



AGENDA

Council Workshop meeting Thursday, 4 June 2026

I hereby give notice that a Council Workshop meeting will be held on:

Date: Thursday, 4 June 2026

Time: 10:30 am

**Location: Tauranga City Council
L1 90 Devonport Road
Tauranga**

**Marty Grenfell
Chief Executive**

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1 BUSINESS

1.1 2027-2037 Long-term Plan - Workshop 2

File Number: A20338348

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

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

Presenter(s): Christine Jones, General Manager: Strategy, Partnerships & Growth;
Craig Rice, Chief Financial and Operations Officer

External presenter(s): NA

Workshop information

Purpose of workshop

1. The three key areas which staff wish to focus the discussion of the workshop on will be:
 - The financial framing and envelopes for the Long-term Plan 2027-2037 (**Attachment 1**)
 - Confirm the Executive's assessment of the list of Long-term Plan list of issues (**Attachments 2 and 3**) in regard to:
 - To continue or not
 - Scale and effort
 - If it is to come to Council by way of workshop or council paper
 - When it is broadly scheduled to occur
 - What do the Mayor and Councillors want to change in the current capital programme prioritisation methodology? (**Attachment 4**)

Executive summary

2. The Long-term Plan (LTP) is the most significant planning and decision-making process for the mayor and councillors 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 the mayor and councillors, 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. To help steer the discussion on the day the attachments to this report provide the mayor and councillors some background information.









Background information

6. As part of the 2027-2037 Long-term plan (LTP) development there are currently eight scheduled workshops starting in May 2026 going to December 2026. This will be complimented with topic specific workshops and reports mainly focused on matters in the issues list endorsed by Council.
7. This is the second workshop in the development of the LTP.
8. The first workshop was held on 7 May 2026. The workshop material can be found at:
https://infocouncil.tauranga.govt.nz/Open/2026/05/CWS_20260507_AGN_2994_AT.PDF
9. This report continues on from the reports to Council from 18 November 2025 and 21 April 2026 which outlined the high-level process that an LTP takes over its creation. These reports can be found at:
18 November 2025
https://infocouncil.tauranga.govt.nz/Open/2025/11/CO_20251118_AGN_2765_AT.PDF
21 April 2026
https://infocouncil.tauranga.govt.nz/Open/2026/04/CO_20260421_AGN_2897_AT.PDF
10. As a result of those reports, Council has approved the community outcomes, underpinning principles, and priorities for the 2027-2037 LTP, and has endorsed an initial list of issues to be considered through the development of the LTP. Noting that the list is also the focus of discussion today as well.

Next Steps

11. If Mayor and Councillors confirm the Executive's assessment of the list of Long-term Plan list of issues staff will bring back a paper on 23 June to gain council's endorsement of the final list.
12. The next workshop is scheduled for Thursday 2 July 2026. Currently the scheduled topic is the review of the non-financial performance framework.

Attachments

1. **Financial Strategy Implications for Capital Programme - A20350674**  
2. **LTP Workshop - 4-6-26 - LTP issues list - A20338231**  
3. **LTP Workshop - 4-6-26 - Process and non-specific issues list - A20338232**  
4. **Prioritisation Framework LTP 2027-37 - A20347827**  

Financial Strategy Implications for the Capital programme

Workshop 4 June 2026



Tauranga City

Financial Strategy and Capex

The Financial Strategy for the LTP

- What Council aims to achieve in the next ten years and how it is going to pay for it.

Considering and mitigating risks and the impacts of changes

- Global and local geopolitical and economy, environment, demand, Government reform

Infrastructure to support growth

- Uncertainties affect timing of payment and cost of debt
- Determining priority for growth infrastructure investment discussed at growth workshop

Wider costs to the community

- The LTP will exclude three waters but be aligned with the water entity fees and charges, debt and capital delivery
- Infrastructure Funding and Financing agreement (IFF) is a commitment to draw down \$177m for agreed projects - \$70m remaining to draw down



Direction Sought

Financial Framing

- Assumed average rates increase per annum for 10 years 4% and 6%? Or higher?
 - Impact on rates increase of new capital and what can be sustained under a rates cap regime
 - Requirement of LGFA bespoke covenant includes Council having a balanced budget otherwise 280% Debt:Revenue limit including headroom
- Sustainable debt levels need to take into account:
 - Headroom for unexpected events/risks
 - Implications for rates of higher debt over time
 - Affordability for community including other local debt IFF, waters organisation

Make up of capital programme - either

- a) Maximising subsidised projects early (mainly transport, memorial pool and CWEM) to ensure maximum external funding in early years (scenarios 1 and 2)

or

- a) Maintaining a steady programme with agreed proportions (%) across roading and community all years, eg forego NZTA revenue to deliver community projects that are not subsidised. (scenario 3).



Principles for Capital Prioritisation

- Value for money
 - Make the most of available subsidies - some with completion timeframes
 - Drawdown on IFF funding as soon as possible (benefit of revenue vs cost incurred if not drawn down)
 - Phase major projects to manage disruption of the city
 - Keep a consistent level of investment across outcomes -resourcing levels and delivery efficiency
- Affordability of debt over time for the community (consider waters, TCC and IFF)
- Look after what we have – maintenance and renewals
- Maintain *desired* balance of outcomes achieved through mix of:
 - small local projects and major projects to meet roading, community, waste and other outcomes
 - To be considered as part of the prioritisation framework
- Support population growth
 - Ensure growth is aligned with infrastructure delivery and prioritise closing the infrastructure deficit
 - Key focus for growth is intensification and operative greenfield areas (including Tauriko West).



Capital Capacity Influenced by Subsidies

- Capital subsidies in the early years of the LTP make a big difference to the capacity of the capital programme
 - because subsidies mean we fund less of the capex programme from borrowing and revenue is higher helping our key borrowing metric of debt to revenue ratio
- The main limiting factor in the size of programme is the amount of rates increase that arises as a result of additional depreciation and interest.
 - 4% rates cap will be hard to achieve with a significant capex programme (scenario 1 below).
- IFF drawdown for transport projects of **\$70m** is available for the early years of the LTP.
 - IFF is recorded as a grant so TCC shows an increase in revenue and no debt movement.
 - Debt is paid by the community (billed by Council but not Council debt or revenue)
- NZTA can deliver regular subsidy – but only current three years confirmed (if projects delivered to timeframes).
- Significant TECT subsidies also assumed throughout 10 years with some delivery timeframes.



Impact of Subsidies on our Financials

Transportation projects with significant subsidy over 10 Years:

- **Cameron Rd Stage 2**
 - Total cost \$94m
 - Subsidy – IFF \$19m
 - IAF \$54m
- **Turret Rd -15th Ave**
 - Total cost \$127m
 - NZTA \$68m
 - IFF \$48m
- **Connecting Mount Maunganui**
 - Total cost \$207m
 - NZTA \$tbc

Subsidies for Community Facilities

- **Memorial Park Pool**
 - Total Cost \$93m
 - TECT \$16m
- **Civic Whare Exhibition Centre and Museum (CWEM)**
 - Total Cost \$35m
 - TECT \$8m
- **Arena Expansion**
 - Total Cost \$28m
 - TECT \$13m



We have considered 3 scenarios reflecting prioritising subsidised projects versus maintaining a balanced and consistent programme

(Detail of scenarios to be provided and discussed)

1. Maximise approved subsidised projects in early years

- Not achievable within 4% rates cap

1. Prioritise subsidised projects but stage major transport

- Transport focused with depreciation and interest below 4% rates cap

3. Defer some subsidised projects to later years - more community-centric

- With depreciation and interest below 4% rates cap



Scenario 1 – Financial Implications

Capex

Total 10 years \$3.2b
 Years 1-3 \$1b

Subsidy Revenue

Total 10 years \$710m
 Years 1-3 \$360m

Debt

2027/28 \$1,735m 233% D:R
 2036/37 \$2,133m 332% D:R

Rates

Interest & depreciation increase average 5.5%
 Total rates increase likely circa 8%-9%

Big Rocks Summary - Scenario 1	Total	Total	Total	Total
	FY28-30	FY28-30	FY28-34*	FY28-34*
	(\$m)	%	(\$m)	%
Renewals (excl Waters)	176	18%	403	18%
Marine Precinct	6	1%	6	0%
Total Transport (excl Renewals)	473	48%	875	40%
Total City Centre (excl Renewals)	182	18%	272	12%
Total Spaces & Places (excl Renewals)	118	12%	460	21%
Digital Services	10	1%	46	2%
Waste Facilities Redevelopment	20	2%	60	3%
Other	9	1%	93	4%
TOTAL	993		2213	

*totals through to end of current LTP period FY34 only

Scenario not financially sustainable

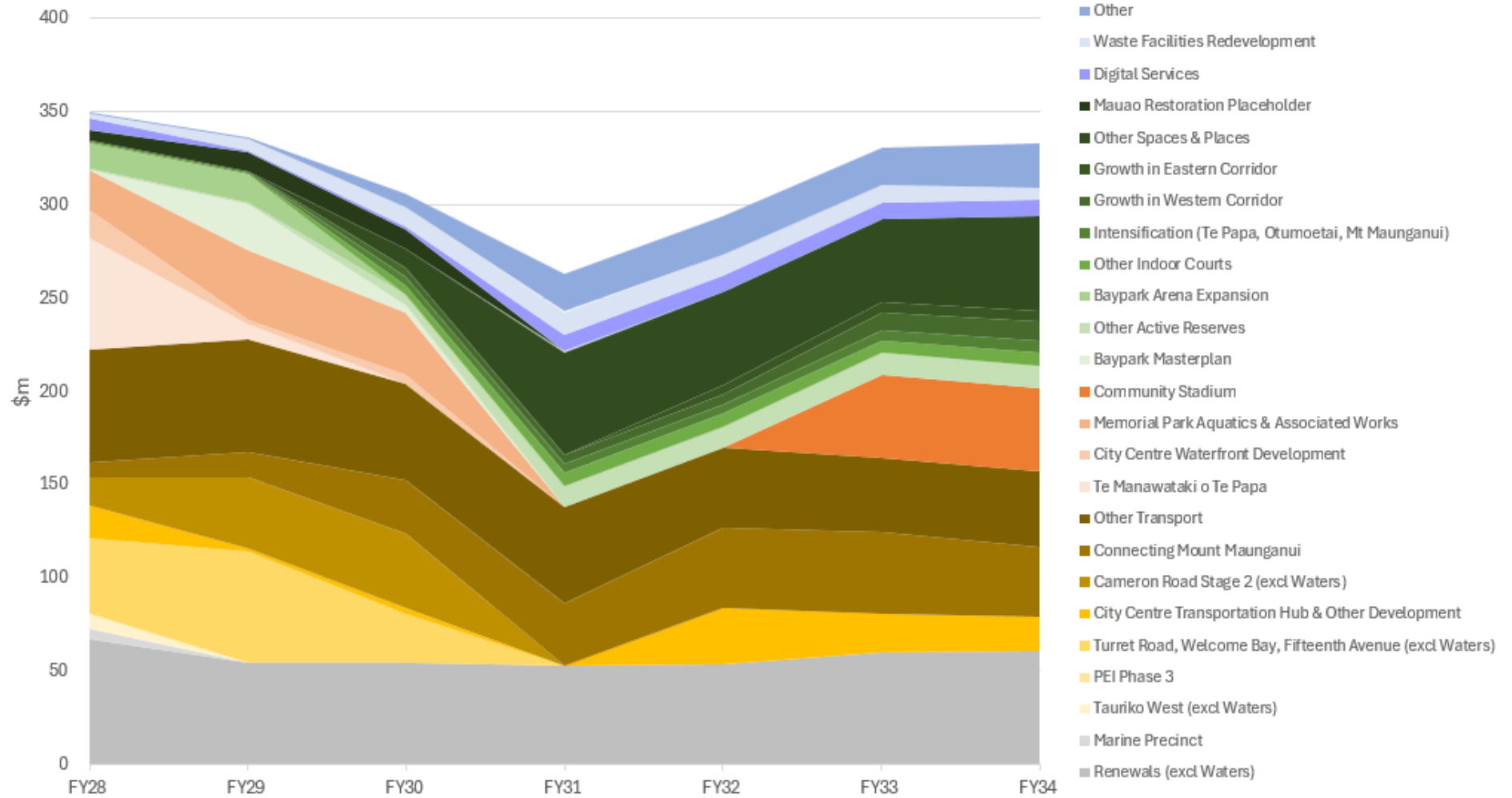


Scenario 1 - Capex

Big Rocks	FY28	FY29	FY30	FY31	FY32	FY33	FY34
	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)
Renewals (excl Waters)	67	54	54	53	53	60	61
Marine Precinct	6	0	0	0	0	0	0
Tauriko West (excl Waters)	8	0	0	0	0	0	0
PEI Phase 3	0	0	0	0	0	0	0
Turret Road, Welcome Bay, Fifteenth Avenue (excl Waters)	40	60	27	0	0	0	0
City Centre Transportation Hub & Other Development	18	1	2	0	30	20	18
Cameron Road Stage 2 (excl Waters)	15	38	40	1	0	0	0
Connecting Mount Maunganui	8	13	28	33	43	44	37
Other Transport	60	61	52	51	43	40	41
Te Manawataki o Te Papa	60	7	0	0	0	0	0
City Centre Waterfront Development	15	3	5	0	0	0	0
Memorial Park Aquatics & Associated Works	22	37	34	0	0	0	0
Community Stadium	0	0	0	0	0	45	45
Baypark Masterplan	0	25	4	0	0	0	0
Other Active Reserves	1	1	5	12	12	12	12
Baypark Arena Expansion	13	15	0	0	0	0	0
Other Indoor Courts	1	1	5	7	7	7	8
Intensification (Te Papa, Otumoetai, Mt Maunganui)	1	1	5	5	5	5	6
Growth in Western Corridor	0	0	5	5	5	10	11
Growth in Eastern Corridor	0	0	0	0	5	5	6
Other Spaces & Places	0	0	10	55	50	45	51
Mauao Restoration Placeholder	5	10	10	0	0	0	0
Digital Services	7	1	2	9	9	9	9
Waste Facilities Redevelopment	3	7	11	13	12	10	7
Other	1	1	7	20	20	20	24
	350	337	306	263	294	331	333



Scenario 1 - 4% Rates Capping, Maximised Delivery



Scenario 1 - Assumptions

- Tauriko West – assumed \$25m contingency savings in FY28
- Turret Rd – 15th Ave delivered by FY30
- Cameron Rd Stage 2 also practically complete by FY30
- Connecting Mount Maunganui - \$105m NZTA subsidy assumed but risk this may not be achieved within ten years
- Memorial Park Aquatics – reduced project scope \$93m over LTP period
- Active reserves, indoor courts and other Spaces & Places programmes (including intensification and growth related projects) full but phased in delivery over LTP
- Baypark Masterplan delayed by one year
- Mauao restoration placeholder of \$25m over years 1-3 (in addition to \$6m in FY27)
- Waste Facilities Redevelopment capex increase from \$34m to \$60m to match indicative business case assumptions (and \$13m govt subsidy removed).



Scenario 2 – Financial Implications

Capex

Total 10 years \$2.5b
 Years 1-3 \$740m

Subsidy Revenue

Total 10 years \$694m
 Years 1-3 \$226m

Debt 2027/28 \$1,735m 233% D:R
 2036/37 \$1,779m 275% D:R

Rates

Interest and depreciation increase average 4.0%
 Total rates increase likely circa 5%-6%

Big Rocks Summary - Scenario 2	Total FY28-30 (\$m)	Total FY28-30 %	Total FY28-34* (\$m)	Total FY28-34* %
Renewals (excl Waters)	176	24%	403	23%
Marine Precinct	6	1%	6	0%
Total Transport (excl Renewals)	278	38%	802	46%
Total City Centre (excl Renewals)	170	23%	265	15%
Total Spaces & Places (excl Renewals)	95	13%	158	9%
Digital Services	9	1%	13	1%
Waste Facilities Redevelopment	0	0%	60	3%
Other	7	1%	27	2%
TOTAL	740		1731	

*totals through to end of current LTP period FY34 only



