY

2. As the city grows and changes, the demands on the road network also change. Often there can be conflict between the need to keep traffic lanes clear to enable an efficient network, the need to provide on-street parking and loading zones to support nearby activities, restrict parking to improve access and the need for vulnerable road users such as pedestrians and cyclists to move around the city safely.
3. Attachment A sets out changes for general access, parking, safety and operational reasons. Some of these are requests from the public or other stakeholders for numerous changes to parking controls which have been assessed to be appropriate.
4. Amendments include changes to the following attachments to the Traffic & Parking Bylaw (2023):
 - (a) Attachment 2: One-Way Traffic
 - (i) A proposal to make part of Miro Street one-way.
 - (b) Attachment 7.1: No Parking Behind Kerb
 - (i) Extension of existing part-time restriction outside Mount Maunganui Primary school, to prevent dangerous parking at school peak times.
 - (c) Attachment 7.2: Prohibited Stopping and Standing of Vehicles
 - (i) Extending or removing broken yellow lines to improve safety, enhance access, or increase parking capacity.
 - (ii) These changes result from customer requests, capital projects, and resource consent requirements.
 - (d) Attachment 7.4: Clearway

- (i) This is a correction to an existing clearway restriction.
- (e) Attachment 7.7: Mobility Parking
 - (i) A retrospective resolution is required for a mobility space installed under the requirements of a resource consent; and
 - (ii) A new mobility parking space in an area of the City Centre which currently has very limited mobility parking.
- (f) Attachment 7.8: Motorcycle Parking
 - (i) Retrospective resolutions required for existing motorcycle spaces which were required under a resource consent for the adjacent development.
 - (ii) Retrospective resolution required for an existing space serving local retail area.
- (g) Attachment 7.9: Parking Time Restrictions
 - (i) Retrospective resolutions required for existing time restrictions implemented as part of Maunganui Road project.
 - (ii) Retrospective resolutions required for existing time restrictions outside a school.
 - (iii) New resolution for time restrictions installed under a resource consent.
 - (iv) Relocation of existing time-limited parking by mutual consent of adjacent businesses.
- (h) Attachment 7.16: Loading Zones with Time Restriction
 - (i) Retrospective resolution to support interim changes in the city centre.
- (i) Attachment 7.19: Angle Parking
 - (i) New angle parking as part of the Miro Street project.

BACKGROUND

- 5. The Traffic and Parking Bylaw 2023 includes attachments which list various traffic and parking restrictions. Council can impose traffic and parking restrictions by Council resolution.
- 6. The Council regularly adds, removes or amends traffic and parking controls to reflect and support operational and safety needs on the road network.
- 7. The proposed amendments in Attachment A are minor changes to parking restrictions across the city which have arisen through requests from the public, transportation staff, or other stakeholders.

STATUTORY CONTEXT

- 8. Land Transport Act 1998, particularly section 22AB, which empowers councils as Road Controlling Authorities (RCAs) to make bylaws for traffic and parking control.
- 9. Local Government Act 2002, which outlines the general process for making bylaws, including consultation and public notification.
- 10. Land Transport (Road User) Rule 2004 and Traffic Control Devices Rule 2004, which set standards for signage, markings, and enforcement.

STRATEGIC ALIGNMENT

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

	Contributes
We are an inclusive city	✓
We value, protect and enhance the environment	<input type="checkbox"/>

- We are a well-planned city that is easy to move around ✓
- We are a city that supports business and education ✓
- We are a vibrant city that embraces events ✓

12. The recommendations address a number of issues affecting safety, access and/or amenity and contribute to the safe and efficient operation of the city's transport network. The provision of mobility parking enables a more inclusive city by making our amenities more accessible to less-abled members of our community.

OPTIONS ANALYSIS

13. The proposed changes relate to general operations. The reasons for each proposal are described in Appendix A. In each case the problem identified is expected to continue if the proposed amendment is not adopted.
14. The proposals are independent of each other, and Council may resolve to adopt some, all or none of them.
15. Miro Street one-way: Numerous options to increase parking while retaining Miro St, including those submitted by the public were assessed for suitability. Upon assessing key design criteria and impacts to road users (including additional travel time) implementing a one-way of Miro St and adding parking is considered the overall optimal option for Tauranga.

FINANCIAL CONSIDERATIONS

16. The signs and markings costs associated with general operational changes are minor and can be accommodated within existing project or operational budgets.

LEGAL IMPLICATIONS / RISKS

17. These proposals are required in order to allow enforcement of changes deemed necessary for safety and amenity purposes. Council has an obligation to address known safety issues on the road network.

TE AO MĀORI APPROACH

18. The proposals create safety, access and/or amenity improvements for our residents and visitors and therefore align with the principal of manaakitanga. For the major projects, consultation with hapū was undertaken as part of the project development.

CLIMATE IMPACT

Given this report relates to regulatory procedure, no climate impact assessment is made.

CONSULTATION / ENGAGEMENT

19. Requests for changes may originate from neighbouring properties or reflect existing circumstances where consultation is deemed not necessary. Alternatively, consultation may occur during project delivery, or where property owners adjacent to the site are informed or consulted prior to implementing any modifications.

SIGNIFICANCE

20. The Local Government Act 2002 requires an assessment of the significance of matters, issues, proposals and decisions in this report against Council's Significance and Engagement Policy. Council acknowledges that in some instances a matter, issue, proposal or decision may have a high degree of importance to individuals, groups, or agencies affected by the report.
21. In making this assessment, consideration has been given to the likely impact, and likely consequences for:

- (a) the current and future social, economic, environmental, or cultural well-being of the district or region
 - (b) any persons who are likely to be particularly affected by, or interested in, the decision.
 - (c) the capacity of the local authority to perform its role, and the financial and other costs of doing so.
22. In accordance with the considerations above, criteria and thresholds in the policy, it is considered that the decision is of low significance.

For the changes which are retrospective, these are likely to have a low public interest as these were previously consulted upon or responded to requests from adjacent landowners.

ENGAGEMENT

Taking into consideration the above assessment, that the decision is of low significance, officers are of the opinion that no further engagement is required prior to Council making a decision.

NEXT STEPS

23. The bylaw attachments will be updated in accordance with the resolution and implementation of associated line marking and signage as appropriate.
24. Adjacent business and residents to be notified of any restriction changes, prior to implementation.

ATTACHMENTS

1. **Appendix A - Transport Resolutions Report 60 Proposals - A19833148** [↓](#) 

11.13 Ōmanawa Falls Reserve name change

File Number: A15393616

Author: Ana Hancock, **Team Leader:** Design

Authoriser: Reneke van Soest, **General Manager:** Operations & Infrastructure

PURPOSE OF THE REPORT

1. To request approval to rename Ōmanawa Falls Reserve to Te Rere o Ōmanawa in accordance with Council's Naming Policy 2020.

RECOMMENDATIONS

That the Council:

- (a) Receives the report "Ōmanawa Falls Reserve name change".
- (b) Approves changing the official name for "Ōmanawa Falls Reserve" to "Te Rere o Ōmanawa", supported by translation in any communications.

UPDATE SINCE THE LAST MEETING

2. This report was previously brought to this Council at the 7 October Council meeting. The report was left to lie on the table as Elected Members requested that Ngāti Hangarau and Tourism Bay of Plenty be in attendance. Since this meeting Staff has met with Ngāti Hangarau and Tourism Bay of Plenty and proposed a refined approach: that renaming Ōmanawa Falls Reserve is supported by a communications approach that presents the translation of Te Rere o Ōmanawa alongside the new name as we go through a period of transition.
3. To assist with Council decision making, this report has been edited to present three options for the Council to consider: (1) – Rename with a comms approach, (2) – Dual name, (3) No change to name.

BACKGROUND

4. The Ōmanawa Falls Reserve is owned and managed by Tauranga City Council ("Council") and lies within Western Bay of Plenty District, and within the rohe of Ngāti Hangarau.
5. Ōmanawa Falls Reserve is managed as a Heritage Reserve under the Tauranga Reserves Management Plan (TRMP), although is not formally classified as a reserve under the Reserves Act.
6. Council has been working closely with Ngāti Hangarau on the Ōmanawa Falls Safe Access project since 2019. The three streams of this project included providing physically and culturally safe public access to the falls, supporting the development of a cultural tourism experience and working towards co-management and/or co-governance. All three streams are guided by the Ōmanawa Principles (provided in Attachment 1). The Ōmanawa Principles were developed by Ngāti Hangarau in 2020 with support from Council's Pou Takawaenga team and first shared with Council at the 27 October meeting in 2020.
7. The Ōmanawa Falls Governance Group, made up of Ngāti Hangarau, Tourism Bay of Plenty and Council recommend that Ōmanawa Falls Reserve is renamed as Te Rere o Ōmanawa which is supported by the Ōmanawa Principles. 'Ōmanawa' translates into English as 'of the heart', and the full name means 'the waterfall of the heart'.

STRATEGIC / STATUTORY CONTEXT

8. Council adopted a revised Naming Policy in May 2020. The policy encourages locally significant Māori names for streets, reserves, community facilities and other public places in Tauranga and to enable greater visibility of mana whenua connections to Tauranga. Since adoption of the policy, Council staff have placed greater emphasis on identifying and promoting historically and culturally significant names in our public places.
9. Council's Naming Policy allows for the renaming of existing reserves where a new name would better meet the objectives of the policy to promote local identity and mana whenua connections. Council is responsible for all decisions to approve or decline requests to rename or dual name existing streets, reserves, community facilities and other public places.
10. Appropriately recognising known cultural values is included in the mission statement of the Tauranga Reserve Management Plan which has management statements for Ōmanawa Falls Reserve.

DISCUSSION

Significance of Ōmanawa Falls to Ngāti Hangarau

11. The name for the falls existed before European arrival, the development of the hydro power station and the creation of the reserve.
12. The Ōmanawa Falls are of particular importance to Ngāti Hangarau as explained in 'Significance of Ōmanawa Falls - Excerpts from a statement prepared by Ngāti Hangarau offered as evidence for the resource consent hearing for the Ōmanawa Falls project' (Attachment 2). In summary, Ōmanawa means of the heart. Unlike some of the other waterfalls in the rohe, Ōmanawa Falls were a sign of good luck and were a place for fortune telling and for healing, as such the waterfall and the pool of water below are recognised by Ngāti Hangarau as wāhi tapu.
13. Ngāti Hangarau have provided the name Te Rere o Ōmanawa for use on the site signage (as well as te reo names for viewing platforms and the like). Renaming the Ōmanawa Falls Reserve to Te Rere o Ōmanawa, and the use of other Mana Whenua names is supported by the Ōmanawa Principles (Section 2):

2. WHAKAPAPA: NAMES & NAMING

i) Restoration of Mana Whenua names at Ōmanawa, acknowledging significant sites, whenua/waterways and heritage including historic networks, interactions and relationships.

ii) Mātauranga ā hapū acknowledged. - Inspiration for names is drawn from Ngāti Hangarau knowledge base and systems.

iii) Education to support the uptake of mātauranga ā hapū. - Names, whakapapa and heritage education will be supported with resource/content creation onsite at Ōmanawa, online and in the wider community.

Why renaming is proposed instead of dual naming

14. Renaming the reserve is proposed for the following reasons:
 - (a) Ōmanawa Falls was originally a te reo name which was then anglicised. Renaming Ōmanawa Falls Reserve to Te Rere o Ōmanawa reverts to the original name however will continue to be recognisable to the local community as the Ōmanawa name is retained in both versions.
 - (b) The Ōmanawa Falls Safe Access Project has created a space with a strong cultural presence, with pouwhenua, a tomokanga and palisade fencing. The signage also has a distinctive cultural presence, with te reo names for each of the three lookouts. Renaming the reserve to Te Rere o Ōmanawa is in keeping with the look and feel of the site.

- (c) Te Rere o Ōmanawa has already been in use on site signage, the council webpage and in media releases. Officially changing the name will formalise this existing use.
 - (d) The reserve has not had a long-standing relationship with the community. Up until about 2011 the reserve and the Falls themselves were not well known with the exception of the immediate Ōmanawa community and adventurous tourists. The reserve was closed in January 2016 and reopened on 1 December 2023.
 - (e) Under the naming policy (section 5.3.3) dual naming may be preferable in some circumstances to maintain local identity. In this case it is considered that the local identity for the reserve as a reserve is not high, as outlined above.
15. The Ōmanawa Falls Governance Group considers that renaming the reserve supports Mana Whenua connections and does not diminish local identity.
 16. The Naming Policy specifies that the naming of heritage reserves will reflect the historical significance of the area. Renaming Ōmanawa Falls Reserve to Te Rere o Ōmanawa is considered to enhance those historic values.
 17. It is proposed that renaming Ōmanawa Falls Reserve is supported by a communications approach that presents the translation of Te Rere o Ōmanawa alongside the new name as we go through a period of transition. For example, in all communications such as on webpages, social media posts etc the name can be communicated as follows: Te Rere o Ōmanawa (Ōmanawa Falls Reserve). At the point where there is wide take up of the name, the translation can be dropped without needing to go through a formal renaming process. This may only be a few years, or may take a generation.
 18. It was raised in the previous Council meeting that there were concerns from some in the community about the proposed name change. To be clear, the proposed name change affects only the name of the Council owned property. The name of the falls is outside of Council's jurisdiction. In order to rename the waterfall, an application needs to be made to the New Zealand Geographic Board. This would require a letter of support from the Western Bay District Council. If the NZ Geographic Board accept the proposal, they will it publicly notify it allowing one month for the public to make submissions. If approved by the NZ Geographic Board, the Minister for Land Information makes the final decision.
 19. Ngāti Hangarau have advised that they intend to apply to the New Zealand Geographic Board to rename the waterfall. The Governance Group has offered to provide a letter of support to Ngāti Hangarau as part of their application and provide any other assistance as required. The Council may also wish to lend their support to Ngāti Hangarau in seeking this name change.

OPTIONS ANALYSIS

20. Three options are presented:

Option 1 (Recommended)

- (a) Rename Ōmanawa Falls Reserve to Te Rere o Ōmanawa, and support with a communications approach that presents the translation of Te Rere o Ōmanawa alongside the new name.

Option 2

- (b) Dual name Ōmanawa Falls Reserve to Te Rere o Ōmanawa – Ōmanawa Falls Reserve.

Option 3

- (c) Do not rename Ōmanawa Falls Reserve.

Options	Pros	Cons
Option 1 Rename supported with a comms approach for translation	Best meets Mana Whenua objectives and addresses Elected Members concerns around causing confusion for visitors. Is in alignment with current signage and approach taken with comms	
Option 2 Dual name Ōmanawa Falls Reserve to Te Rere o Ōmanawa – Ōmanawa Falls Reserve	Provides both names in perpetuity	Less desirable for Mana Whenua
Option 3 Do not rename Ōmanawa Falls Reserve		Does not meet Mana Whenua objectives

SIGNIFICANCE / ENGAGEMENT

21. Ngāti Hangarau and Tourism Bay of Plenty have been engaged in the renaming proposal for Te Rere o Ōmanawa and provide their full support.
22. Western Bay Council have also provided a letter of support for the name change which is included in Attachment 3.
23. Councils Naming Policy was adopted on 5 May 2020 following a public and stakeholder engagement process.
24. Further consultation and engagement with the wider public is not required as per clause 5.1.2 of the Naming Policy:
“In order to recognise the significance of names provided by mana whenua, Council does not consult on names proposed by mana whenua for the purposes of obtaining wider community approval.”
25. Renaming Ōmanawa Falls to Te Rere o Ōmanawa does not meet the test of significance in the Significance and Engagement Policy requiring consultation. While it is of medium significance, due to the reasons outlined in paragraph 14 above, officers are of the opinion that no further engagement is required prior to Council making a decision.

NEXT STEPS

26. If approved, the name Te Rere o Ōmanawa will be formally recognised on supporting documents and records. The new name will be supported by the translation of the name for the next few years and as long as required.
27. The Ōmanawa Falls Governance Group and potentially Council will support Ngāti Hangarau with their planned application to the New Zealand Geographic Board to officially rename the waterfall to Te Rere o Ōmanawa.

ATTACHMENTS

1. **Omanawa Principles - A15459791** [!\[\]\(a251a80ddd1d22f1b47828bc0ec4a349_img.jpg\)](#) [!\[\]\(d70fc4fd28ca4d3c94af36af50d7fd69_img.jpg\)](#)
2. **Significance of Omanawa Falls - Excerpts from Ngati Hangarau Statement - A15459792** [!\[\]\(5e5b3850f989aabab5d4c963c03938e8_img.jpg\)](#) [!\[\]\(60820e944ed27223688c70cea7e642aa_img.jpg\)](#)
3. **Letter of Support for name change from Western Bay - A18767046** [!\[\]\(e6cfd756b954676392ae50bb9851e1de_img.jpg\)](#) [!\[\]\(6ec357f1a57981e66764c2e23e8d3404_img.jpg\)](#)

12 DISCUSSION OF LATE ITEMS

13 PUBLIC EXCLUDED SESSION

Resolution to exclude the public

RECOMMENDATIONS

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

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

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
13.1 - Public Excluded Minutes of the Council meeting held on 10 February 2026	s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons	s48(1)(a) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
13.2 - Annual Plan 2026/27 - Levels of Service Options - part 2	s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons s7(2)(i) - The withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	s48(1)(a) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
13.3 - Application for development contributions waiver at Tauriko West	s7(2)(i) - The withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	s48(1)(a) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
13.4 - Council-Controlled Organisations - Tourism Bay of Plenty	s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons	s48(1)(a) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
13.5 - Regulatory Hearings Panel Appointments and Terms of Reference	s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons	s48(1)(a) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7

<p>13.6 - Public Art Framework</p>	<p>s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons</p> <p>s7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information</p>	<p>s48(1)(a) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7</p>
<p>Confidential Attachment 1 - 11.1 - Local Water Done Well - Project Update</p>	<p>s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons</p> <p>s7(2)(i) - The withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</p>	<p>s48(1)(a) the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7</p>
<p>Confidential Attachment 1 - 11.3 - Local Water Done Well - Due Diligence</p>	<p>s7(2)(g) - The withholding of the information is necessary to maintain legal professional privilege</p>	<p>s48(1)(a) the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7</p>
<p>Confidential Attachment 3 - 11.3 - Local Water Done Well - Due Diligence</p>	<p>s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons</p>	<p>s48(1)(a) the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7</p>
<p>Confidential Attachment 5 - 11.4 - Local Water Done Well - Financial Implications</p>	<p>s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons</p>	<p>s48(1)(a) the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7</p>
<p>Confidential Attachment 4 - 11.10 - Long-term Plan 2027-2037 - Project Plan</p>	<p>s7(2)(h) - The withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities</p>	<p>s48(1)(a) the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7</p>

14 CLOSING KARAKIA