



AGENDA

City Future Committee Workshop Monday, 7 July 2025

**I hereby give notice that a City Future Committee Workshop meeting
will be held on:**

Date: Monday, 7 July 2025

Time: 10:00 AM

**Location: Tauranga City Council Chambers
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**

Order of Business

1 Business..... 4

1.1 Water Services Delivery Plan 4

1 BUSINESS

1.1 Water Services Delivery Plan

File Number: A18470110

Author: Caroline Irvin, Governance Advisor

Authoriser: Clare Sullivan, Team Leader: Governance Services

Presenter: Christine Jones, General Manager Strategy, Growth & Governance

Workshop information

Purpose of workshop

1. The purpose of the workshop is to introduce the Water Services Delivery Plan.

Executive summary

2. The following document is attached:
 - Council Workshop Water Services Delivery Plan Slide pack.

Attachments

1. Water Services Delivery Plan Slides - A18470104 [↓](#) 



Council Workshop Water Services Delivery Plan & Commitment Agreement

7 July 2025



Sensitivity: General

Discussion for today (Agenda)

1. WSDP - Plan Overview
2. WSDP - CE certification and Council Adoption
3. DIA review and acceptance process
4. Financial Sustainability Statement
5. Commitment Agreement - TCC / WBOPDC / TCDC
6. Next Steps
7. Additional Information

7th July 2025

Tauranga City Council

Sensitivity: General

What is a WSDP Adoption – (5th Aug)

- Certification of compliance against the Act
- That the plan is true and accurate
- That the required components of the plan are complete
- Includes a high-level enduring implementation plan

Navigating the Plan

- Based on DIA template – meets Statutory requirements
- Plan shows mainly TCC information (Part B, C, & D)
- Some joint council information to support the proposed delivery model in Part A and Part E

7th July 2025

Tauranga City Council

Sensitivity: General

What you are NOT signing off

- Content of another council(s)
- Another council's resolutions or positions.
- Not adopting or certifying another council's WSDP

TCC Financial Information

- *TCC Financials remain as per the model that has been presented (adjusted for 1 July 2027 start)*

7 July 2025

Tauranga City Council

1 | WSDP Plan Overview



Sensitivity: General

Water service delivery plan section	Council
Part A: Statement of financial sustainability, delivery model, implementation plan and assurance	
• Statement of Financial sustainability on proposed delivery model (TCC numbers, and combined numbers)	Joint
• Proposed delivery model	
• High-level Implementation Plan	
• Consultation and engagement approach	TCC
• Assurance and Adoption	TCC



Sensitivity: General

Water service delivery plan section		Council
Part B: Network performance		
Investment to meet levels of service, regulatory standards and growth needs		
• Serviced Population and Areas		TCC
• Assessment of current condition and lifespan of water services network		
• Asset management approach		
• Statement of regulatory compliance		
• Capital expenditure required to deliver water services and ensure that water services comply with regulatory requirements		
• Historical Delivery against planned investment		

Tauranga City Council

Sensitivity: General

Water service delivery plan section		Council
Part C: Revenue and financing arrangements		
•Revenue and charging arrangements (existing and proposed)		TCC
•Funding and financing arrangements (existing and proposed)		
Part D: Financial sustainability assessment		
• Confirmation of financially sustainable delivery of water service by 30 June 2028		
• Revenue sufficiency		TCC
• Investment sufficiency		
• Financing sufficiency		

Tauranga City Council

Sensitivity: General

Water service delivery plan section		Council
Part E: Projected financial statements for water services		
• Projected funding impact statement	Joint	
• Projected statement of comprehensive revenue and expense		
• Projected statement of cashflows		
• Projected statement of financial position		
Water Services Delivery Plan: additional information		
• Additional disclosures	TCC	
• Significant capital projects		
• Risks and assumptions		

Tauranga City Council

Sensitivity: General

Implementation Plan

WSDP must include an implementation plan with process for delivery of proposed model or arrangements identified in the plan.

Implementation plan needs to include:

- All Councils that commit to delivery of proposed arrangements
- A process for delivering the proposed model or arrangements
- A commitment to give effect to the proposed model or arrangements once the Plan is accepted
- The timeframes and milestones for delivery the proposed model

2 | CE certification and Council Adoption



Sensitivity: General

Certification and Acceptance

CE to certify that:

- The **Plan complies with the Act.**
- Information contained in Plan is **true and accurate.**

Council must adopt the Plan:

- Resolution date and copy of the decision to adopt the plan.
- Note – TCC, WBOPDC and TCDC are all submitting separate WSDP that clearly state finances will be ring-fenced. There will be a set of consolidated numbers that show Council $A + B + C = D$

7th July 2025


Tauranga City Council

3 | DIA Review & Acceptance Process



Sensitivity: General

Key Tasks & Timeline

- 3 September – Council must submit WSDP to DIA
 - September – October: Assessment of Plans
 - DIA assess Plans against legislative requirements (focus on identifying any risks or issues that may impact the LG secretary to accept the Plan)
 - DIA will consult with key government agencies:
 - National Infrastructure Funding and Finance
 - Commerce Commission
 - Local Government Funding Agency
 - Water Service Authority
 - DIA Plan Review Panel – review assessment and make recommendation to the Secretary
 - DIA will communicate Plan acceptance as decisions are made (November – December)
- 

4 | Financial Sustainability Statement



Sensitivity: General

Financials in WSDP

- WSDP includes financials for both :
 - TCC under a Multi council CCO
 - Combined financials - TCDC and WBOPDC added to the TCC financials for an entity view
- TCC financials are based on the model presented on 24th June workshop adjusted for a 1 July 2027 start date
- Each council is preparing financials based on ring-fenced price paths and financial statements
- Based on draft financials for TCDC and WBOPDC (as summarised by MJ prior to the consultation process) it is expected the combined financials for the CCO will be financially sustainable

7th July 2025

Tauranga City Council

Sensitivity: General

Financial Sustainability Statements

Revenue Sufficiency

- Revenues are sufficient to achieve financial sustainability by 30 June 2028

Investment Sufficiency

- TCC investment is sufficient to achieve financial sustainability by 30 June 2028
- TCC meets all level of service and regulatory compliance, and has provided for growth as part of the LTP

Funding and Financing Sufficiency

- TCC Funding and financing arrangements are sufficient to meet investment requirements by 30 June 2028

7th July 2025

Tauranga City Council

Sensitivity: General

Supplementary Statements - WSDP

- Statement that in making the financial sustainability statements, TCC is approving them only in respect of TCC financials.
- TCC has incorporated financials provided by WBODPC and TCDC in Part E, and places reliance on the robustness of those Councils respective financial preparation and approval processes.
- Financial sustainability tests for the combined multi-council CCO achieved, based on the financial information provided by each of the Councils.
- In creating a combined CCO, due diligence will be an important step of the process
- Due diligence forms part of the Implementation Plan

7th July 2025

Tauranga City Council

Sensitivity: General

Revenue Sufficiency Metrics – TCC Data

- TCC waters revenue proposed will be sufficient to cover expenditure based on prices summarised below
- TCC waters revenue proposed will deliver a positive FFO that is sufficient to meet LGFA covenants

	2027/28		2033/34	
	TCC Residential	TCC Avg Connection	TCC Residential	TCC Avg Connection
Average drinking water bill (including GST)	695	903	1,216	1,587
Average wastewater bill (including GST)	676	878	1,273	1,662
Average stormwater bill (including GST)	476	618	840	1,096
Total	1,847	2,399	3,329	4,344
Projected increase Avg 34 Vs 27			80%	81%

Sensitivity: General

Investment Sufficiency

- Renewals investment is consistent with the Asset Management Plans, which project investments to ensure that network level of service is maintained.
- Investment is sufficient to maintain compliance and to meet any known regulatory changes.
- Based on the LTP growth assumptions, sufficient investment is provided for to increase capacity to meet growth demands.

7th July 2025

Tauranga City Council

Sensitivity: General

Asset Sustainability Ratio (Renewals / Depreciation) - TCC

- The table below shows that the renewals programme is fully funded from depreciation

Sustainability measures: Investment sufficiency

Asset sustainability ratio	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34	Total
Capital expenditure on renewals	19,743	38,257	40,209	69,029	65,960	76,991	59,625	65,213	53,523	52,709	51,915	573,430
Depreciation	33,621	42,700	45,875	48,499	51,295	55,776	59,461	62,013	64,833	69,110	72,573	572,134
Asset sustainability ratio	(41.3%)	89.6%	87.6%	142.3%	128.6%	138.0%	100.3%	105.2%	82.6%	76.3%	71.5%	100.2%

Tauranga City Council

Sensitivity: General

Investment Sufficiency

Asset Investment Ratio (Capital Expenditure/ Depreciation) – TCC

- There is sufficient investment each year
- Capital expenditure each year exceeds depreciation
- TCC annual capital expenditure exceeds depreciation due to growth and level of service investments

Asset investment ratio	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34	Total
Capital expenditure	77,794	115,212	110,609	174,088	187,955	191,358	176,441	195,365	220,307	323,386	321,612	2,016,333
Depreciation	33,621	42,700	45,875	48,499	51,295	55,776	59,461	62,013	64,833	69,110	72,573	572,134
Asset investment ratio	231%	270%	241%	359%	366%	343%	297%	315%	340%	468%	443%	352%

Tauranga City Council

Sensitivity: General

Funding and Financing Sufficiency - TCC

- The FFO and the cash interest coverage ratios are within the LGFA covenants with no breaches for all years of the 10-year period

	Avg 25/34
LGFA Covenants	TCC
FFO to Debt ratio (must be at least 8%)	9.4%
Cash interest Coverage Ratio (must be at least 1.5 times)	1.75

7th July 2025

Tauranga City Council

Sensitivity: General

Timeframe for combined information – DIA financial template

- Part E – financial information using DIA templates.
- Draft TCDC information is available (received 27 June) and still awaiting WBOPDC information.
- Combined 3 Council waters financial information will be provided to TCC elected members when it has been received and collated.

7th July 2025

Tauranga City Council

5 | Commitment Agreement TCC / WBOPDC / TCDC



Sensitivity: General

What the CA does

- Formally commits the 3 Councils to continue working together on a joint water services operating model
- Commits the Councils to dedicate appropriate resources
- Establishes governance structures, including:
 - Councils Executive Group,
 - Project Steering Group, and
 - Project Team.
- Introduces a Transition Plan
- Appoints TCC to a “project administration agent” role
- Outlines shared responsibilities
- Allows any Council to withdraw
- Provides mechanisms for dispute resolution
- Protects confidentiality

Tauranga City Council

Sensitivity: General

What CA does not do

- Does not:
 - legally bind TCC
 - record key commercial terms
 - finalise the operational details
 - bind Councils to continue if the law changes
 - require the Councils to issue a joint WSDP
 - set iron-clad timing for project milestones
 - allow unilateral decisions
 - record the role of Tangata Whenua
 - override each Council's statutory obligations

7th July 2025

Tauranga City Council

Sensitivity: General

Broader legal process

- Once the CA is executed, a long list of steps will need to be undertaken, and a long list of legal documents will need to be drafted and executed before the CCO is incorporated.
- At a high level, the key documents include:
 - CCO shareholders agreement
 - CCO constitution
 - Transfer agreement
 - Transitional services and shared services agreements
 - Terms of financing agreements

7th July 2025

Tauranga City Council

Sensitivity: General

Key Milestones *(working draft yet TBC)*

1	Enter Commitment Agreement	Cnl decisions -Aug
2	Process for Council engagement	End Aug
3	Establishment of working groups	End Aug
4	Finalise WSDP and submit	By 3 Sept
5	Interregnum period for WBOPDC and TCDC	Aug - Nov
6	Due Diligence	Aug - Dec
7	CCO constitutional documents developed	Early 2026
8	Recruiting CCO Board and Executive team	Early 2026
9	CCO constitutional documents executed	31 March 2026
10	Recruit CCO board / appoint CEO	Apr – Jun 2026
11	Start process for operations and policies	2026 - 2027
12	Start process for transfer of assets, staff etc	Late 2026 - 2027
13	Further recruitment (board and staff)	Late 2026 - 202

Tauranga City Council

Sensitivity: General

Discussion on draft Commitment Agreement (including attachments)

- ***Questions and/or comments from EM's***

Tauranga City Council

6 | Next Steps



Sensitivity: General

Next Steps

- **14th July;** Council decision on preferred delivery model
- Financial information received from TCDC and WBODPC, provided to TCC EM's when available.

- **5th August:**
 - Council adoption of WSDP
 - If multi-CCO then approve Commitment Agreement
- Signing:
 - CEO certification of WDSP
 - Commitment Agreement
- **3rd September** – final date for submission of WSDP

7th July 2025

Tauranga City Council

7 | Additional Information



Preliminary Arrangements Act



Sensitivity: General

Section 13

- (1) A territorial authority's water services delivery plan must contain the following information in relation to the water services delivered in the authority's district:
- (a) a description of the **current state of the water services network**:
 - (b) a description of the **current levels of service relating to water services** provided:
 - (c) a description of:
 - (i) the areas in the district that receive water services (including a description of any areas in the district that do not receive water services); and
 - (ii) the water services infrastructure associated with providing for population growth and development capacity:
 - (d) whether and to what extent water services:
 - (i) comply with current regulatory requirements:
 - (ii) will comply with any anticipated future regulatory requirements:
 - (e) if any water services do not comply with current regulatory requirements or will not comply with any anticipated future regulatory requirements:
 - (i) a description of the non-compliance; and
 - (ii) a description of how the anticipated or proposed model or arrangements provided under paragraph (k) will assist to ensure water services will comply:
 - (f) details of the capital and operational expenditure required:
 - (i) to deliver the water services; and
 - (ii) to ensure that water services comply with regulatory requirements:

Sensitivity: General

Section 13

- (g) financial projections for delivering water services over the period covered by the plan, including:
 - (i) the operating costs and revenue required to deliver water services; and
 - (ii) projected capital expenditure on water services infrastructure; and
 - (iii) projected borrowing to deliver water services;
- (h) an assessment of the current condition, lifespan, and value of the water services networks:
 - (i) a description of the asset management approach being used, including capital, maintenance, and operational programmes for delivering water services;
- (j) a description of any issues, constraints, and risks that impact on delivering water services;
- (k) the anticipated or proposed model or arrangements for delivering water services (including whether the territorial authority is likely to enter into a joint arrangement under section 10 or will continue to deliver water services in its district alone):
- (l) an explanation of how the revenue from, and delivery of, water services will be separated from the territorial authority's other functions and activities;
- (m) a summary of any consultation undertaken as part of developing the information required to be included in the plan under paragraph (k):
- (n) an explanation of what the territorial authority proposes to do to ensure that the delivery of water services will be financially sustainable by **30 June 2028**:

Water Services Delivery Plan Sections and Content



Sensitivity: General

Plan Overview

Water Service delivery Plan Section	Input
Part A: Statement of financial sustainability, delivery model, implementation plan and assurance	
1. Proposed delivery model	• Service delivery model assessment
2. Implementation plan	• Consultation and Engagement Strategy and Plan
3. Consultation and engagement	• Council reports/decisions
4. Assurance and adoption of the Plan	• Financial sustainability assessment – 30 June 2028
Part B: Network performance - Investment to meet levels of service, regulatory standards and growth needs	
1. Serviced Population and Areas	• LTP
2. Assessment of the current condition and lifespan of the water services network	• AMP
3. Asset management approach	• Infrastructure Strategy
4. Statement of regulatory compliance	• Compliance reports
5. Capital expenditure required to deliver water services and ensure that water services comply with regulatory requirements	• Annual reports
6. Historical Delivery against planned investment	

Sensitivity: General

Plan Overview

Part C: Revenue and financing arrangements	Inputs
<ol style="list-style-type: none"> 1. Revenue and charging arrangements 2. Funding and financing arrangements 	<ul style="list-style-type: none"> • Service delivery model assessment • Financial policy and strategy • Finance modelling • Capital programme for preferred model
Part D: Financial sustainability assessment	Inputs
<ol style="list-style-type: none"> 1. Confirmation of financially sustainable delivery of water service by 30 June 2028 2. Financial sustainability assessment - revenue sufficiency 3. Financial sustainability assessment - investment sufficiency 4. Financial sustainability assessment - financing sufficiency 	<ul style="list-style-type: none"> • Service delivery model assessment • Financial policy and strategy • Finance modelling • Capital programme for preferred model • Need to test that the assessment and Plan meetings the requirements of the Act.

Sensitivity: General

Plan Overview

Water Service delivery Plan Section	Input
Part E: Projected financial statements for water services	
1. Projected funding impact statement	• Service delivery model assessment
2. Projected statement of comprehensive revenue and expense	• Finance modelling
3. Projected statement of comprehensive revenue and expense	• Capital programme for preferred model
4. Projected statement of financial position	
Water Services Delivery Plan: additional information	
1. Additional disclosures	• Service delivery model assessment
2. Significant capital projects	• Finance modelling
3. Risks and assumptions	• Capital programme for preferred model
	• Comms and engagement strategy

Sensitivity: General

Key Elements of Local Water Done Well

WATER SERVICES PLANS

Plans will need to show how councils will meet water quality and infrastructure rules, while being financially sustainable.

Plans need to include asset and financial information, investment required and proposed service delivery arrangements.

FINANCIAL SUSTAINABILITY

Water revenue sufficient to cover maintenance, financing costs, depreciation. Planned capital investment meets regulatory requirements and provides for growth. Available financing doesn't constrain investment requ'd to support service delivery.

NEW STRUCTURAL AND FINANCING TOOLS


Future legislation, expected to come into effect mid 2025, will provide for a range of structural and financing tools, including a new type of financially independent council-owned water organisation.

NEW REGULATION

Legislation will set out long-term requirements for financial sustainability and provide for economic regulation. This will include requirements for councils to ring-fence their water services from other council activities and will include new information disclosure and reporting requirements.

Sensitivity: General

Plan Content & Requirements

- **WSDP are one-off 10-year transitional requirement.** They will publicly demonstrate how councils currently deliver water services, and their proposed approach to delivery financially sustainable water services in future.
 - Council **must give effect** to the proposals or undertakings relating to the future delivery of water services that are specified in Plan.
 - Support the Commerce Commission to develop the **enduring regulation regime** for water services.
 - Cover **drinking water, wastewater and stormwater.** If a joint arrangement will not provides stormwater for some or all participating councils, stormwater information must still be provided.
 - Explains how the **proposed model will delivery financially sustainable water services by 30 June 2028.**
- 

Sensitivity: General

LWDW - Policy

- Significantly change the operating environment for water services in New Zealand.
- Section 13 of Preliminary Arrangements Act requires Councils to outline in their Water Services Delivery Plan details of the capital and operational expenditure required:
 - (i) to deliver the water services, and
 - (ii) to ensure that water services comply with regulatory requirements.
- Also requires an explanation of what Council proposes to do to ensure that the delivery of water services will be financially sustainable by 30 June 2028

Tauranga City Council

