



# **SUPPLEMENTARY AGENDA**

**Ordinary Council meeting  
Monday, 14 July 2025**

**Date: Monday, 14 July 2025**

**Time: 9:30 AM**

**Location: Tauranga City Council Chambers  
Level 1 - 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](http://www.tauranga.govt.nz).*

**Marty Grenfell  
Chief Executive**



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## 11 BUSINESS

### 11.1 Local Water Done Well - Preferred Water Services Delivery Model

**File Number:** A18196345

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#### PURPOSE OF THE REPORT

1. This report seeks Council decisions on:
  - The preferred water services delivery model for Tauranga City Council.
  - If a water organisation is approved, whether further work is required to be completed on aspects of stormwater management other than stormwater delivery, including asset ownership and charging options.
  - If a water organisation is approved, the “go-live” operational date, which includes the transfer of all relevant assets and services to the new organisation by this date.

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#### RECOMMENDATIONS

That the Council:

- (a) Receives the report "Local Water Done Well - Preferred Water Services Delivery Model".

##### Creation of a multi-council water organisation

- (b) Approves the establishment of a multi-council water organisation, initially with Western Bay of Plenty District Council and Thames-Coromandel District Council, to deliver water, wastewater and stormwater services, subject to:
  - i) Western Bay of Plenty District Council's approval of the corresponding resolution at their meeting of 5 August 2025; and
  - ii) all three councils being satisfied with the results of the due diligence process.
- (c) Approves a potential go-live operational date of 1 July 2027 for the multi-council water organisation.
- (d) Confirms that ownership of water and wastewater assets will transfer to the multi-council water organisation, along with associated debt.
- (e) Confirms that whilst the multi-council water organisation will deliver stormwater services, further work will be completed to consider other aspects of stormwater management, including asset ownership and charging options.

##### Transition and establishment

- (f) Notes that regular reporting back to Council will occur throughout the transition phase, leading up to the 'go-live' date of 1 July 2027, with the next report providing the Water Services Delivery Plan and Commitment Agreement to Council for formal consideration, ahead of submitting the Plan to the Department of Internal Affairs by 3 September 2025.

## EXECUTIVE SUMMARY

2. This report recommends establishment of a multi-council water organisation together with Western Bay of Plenty District Council and Thames-Coromandel District Council, to deliver water, wastewater, and stormwater. The proposed operational start date is 1 July 2027 (later than the 1 July 2026 anticipated in earlier Council reports), with all relevant assets and services transferred by that date.
3. The proposal to establish a multi-council water organisation responds to the Government's Local Water Done Well initiative, which provides councils with a choice of water service delivery models (in-house versus external). The aim of Local Water Done Well is to improve financial sustainability and establish enhanced regulatory and reporting requirements. It encourages the establishment of water organisations for the delivery of water services. Councils must submit a Water Services Delivery Plan (**WSDP**) to the Department of Internal Affairs by 3 September 2025 which outlines a financially sustainable model for water service delivery.
4. Council has evaluated and consulted on three service delivery models:
  - i. Multi-Council Water Organisation (**recommended**) – Offers regional collaboration, economies of scale, and increased borrowing capacity. Estimated average charge per connection (averaging both commercial and residential connections) by 2034 is \$3,400 (residential is \$2,605) in 2024 dollars. Including inflation, the average charge by 2034 would be \$4,344 and \$3,329 for an average residential connection.
  - ii. Standalone Tauranga City Council Water Organisation – Maintains local control but lacks scale and regional integration. Estimated average charge per connection by 2034 is \$3,437 (residential is \$2,633) in 2024 dollars. Including inflation, the average charge by 2034 would be \$4,391 and \$3,365 for an average residential connection.
  - iii. Current in-house model – Offers direct community accountability but limits financial flexibility and efficiency. Estimated average charge per connection by 2034 is \$3,767 (residential is \$2,911) in 2024 dollars. Including inflation, the average charge by 2034 would be \$4,812 for an average connection and \$3,719 for an average residential connection
  1. (Note: these numbers are from Council's in-house model)
5. Community consultation conducted in March and April 2025 showed no clear preference between the multi-council water organisation and the in-house model. The standalone Tauranga City Council water organisation was the least preferred. Financial modelling by Council and consultants (MartinJenkins) aligns and indicates that the multi-council water organisation offers modest but increasing savings over time, particularly in capital and operational expenditure. It also enables higher debt capacity, allowing for lower annual water charges while maintaining infrastructure investment and aligns with Government's preferred approach for water delivery.
6. Risks of the recommended approach include governance complexity, potential loss of local influence, and community concerns about accountability and perceived privatisation.
7. This report also provides a high-level outline of the legal and operational steps required to establish a Water Organisation in the event this is Council's chosen model.
8. There is a significant programme of work to be completed, including the transfer of staff, assets, liabilities, debt, contracts, consents etc. to the water organisation prior to 1 July 2027, and the establishment of systems and processes to support business delivery, such as digital platforms. It is expected that, at least initially, some of these services will continue to be provided by council (such as customer service functions like the contact centre), and service level agreements will need to be developed and agreed to by council.

9. In addition to this work, governance structures (such as a Board) need to be finalised and executive staff appointed and in place. Incorporation of the multi-council water organisation is noted in the draft implementation plan for early-mid 2026.
10. At this point, it is proposed that the delivery of stormwater services would be the responsibility of the multi-council water organisation (if this is the delivery model chosen by Council). However further work will be completed to consider other aspects of stormwater management, including asset ownership and charging options. For the avoidance of doubt, it is confirmed that ownership and control of stormwater assets which serve dual purposes, such as reserves and open spaces, will remain with Council (as noted in the [26 May 2025 Council report](#)).
11. Priority actions over the short-term include:
  - Report to Council on 5 August with a Water Services Delivery Plan, prior to finalising the Plan and submitting it to the Department of Internal Affairs by 3 September 2025 (this will need to occur, regardless of the water service delivery model Council chooses).
  - Finalising and executing a Commitment Agreement between Council, Western Bay of Plenty District Council and Thames-Coromandel District Council (if a multi-WO is approved).
  - Agreeing on a process (across the three councils) for engaging Elected Members for input on key commercial documents (and other key cross-council negotiations), including identifying key decisions which must be referred to Council for resolution.
12. Another immediate priority is initiating further engagement with Tangata Whenua regarding future governance and service delivery discussions. Te Rangapū Mana Whenua o Tauranga Moana support the multi-council water organisation concept, however work to-date has focused on which service delivery model Council will choose. It is now timely to move to discussions regarding next steps, and Iwi and Hapū involvement in these. A hui with Tangata Whenua is scheduled for 11 July to engage on these matters. The sub-regional approach towards water delivery recommended by this report means that Iwi and Hapū engagement will encompass more than just Tauranga's Tangata Whenua.

## BACKGROUND

13. This report recommends the establishment of a multi-council water organisation for the delivery of water services to Tauranga, and the wider region, initially in partnership with Western Bay of Plenty District Council and Thames-Coromandel District Council, and with a go-live operational date of 1 July 2027.
14. This decision is required now so that Council can finalise its Water Services Delivery Plan (**WSDP**) and submit it to the Department of Internal Affairs by the government prescribed deadline of 3 September 2025.

## Local Water Done Well

15. Government's Local Water Done Well aims to:
  - Enable fit-for-purpose service delivery models and financing tools, primarily by encouraging councils to establish water organisations for the delivery of water services (having the effect of removing water-related debt and expenditure from council balance sheets).
  - Ensure water services are financially sustainable. Each council must submit a financially sustainable WSDP to Government by 3 September 2025.
  - Introduce greater central government oversight via increased regulatory requirements.

### Progressing Local Water Done Well: Council's work programme and past decisions

16. Council has completed significant work to ensure that Tauranga is positioned to meet its new legislative requirements under Local Water Done Well and that Tauranga's water, wastewater and stormwater services continue to be planned for and delivered at the current high standard.
17. This has focused on work to determine the best future delivery model for Tauranga, with key dates shown by Figure 1 below.

**Figure 1<sup>1</sup>: Key dates and milestones**



18. On 9 December 2024 Council adopted the Indicative Business Case on the Future for Water Service Delivery and decided to progress to public consultation on water delivery models alongside Council's 2025/2026 Annual Plan, and to continue work with the Western Bay of Plenty District Council as a potential multi-council water organisation partner.
19. On 24 March 2025 Council agreed to consult on three options for water delivery: Council's preferred option of a multi-council water organisation, a standalone Tauranga City Council water organisation, and the current delivery model (in-house) with changes to meet Government's new legislation.
20. On 26 May 2025 Council received a report summarising the findings from the community consultation 'Why wai matters: Local Water Done Well', which ran from 28 March to 28 April.
21. A total of 726 people provided submissions addressing 'Why wai matters: Local Water Done Well' via Council's online submissions form. Council received further submissions via email. In addition to the submission process, a market research company was contracted to complete a demographically sound survey of 253 people from across Tauranga.
22. Submitters who used Council's online submission form were asked to rank the importance of five statements and then asked to rank the three delivery models in order of preference (and say why they liked and disliked each model).
  - Multi-council water organisation: 41.7% of submitters ranked this as their first preference. Almost 400 comments were provided regarding this option, with approximately 30% of comments positive and 50% of comments negative.
  - Tauranga only water organisation: This option was least preferred as a first choice (19.3%), but the most popular second choice (61.6%). Approximately 300 comments were provided, around 16% of those comments were positive, and 65% negative.

<sup>1</sup> Whakatane District Council resolved on 26 June 2025 that its preference is to develop a multi-CCO with Kawerau District Council, Ōpōtiki District Council and Rotorua District Council.

- In-house model (current delivery model): 39.2% of submitters ranked this option as their first preference. Approximately 300 comments were provided with around 47% of those comments positive and 29% negative.

23. A detailed analysis of the community feedback is provided in the [26 May 2025 report \(refer p148\)](#).

### The case for a multi-council water organisation

24. Overall, the consultation findings demonstrated that there is not a strong community preference for either the multi-council water organisation or for the current delivery model. Community views are close to being evenly split between these two options, with a standalone Tauranga City Council water organisation being the least preferred first option.
25. One financial advantage of a multi-council water organisation over in-house delivery relates to the different debt structure and borrowing enabled for a water organisation. The ability to borrow to higher levels within the multi-council water organisation enables this entity to charge less in annual water charges but fund the same amount of capital delivery as an in-house model. A standalone water organisation also has this ability. However, Standard & Poors' credit rating is likely to consolidate the full amount of the single water organisation debt in its assessment of Council's credit rating.
26. In addition to the ability to hold more debt, a multi-council water organisation has the potential to deliver efficiency savings primarily from focussed governance and investment as well as through scale over and above those that could be achieved under the current service delivery model. Efficiencies could also be achieved in a single water organisation.
27. This modelling of in-house delivery compared with water organisation options is underpinned by assumed efficiencies in pricing and expenditure. These are based on efficiencies experienced by overseas water service delivery organisations established via amalgamation (such as a number of Australian water providers). Overseas data has been used as local data is not widely available, with the only examples of amalgamation being Watercare (Auckland) and Wellington Water (noting that Wellington Water does not own water infrastructure<sup>2</sup>).
28. Whilst Council's in-house modelling shows the financial advantage to be relatively small particularly over the first 10 years (as did the MartinJenkins modelling), it is projected to grow over time, with operating efficiencies increasing beyond the ten-year period. MartinJenkins modelling included savings through to 2044, with overall savings expected to be higher for a multi-council water organisation than a standalone water organisation.
29. In addition to economies of scale, a multi-council water organisation aligns with Government's aspirations for Local Water Done Well and through its governance and accountability arrangements is potentially better positioned to meet the increased complexity of the separate reporting and regulatory requirements imposed under the new legislation.
  - *"I have been clear in my expectation that council should be working together to address financial sustainability challenges, as you are already actively doing. In particular, I expect councils to be actively considering working with and supporting their neighbouring councils, especially smaller and rural councils, particularly given there is no requirement for price harmonisation under Local Water Done Well."* Letter from Minister Watts to all councils, 21 May 2025 – included as **Attachment 1**.
  - *"The Government also expects regions to comprehensively adopt priority Central Government reform including Local Water Done Well, Going for Housing Growth, Resource Management Act and transport governance reform in Auckland."* City and Regional Deals press release from Ministers Bishop and Watts, 2 July 2025,

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<sup>2</sup> This will change as of 1 July 2026, as the councils which form Wellington Water have decided to move to a multi-council water organisation model, with ownership of assets being in the water organisation.

downloaded from <https://www.beehive.govt.nz/release/city-and-regional-deals-unlock-growth>.

### Recent decisions and Council's in-house financial model

30. Following consideration of community feedback, and in recognition of the range of factors (in addition to community feedback) influencing the future of water service delivery in New Zealand, Council approved on 26 May 2025:
  - an integrated, three-waters approach for the delivery of water services, with all three water services (water supply, wastewater and stormwater) to be delivered by the same organisation.
  - a multi-council water organisation continuing to be the preferred model, noting that a Council workshop on the in-house developed financial model would be held in June, with the final decision on the water delivery model being made by Council prior to the finalisation of the Waters Service Delivery Plan.
31. In May 2025 Thame-Coromandel District Council informally approached Council indicating that their preference moving forward could be to establish a multi-council water organisation with this Council and Western Bay of Plenty District Council. On 24 June 2025 they confirmed this via resolution and decided to formally commence negotiations and associated work needed to establish a multi-council water organisation with this Council and Western Bay of Plenty District Council.
32. Council held a public workshop on 24 June, at which staff presented the in-house financial model. This model used council data together with assumptions used by the external MartinJenkins financial model. It will be used to inform the financials in the Water Services Delivery Plan being developed. The model presented on 24 June assumed a water organisation go-live operational date of 1 July 2026. The decision sought in this report is to move the go-live operational date to 1 July 2027, which has consequential impacts on the dashboard financials shown in the dashboard in **Attachment 2**.
33. The council-prepared financial model delivered findings which aligned with those provided by Rationale and MartinJenkins consultants (and used in previous Council reports). It confirms that a multi-council water organisation delivers a modest financial advantage, based on efficiency assumptions which offset stranded overheads. The efficiency savings across capital and operational costs also offset the additional interest costs of higher debt. These efficiencies and higher debt capacity enable a water organisation to charge less in annual water charges but fund the same quantity of capital by holding higher debt. The details of these efficiencies and additional costs of a water organisation are summarised in the dashboard in Attachment 2 which shows the modelled results for in-house, a single water organisation and a multi-council water organisation.
34. The assumed efficiencies are based on the findings of the MartinJenkins model and are used across all models. It is important to note that the assumed stranded overheads used in the model are an estimate of the likely maximum impact used for the purposes of modelling. The actual stranded overheads will depend on shared service and transitional arrangements between the multi-CCO and councils, and all parties will aim to keep stranded overheads to a minimum.
35. Ultimately, water customers have the potential to be charged less over a 10-year time frame under a multi-council water organisation (up to a total of \$200m less in charges, or \$190m under a single council water organisation). The reduced revenue under CCO options is reflected in higher debt. The costs of this higher debt (interest) along with "stranded overheads" are more than outweighed by efficiency savings across capital and operational expenditure together. They are only partially offset by the opex efficiencies.

**Table 1: Council's financial model**

Modelling total over 10 years- comparison (Inflated)									
\$millions									
Key metrics	November Business Case Multi CCO	Consultation Multi CCO (MJ Model incl. price adjustment)	TCC Model In-house	TCC Model Single CCO	TCC model- Multi CCO (incl. price adjustment)	MJ Vs TCC Multi CCO	TCC Multi CCO Vs TCC in-house	TCC Multi CCO Vs TCC only CCO	Comments
<b>Water Charges Revenue</b>	1,991	1,913	2,046	1,856	1,846	67	- 200	- 10	Efficiency savings & less debt retirement under TCC CCO gives choice of lower cost to consumer, note the Water entity might choose to invest further to accelerate operational/ network efficiencies
<b>Operating Exp</b>	1,829	1,945	1,951	1,952	1,959	- 14	8	8	Similar efficiencies(with minor differences) all CCO's but TCC CCO higher interest cost without debt retirement
<b>Debt</b>	1,465	1,571	1,363	1,491	1,524	47	161	33	TCC CCO model, less debt retirement \$200m plus capex efficiency impacts
<b>Capex</b>	2,130	2,076	2,138	2,095	2,078	- 2	- 60	- 17	Same output, more efficiencies
<b>FFO to Debt Ratio</b>	NA	10%	12.30%	9.70%	9.30%	0.7%	-3.0%	-0.4%	CCO option allows a choice of reduced cost to consumer but higher debt
<b>Cash interest coverage ratio</b>	NA	NA	2.3	1.71	1.75		- 0.55	0.04	Lower cash interest coverage ratio on avg through 10 years
Avg charges per connection(nominal)- FY 34 only	4,234	4,403	4,812	4,391	4,344	59	468	47	Lower connection charges compared to inhouse model vs multi council, minor difference between mutli council vs standalone CCO
Avg charges per connection(Real)- FY 34 Only	3,308	3,440	3,767	3,430	3,394	46	373	37	Same as above
* red text indicates disadvantage over comparator									
* green text indicates advantage over comparator									

Note: In the last row (real) means in 2024 dollars as used in the consultation document

### Free Funds from operations (FFO)

36. FFO is a metric for determining financial sustainability under Local Water Done Well. The FFO to debt metric brings in consideration of expenditure by assessing the free funds or surplus revenue available to cover borrowing. The higher the FFO the more financially sustainable the service. Water organisations are expected to carry high debt (particularly growth councils) as there is a high level of capital investment required which will be paid for by consumers over the life of the new infrastructure. A council the size of Tauranga (over 50,000 connections) is expected to have a FFO of 8% or higher. Council's in-house modelling shows an FFO which exceeds the minimum required. A more comprehensive discussion of FFO was provided in the [24 March 2025 Council report](#) (refer p65).

### Transition and establishment arrangements

37. Considerable work needs to be completed prior to establishing the proposed multi-council water organisation. Previous reports to Council, and the 'Why wai matters: Local Water Done Well' community consultation document, referred to an establishment date of 1 July 2026. However recent work completed by council staff has clarified that this is not feasible. This report proposes an establishment date of 1 July 2027. This aligns with the establishment date adopted by Thames-Coromandel District Council and that expected to be considered by Western Bay of Plenty District Council.

38. This means that the transfer of staff, assets, liabilities, debt, contracts, consents etc. to the water organisation all need to be completed prior to 1 July 2027. This will require working with impacted staff and identifying those who will transfer to the water organisation, as well as identifying all relevant property, property rights, assets and contracts to be transferred.
39. In addition to these transfers, governance structures (such as a Board) need to be finalised, and executive staff need to be appointed and in place approximately 12 months ahead of the 1 July 2027 start date. Incorporation of the water organisation is proposed in the draft implementation plan to be early-mid 2026.
40. Consideration also needs to be given to setting up the water organisation with systems and processes to support business delivery, such as digital platforms. It is expected that, at least initially, some of these services will continue to be provided by council (such as customer service functions like the contact centre), and service level agreements will need to be developed and agreed to by council, as part of the broader legal workstream related to establishing the water organisation.
41. This substantial programme of work is set out in more detail in following sections of this report.
42. There will be some stranded overheads, for example as a result of moving away from existing council systems and having different governance and executive arrangements. However, Council will be able to manage and minimise these through shared service arrangements. These will be worked through prior to establishment of the water organisation in 2027.
43. The WSDP will include a transition plan and associated budget requirements addressing the process of establishing a water organisation, with the high-level work programme provide later in this report. Budgeted costs for Council are \$4.24m for water organisation establishment costs in 2025/2026 and a further \$1.975m in 2026/2027. In addition, there is \$3.5m waters digital budget in 2025/2026. These budgets are loan funded and intended to transfer as debt to the water organisation. This expenditure and debt impact has been factored into modelling. It should be noted that a digital plan still needs to be developed and TCC is currently exploring whether there are opportunities to work with others to reduce costs and achieve economies of scale.
44. If Council chooses to move forward with a multi-council water organisation, the next step will be to finalise and execute a Commitment Agreement (see following section for more detail on what the Commitment Agreement is). Under the Commitment Agreement, one of the first tasks is to develop a project budget, which will be approved by the cross-council project steering group (and potentially by Council if desired). The cost of the project will be shared by Council, Western Bay of Plenty District Council and Thames-Coromandel District Council. This Council's financial contribution is expected to sit within the expenditure envelope approved via the 2025/2026 Annual Plan (see budgets in point 42).

### Stormwater

45. On 26 May 2025, Council approved an integrated, three-waters approach for the delivery of water services, with all three water services (water supply, wastewater and stormwater) delivered through the same organisation.
46. This means that if Council chooses to progress establishment of a multi-council water organisation, stormwater services would be delivered by that organisation (together with water supply and wastewater services). In addition to this decision, it is already anticipated that, in the event stormwater is delivered by a water organisation, ownership of many stormwater assets would remain with Council. This is because many stormwater assets are land parcels which serve dual purposes, providing open space and reserve land, as well as delivering stormwater outcomes. For these assets, ownership best sits with Council rather than a water organisation.
47. However, if Council decides to progress establishment of a multi-council water organisation, additional work is needed before further decisions are made regarding stormwater. Currently

Council charges for stormwater via rates, which are based on property values. The Select Committee released its most recent report on 3 July 2025 reiterating that water organisations will not be able to charge based on property values (proposed transition period of 5 years). The full analysis of this report needs to be completed by Council staff and the impacts of moving to a non-property-based charging system for stormwater need additional investigation. This will occur as part of next steps and be reported back to Council.

### Legal processes

48. A number of legal documents need to be workshopped, negotiated, drafted and executed in order to establish the water organisation (early-mid 2026), and to allow it to become operational (1 July 2027). At a high level, the key documents include:
49. Water Organisation Commitment Agreement, which is a commitment between the three councils forming the water organisation to work together to develop a joint operating model for the delivery of water services.
50. For clarity, the Commitment Agreement does not legally bind Council to enter into a water organisation with Western Bay of Plenty District Council and/or Thames-Coromandel District Council. Under the Commitment Agreement, Council will have the right to withdraw from the Commitment Agreement (and by extension its commitment to establish a water organisation with Western Bay of Plenty District Council and/or Thames-Coromandel District Council) at any point providing it does so as early as possible and provides an explanation for withdrawing. For example, in theory, Council could exercise its right to withdraw from the Commitment Agreement in the event it was dissatisfied with any matter arising out of the due diligence process. A more detailed explanation of what the Commitment Agreement does and does not do is set out in Table 1 below.
51. Water Organisation Shareholders' Agreement, which sets out the rights and obligations of each shareholding council of the water organisation in relation to governance and decision making, and other rights and obligations that shareholders will owe to each other.
52. Water Organisation Constitution, which sets out how the water organisation will be run by its board of directors and how decisions will be made, including processes relating to the management of share issues, meetings and resolutions, the appointment and removal of directors, directors' powers, and board proceedings.
53. Template Transfer Agreement (for each council to enter into with the water organisation), which provides for the transfer of the councils' water assets and liabilities from each shareholding council to the new water organisation and will specify: matters being transferred; matters not being transferred; the transfer terms, including warranties; matters of shared interest; the provision of ad hoc services; and arrangements relating to whether the council or water organisation will undertake charging and revenue collection. For clarity, each shareholding council will enter into a separate transfer agreement with the water organisation. This agreement will be informed by internal work completed by each council identifying their assets etc. (as discussed in paragraph 38).
54. Transitional services and shared services agreements. The scope of this agreement will depend on what, if any, services are to be contracted back to one or more of the shareholder councils.
55. Terms of financing agreements, to allow the water organisation to have finance to complete the acquisition of water and wastewater assets and associated transfer of debts from shareholding councils, and to allow the water organisation to finance its ongoing capital expenditure and operating expenditure requirements.
56. Other documents, including documents regarding the incorporation of the water organisation such as resolutions, director appointments, deeds of indemnity etc.
57. Of the documents above, the first one that must be completed is the Commitment Agreement. The three councils are working towards executing this document in early August

2025, subject to this Council and Western Bay of Plenty District Council resolving to enter into a multi-council water organisation.

58. The table below clarifies what the Commitment Agreement will and will not do.

**Table 1: The role of a Commitment Agreement**

What the Commitment Agreement does	What the Commitment Agreement does not do
<ul style="list-style-type: none"> <li>Formally commits the councils to continue working together on a joint water services operating model, this includes establishment of a water organisation and all matters to allow the water organisation to become fully operational on 1 July 2027.</li> <li>Commits the councils to dedicate appropriate resources (including a senior level “sponsor”) to the Project</li> <li>Establishes governance structures, including: <ul style="list-style-type: none"> <li>➤ Councils’ Executive Group,</li> <li>➤ Project Steering Group, and</li> <li>➤ Project Team.</li> </ul> <p>(One of the obligations of the councils’ Executive Group shall be to identify and agree the decisions that shall be referred to councils for resolution.)</p> </li> <li>Introduces a Transition Plan that sets indicative timeframes for future decision-making and achieving key milestones to allow the multi-council water organisation to become fully operational on 1 July 2027.</li> <li>Appoints Council (TCC) to a “project administration agent” role. This includes managing expenditure, preparing agendas and reporting.</li> <li>Outlines shared responsibilities including funding, cost sharing, project planning, and consultation.</li> <li>Allows any council to withdrawal at any time for convenience, provided other councils are notified as early as possible and an explanation is given for withdrawal.</li> <li>Provides mechanisms for dispute resolution, including negotiation, mediation, and arbitration.</li> <li>Protects confidentiality and intellectual property rights.</li> </ul>	<ul style="list-style-type: none"> <li>Does <u>not</u> legally bind Council (TCC) to enter into a multi-council water organisation with Western Bay of Plenty District Council and Thames-Coromandel District Council. As noted above, any council will have the right to withdraw from the Commitment Agreement.</li> <li>Does <u>not</u> record key commercial terms for the multi-council water organisation, such as shareholding interests, voting rights, transfer of assets etc. These matters will be addressed through a series of workshops which will enable the parties to negotiate and finalise the Shareholders’ Agreement and Constitution, and other related legal documents.</li> <li>Does <u>not</u> finalise the operational details of the future multi-council water organisation.</li> <li>Does <u>not</u> bind councils to continue if there is a material change in law or policy.</li> <li>Does <u>not</u> require the councils to issue a joint WSDP. Each council will issue its own WSDP with ring fenced business activity. However, each WSDP shall reference an intent to enter into a multi-council water organisation, include a joint implementation plan and include a consolidated set of financials.</li> <li>Does <u>not</u> set iron-clad timing for project milestones – there will be flexibility.</li> <li>Does <u>not</u> allow unilateral decisions or public communications without mutual agreement.</li> <li>Does <u>not</u> record the role of Tangata Whenua (at this point in time). However, the Commitment Agreement does acknowledge there are a number of iwi and hapu within the area covered by the proposed multi-council water organisation, and that the councils agree to work together with Tangata Whenua to agree processes by which a range of matters relevant to LWDW can be discussed and considered.</li> <li>Does <u>not</u> override each council’s statutory obligations.</li> </ul>

## FINANCIAL CONSIDERATIONS

59. The financial modelling and assumptions for the water organisation have been included in sections above. For the remaining activities of Council, the water organisation options for water services free up Council's balance sheet for investment on other activities of Council. However, capacity to borrow will be reduced as the significant waters revenue will no longer be available to support future council borrowing.
60. Council has options to remain within borrowing covenants under the bespoke debt to revenue ratio of 330%, which would enable a capital programme for the remaining Council close to that outlined in the 2024-34 Long-Term Plan (approximately \$280m per annum assuming capital subsidy and development contribution revenue of \$60m per annum), and assuming the ongoing rates rises adopted in that Long-Term Plan (average 9.5% before growth and including inflation).
61. A lower average annual rate rise would require a lower level of capital expenditure unless higher subsidy revenue could be achieved to support this capital expenditure.
62. Options for the remaining activities of Council will be considered more fully as part of the development of the 2027-37 Long-Term Plan. At that time consideration can be given whether to retain the LGFA bespoke covenant of 330% debt to revenue ratio or revert to the standard borrowing covenant of 280% debt to revenue ratio if three waters is set up in a water organisation.

## WORK PROGRAMME

63. If Council chooses a multi-council water organisation as its service delivery model, a substantial work programme needs to be completed prior to the go-live operational date of 1 July 2027. Key steps for the remainder of 2025 are outlined below.
  - i. 5 August 2025: Council consideration of the WSDP, which aligns with the WSDPs being prepared by Western Bay of Plenty District Council and Thames-Coromandel District Council.
  - ii. By end of August 2025: Council enters into the Commitment Agreement, establishes the relevant governance groups (for the establishment process, not the final governance structure) under the Commitment Agreement and appoints key staff to a hands-on working group. A process is agreed upon for engaging Elected Members for input on key commercial documents (and other key cross-council negotiations) including identifying key decisions which must be referred to Council for resolution.
  - iii. By 3 September 2025: Council submits the approved WSDP to Department of Internal Affairs.
  - iv. Mid to late 2025:
    - Undertake workshops on key legal documents including Shareholders' Agreement, Constitution, Financing Agreements, Transfer Agreements, Shared Services Agreements.
    - Test the multi-council water organisation model, including undertaking financial, cultural, legal and infrastructure due diligence.
    - Hold workshops with Tangata Whenua to clarify opportunities and next steps regarding establishment of the water organisation.
  - v. Early 2026:
    - Complete negotiations regarding key legal documents.
    - Decide on the process for recruiting the water organisation board and executive team (including potential interim roles ahead of operational roles)
  - vi. By 30 March 2026: Execute legal documents and establish the water organisation (including shareholding council/shareholding representative forum).

- vii. April to June 2026: Recruit water organisation Board (potentially partial and/or interim board) and appoint water organisation Chief Executive (potentially interim).
- viii. Mid 2026 to mid-2027:
  - Draft template operational documents and policies for the water organisation.
  - Each council identifies its process for undertaking transfer of assets / obligations / staff etc into the water organisation.
  - Enter agreements to transfer assets / obligations / staff from councils to the water organisation (with “settlement date” of 1 July 2027)
  - Likely recruitment of operational water organisation Board and operational water organisation executive team

## STATUTORY CONTEXT

64. The coalition Government’s “Local Water Done Well” legislative framework comprises three phases:
- i. The Water Services Acts Repeal Act 2024 (enacted in February 2024) dealt with the repeal of previous legislation relating to water services entities.
  - ii. The Local Government (Water Services Preliminary Arrangements) Act 2024 (enacted in September 2024) introduced the Local Water Done Well framework and the preliminary arrangements for the new water services system. This legislation requires councils to develop Water Services Delivery Plans by 3 September 2025.
  - iii. The Local Government (Water Services) Bill (which has not yet been enacted) provides the substance of the Local Water Done Well framework. This Bill was introduced in December 2004 and Council made a submission on the Bill in March 2025. The Bill was considered by the Finance and Expenditure Select Committee who reported back on the Bill on 3 July 2025. The timing to enact the Bill is currently unknown, although mid-2025 was the original target date.

## STRATEGIC ALIGNMENT

65. This contributes to the promotion or achievement of the following strategic 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	<input checked="" type="checkbox"/>
We can move around our city easily	<input type="checkbox"/>
We are a city that supports business and education	<input type="checkbox"/>

66. The health and wellbeing of our communities rely on adequate, reliable, and resilient water networks. Choosing the water service delivery model best placed to plan, implement and manage effective, safe and sustainable water networks is key to the long-term wellbeing of the people of Tauranga and its environment.

## OPTIONS ANALYSIS – APPROVING A WATER SERVICES DELIVERY MODEL

67. This report provides three options for Council consideration.
68. Multi-council Water Organisation: Offers long-term cost savings, regional collaboration, and access to slightly more financing. Aligns with government’s aspirations for Local Water Done Well. Risks include governance complexity and potential loss of local influence.

69. Standalone Tauranga Water Organisation: Maintains local control but does not deliver economies of scale and may limit future collaboration. Partially aligns with government's aspirations for Local Water Done Well.
70. Current In-House Model: Provides the most community accountability but does not deliver financial benefits resulting from economies of scale and constrains Council's capital programme due to limited borrowing capacity. Not strongly aligned with government's aspirations for Local Water Done Well.
71. The figures used below are taken from the MartinJenkins modelling and are what was used in the community consultation document. They are consistent with the outputs produced by Council's in-house financial model. This report uses the MartinJenkins numbers for the options analysis section (only), as the in-house model currently runs until 2034, however the figures consulted on contained cumulative savings modelled out to 2044.
72. For each of the options, the key pros and cons are outlined below. For a more comprehensive assessment of the options refer to the full business case considered by Council at the [December 2025 meeting](#).

### Option i. Proposed model: A multi council water organisation (RECOMMENDED)

73. Description: Council, Western Bay of Plenty District Council and Thames-Coromandel District Council would own this organisation in a shareholding arrangement (subject to approval of each of the Councils and subject to due diligence<sup>3</sup>). Other Councils may also join, likely at a later date. A professional and independent board of directors would manage it. The board would be accountable to the councils' collective elected members and government regulators.
74. Costs: An annual estimated cost of \$3,440 per household by 2034 (\$4,403 inflated). Total cumulative savings by 2044 of 20.8% in capex and 17.8%-23.3% in opex.
75. Key risk: that efficiencies of scale are not achieved, meaning that anticipated savings for households may not be delivered.

Pros	Cons
<ul style="list-style-type: none"> <li>• This approach is projected to cost less for water consumers, particularly over the longer term.</li> <li>• A multi-council water organisation has increased debt capacity (and this increases as more partner councils join).</li> <li>• Council has increased debt capacity for non-water projects (through LGFA).</li> <li>• Aligns with government's aspirations for Local Water Done Well arrangements.</li> <li>• Provides a regional focus for planning and implementation.</li> <li>• Provides a structure which is less influenced by 3-yearly political cycles.</li> <li>• Making a decision now ensures Council is able to submit a Water Service Delivery</li> </ul>	<ul style="list-style-type: none"> <li>• Council ability to impact decision making is constrained.</li> <li>• Blurring of accountability - if service quality drops or the cost of water increases, it may be unclear from the community's perspective whether the council or the water organisation is responsible.</li> <li>• Tauranga residents may feel as if they are distanced from decision-making processes and that Tauranga specific water needs are compromised due to a multi-council water organisation serving more than one council area.</li> <li>• Establishing a water organisation requires time, planning, and upfront investment</li> <li>• Setting up a new water organisation adds</li> </ul>

<sup>3</sup> For the avoidance of doubt, Council can still decide, at any point up to execution of the Shareholders' Agreement and Constitution, not to proceed with a multi-council water organisation if the results of the due diligence process are not satisfactory or if Council cannot reach agreement regarding governance arrangements etc. with its potential partners, Western Bay of Plenty District Council and Thames-Coromandel District Council.

<p>plan by the government's deadline of 3 September.</p> <ul style="list-style-type: none"> <li>• A multi-council water organisation provides the focus and organisational size to allow for recruitment of specialised staff.</li> <li>• Assets remain in public ownership and Council retains oversight and control over the water organisation via the Statement of Expectations.</li> <li>• The delivery of water services is the sole focus and priority.</li> </ul>	<p>another layer of governance, which can increase bureaucratic overheads and slow down decision-making, especially when disputes arise between councils and water organisation boards.</p> <ul style="list-style-type: none"> <li>• Some communities may view the shift as a step toward privatisation or loss of democratic oversight, especially given past controversy around water reform.</li> <li>• Council will be left with some level of stranded overheads.</li> <li>• Some in the community may not support TCC partnering specifically with WBOPDC and/or TCDC.</li> </ul>
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### Option ii. Alternative model: A standalone Tauranga City Council water organisation

76. Description: Council would wholly own and control the water organisation. A professional and independent board of directors would manage it. They would be accountable to Council's elected members and government regulators.
77. Costs: An annual estimated cost of \$3,470 per household by 2034 (\$4,442 inflated). Total cumulative savings by 2044 of 14.4%.
78. Key risks: that households pay slightly more for water than they would have under a multi-council water organisation model and that strategic planning at a regional level is compromised, making it harder for water delivery services to respond to complex challenges such the impacts of climate change.

Pros	Cons
<ul style="list-style-type: none"> <li>• Maintains local control of water.</li> <li>• Council has increased debt capacity for non-water projects (through LGFA).</li> <li>• Partially aligns with government's aspirations for Local Water Done Well arrangements.</li> <li>• Provides a structure which is less influenced by 3-yearly political cycles.</li> <li>• Making a decision now ensures Council is able to submit a Water Service Delivery Plan by the government's deadline of 3 September.</li> <li>• There is a clearer line of accountability than with a multi-council water organisation, and a less complex organisation may provide faster decision making.</li> <li>• Tauranga's needs remain the only priority.</li> <li>• Assets remain in public ownership and Council retains oversight and control over the water organisation via its Statement of Expectations.</li> </ul>	<ul style="list-style-type: none"> <li>• Council ability to impact decision making is constrained.</li> <li>• Blurring of accountability - if service quality drops or the cost of water increases, it may be unclear from the community's perspective whether the council or the water organisation is responsible.</li> <li>• Tauranga residents may feel as if they are distanced from decision-making processes.</li> <li>• Establishing a water organisation requires time, planning, and upfront investment</li> <li>• Setting up a new water organisation adds another layer of governance, which can increase bureaucratic overheads and slow down decision-making, especially when disputes arise between councils and water organisation boards.</li> <li>• Some communities may view the shift as a step toward privatisation or loss of democratic oversight, especially given past controversy around water reform.</li> </ul>

<ul style="list-style-type: none"> <li>• The delivery of water services is the sole focus and priority.</li> </ul>	<ul style="list-style-type: none"> <li>• Council will be left with some stranded overheads.</li> <li>• Only partially aligned with government's aspirations for Local Water Done Well arrangements.</li> <li>• It will be harder to ensure coordinated planning and delivery at a regional level.</li> <li>• Does not recognise the already existing connectivity between Tauranga and Western Bay (e.g. location of water treatment plants, catchment areas, Omokoroa wastewater arrangement etc.)</li> <li>• Does not allow for increased debt capacity overtime (as no new councils would be joining)</li> <li>• Does not achieve the economies of scale that a multi-council water organisation would.</li> <li>• Will continue to need to purchase specialised services, as the organisation would not be large enough to host these.</li> <li>• Potential to lose funding opportunities as government has indicated that support (including transitional funding or co-investment) may favour councils that collaborate or demonstrate a regional approach.</li> <li>• Council may be left with stranded overheads</li> </ul>
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**Option iii. Current model: The current delivery model (in-house), with changes to meet new legislation**

79. Description: The water delivery service remains in-house and fully integrated with Council's overall services and infrastructure delivery programme. This option is largely the status quo option, with additional regulatory requirements resulting from changes due to government's Local Water Done Well initiatives.
80. Cost: An annual estimated cost of \$3,800 per household by 2034 (\$4,864 inflated).
81. Key risks: that households pay more for water than they would have under a multi-council water organisation model; that strategic planning at a regional level is compromised, making it harder for water delivery services to respond to complex challenges such the impacts of climate change; and that council does not have sufficient access to debt to allow it to deliver the water infrastructure needed by Tauranga.

Pros	Cons
<ul style="list-style-type: none"> <li>• Maintains local control of water</li> <li>• This model has the highest level of direct community accountability (due to the political governance structure and local government's consultation requirements).</li> </ul>	<ul style="list-style-type: none"> <li>• Council's capital programme (for all council activities, not just water) will be constrained due to limited borrowing capacity (i.e. no increased borrowing limits).</li> <li>• Not strongly aligned with government's</li> </ul>

<ul style="list-style-type: none"> <li>• Making a decision now ensures Council is able to submit a Water Service Delivery Plan by government's deadline of 3 September.</li> <li>• Water delivery remains integrated with other council functions such as transport and parks and reserves.</li> <li>• Community engagement is simplified, as residents deal directly with their council rather than a separate entity.</li> <li>• Council avoids the legal, administrative, and transitional costs associated with establishing a separate water organisation (e.g. creating a board, legal agreements, asset transfers).</li> <li>• The waters delivery teams may benefit from access to shared infrastructure and internal expertise that a water organisation (particularly a Tauranga only water organisation) may not have access to.</li> <li>• Tauranga's needs remain the only priority.</li> <li>• Assets remain in full council ownership and control, and there is no perceived risk of privatisation.</li> </ul>	<p>aspirations for Local Water Done Well arrangements.</p> <ul style="list-style-type: none"> <li>• Harder to ensure coordinated planning and delivery at a regional level.</li> <li>• Will not be able to achieve the efficiencies of scale expected to be achieved by a water organisation (especially a multi-council water organisation) so is likely to be the highest cost model and may lead to higher water costs for households.</li> <li>• Does not recognise the already existing connectivity between Tauranga and Western Bay (e.g. location of water treatment plants, catchment areas, Omokoroa wastewater arrangement etc.).</li> <li>• Will continue to need to purchase specialised services, as the council is not large enough to host these.</li> <li>• Potential to lose funding opportunities as government has indicated that support may favour councils that collaborate or demonstrate a regional approach. Also clearly signalled by the Government as an expectation as part of the Regional /City deal.</li> <li>• Provides a structure which is highly influenced by 3-yearly political cycles.</li> </ul>
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## LEGAL IMPLICATIONS / RISKS

82. Governance risk: Council is required to submit its WSDP by the government prescribed deadline of 3 September 2025 in order to comply with the requirements of the Local Government (Water Services Preliminary Arrangements) Act 2024. The WSDP must demonstrate that Council has chosen a financially sustainable model for the delivery of water.
83. If Council does not choose a delivery model for water services at this meeting (14 July 2025) and delays its decision until 5 August 2025, staff can continue to develop a WSDP based on Council's preferred model to-date, the multi-council water organisation. However, this is a high risk approach, as if Council takes this approach and then chooses a different service delivery model at 5 August 2025, there would be a significant risk of Council being unable to complete and submit an approved WSDP by 3 September 2025 (this risk would also extend to Council's preferred partners, Western Bay of Plenty District Council and Thames-Coromandel District Council).
84. If Council misses the deadline of 3 September, the Minister of Local Government may choose to appoint a Crown facilitator. The decisions sought by this report enable Council staff to complete the WSDP and bring it to Council for consideration on 5 August 2025, keeping Council on track to meet the 3 September deadline.
85. Project risk: The substantial programme of legal work required is discussed earlier in this report. Completing this work quickly, thoroughly and cost-effectively is a significant project risk. It is planned to manage this risk by ensuring sufficient allocation of internal council staff and external legal advisors. Resource allocation is being considered pending Council's decision (i.e. which water service delivery model Council chooses to move forward with).

## TE AO MĀORI APPROACH

86. In Te Ao Māori (the Māori worldview) humans are connected physically and spiritually to land, water, air and forests. People are an integral part of ecosystems, and ecosystems are an essential part of heritage and genealogy (whakapapa). For Māori, talking about the well-being of waterbodies also means talking about the well-being of people.
87. Under Local Water Done Well, the use of a water organisation to manage water service delivery may have an impact on the ability to contribute to decision making impacting the principles of rangatiratanga (self-determination) and kaitiakitanga (stewardship of the natural environment).
88. If Council chooses to establish a multi-council water organisation, the water organisation will need to determine (with direction from the shareholding councils), how Tangata Whenua participation will be developed to ensure the significant relationship between Tangata Whenua and water is maintained and that provision is made for continued involvement.
89. Te Rangapū Mana Whenua o Tauranga Moana partnership support the concept of a multi-council water organisation and emphasise the importance of Tangata Whenua being involved in governance arrangements and service delivery. However, work to-date with Tangata Whenua has focussed on choosing the service delivery model (i.e. Water Organisation versus in-house delivery) and implementation, service delivery and governance considerations have not been discussed.
90. It is also important to note that the Rangapu support was based on the information in the consultation document and discussions with Council at that time. Following issue of the consultation document Council was approached by Thames-Coromandel District Council to be part of a multi-council water organisation. As a result of this timing, Tangata Whenua did not have an opportunity through the consultation process to form and communicate their views on Council and Thames-Coromandel District Council both being part of the same water organisation. There are ongoing discussions between Hauraki Iwi and Tauranga Moana in relation to Treaty settlements, and these matters may impact Tangata Whenua views on a joint water organisation with Thames-Coromandel District Council.
91. Now that Council is at the stage of potentially progressing establishment of a water organisation, and partner councils have been identified, further work needs to occur with Tauranga Iwi and Hapū, and Te Rangapū Mana Whenua o Tauranga Moana partnership. A hui is scheduled for 11 July to have further conversations with Tangata Whenua. The invite to that hui has been intentionally wide, to provide opportunity for Tangata Whenua participation. It is anticipated that feedback from that 11 July hui will be able to verbally be presented by Council staff and Elected Member attendees at this 14 July Council meeting.
92. There are circa more than 30 Iwi and Hapū across the geographical area covered by the proposed water organisation (which encompasses the area serviced by this Council, Western Bay of Plenty District Council and Thames-Coromandel District Council). Currently there are no established arrangements for Councils to engage collectively with Iwi and Hapū across this combined geographical area.

## CLIMATE IMPACT

93. The built environment, including water networks, play a crucial role in the resilience of our city. Water infrastructure is a long-term investment, and the infrastructure built today may still be operating 100 years from now. Any future service delivery model needs to prioritise sustainability and consider how climate change may impact infrastructure and the supply and management of water.

## CONSULTATION / ENGAGEMENT

94. Consultation on 'Why wai matters: Local Water Done Well' was integrated with Council's 2025-26 Annual Plan consultation and ran from 28 March to 28 April 2025.

95. The consultation did not specifically identify TCDC as a potential multi water organisation partner. However, the consultation documentation did state the proposal as *“Multi-CCO with potential partners WBOPDC and/or other councils. Separate entity focused solely on water management. Owned and controlled by Tauranga City Council and other councils (such as WBOPDC and potentially others).”*

## SIGNIFICANCE

96. 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.
97. 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.
98. In accordance with the considerations above, criteria and thresholds in the policy, it is considered that the decision is of high significance.

## ENGAGEMENT

99. Taking into consideration the above assessment, that the decision is of high significance, officers are of the opinion that no additional whole-of-community engagement is required prior to Council making a decision. This is because Council has already completed the required consultation (under the Water Services Preliminary Arrangements Act 2024) via the 2025-26 Annual Plan process and considered community feedback at the 26 May 2025 deliberations meeting. A summary of this feedback is provided by points 20 to 24 of this report. However, it is noted that further, and ongoing, engagement is planned with Tangata Whenua.

## NEXT STEPS

100. The WSDP and Commitment Agreement will be provided to Council for consideration on 5 August 2025 and, prior to this, a workshop will be held with Tangata Whenua. Further detail is provided earlier in this report under the section titled 'Work Programme'.

## ATTACHMENTS

1. **2025-05-21 Letter from Hon Simon Watts to Councils re LWDW - A18470535** [↓](#) 
2. **TCC model of waters options Dashboard PDF 1 Jul 25 - A18450762** [↓](#) 

**Hon Simon Watts**

Minister of Climate Change  
Minister for Energy  
Minister of Local Government  
Minister of Revenue



MIN038

To: Mayors / Chair  
cc: Chief executives

Dear Mayor / Chair

**Financial sustainability of water services**

I am writing to underline the importance of financial sustainability requirements and the new economic regulation regime under Local Water Done Well. I also want to take this opportunity to acknowledge the work you are doing to implement Local Water Done Well in your local area, and to set out our next steps in the months ahead.

I understand your council has indicated a preference in your consultation materials for a multi-council council-controlled organisation (CCO) model for delivering water services for your community.

Delivery of financially sustainable water services sits at the core of Local Water Done Well, and it will form the basis for how the Department of Internal Affairs will assess Water Services Delivery Plans (Plans).

As the economic regulator, the Commerce Commission will also play a key role in ensuring water services providers collect sufficient revenue and invest sufficiently in quality water infrastructure and services on an ongoing basis.

With the Local Water Done Well framework, tools and guidance largely in place, it is now up to you to consider your options, work with other councils, and make the decisions required to ensure clean, safe, reliable, and financially sustainable water services for your community.

I recognise these are challenging conversations, and I back the efforts you are making to get water services right for your community now and for future generations.

**Assessing financial sustainability**

Water Services Delivery Plans provide a framework for councils to assess the financial sustainability of their water services and chart a course for improvement.

The Local Government (Water Services Preliminary Arrangements) Act 2024 sets out the Plan requirements, including that Plans must explain what a council proposes to do to ensure that the delivery of water services will be financially sustainable from 1 June 2028.

While the Department will be providing further guidance to councils about the Plan assessment process later this month, there are a couple of key areas I wanted to emphasise in relation to financial sustainability at this stage in your Plan development:

- **Meeting financial sustainability requirements and working together.** The Act defines financial sustainability as ensuring revenues are sufficient to fund long-term investment in water services and meet all regulatory requirements.

I have been clear in my expectation that council should be working together to address financial sustainability challenges, as you are already actively doing.

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In particular, I expect councils to be actively considering working with and supporting their neighbouring councils, especially smaller and rural councils, particularly given there is no requirement for price harmonisation under Local Water Done Well.

As you'll be aware, collaboration enables resource sharing, efficiency gains, better access to financing, and lower costs for ratepayers. Having a pipeline of future work across a region also provides greater investment certainty, and the potential to build a strong future workforce.

- **Long-term thinking and solutions.** While Plans must cover a 10-year period, they can also include information that covers a further 20 years if the information identifies investment requirements for water services infrastructure or to support future housing growth and urban development. Councils should be planning and making decisions with an enduring focus on financial sustainability, with these outcomes in mind.
- **Efficiency of water use and demand management through usage-based charging.** The Local Government (Water Services) Bill provides a five-year timeframe to transition away from using property values as a factor in setting water charges, to new charging mechanisms such as water metering and volumetric charging.

Water metering and volumetric charging can help reduce water consumption, assist in quick identification of leaks and help manage water losses, which supports the ongoing efficiency and effectiveness of water infrastructure. Councils should be considering these tools (where they are not already in place) as part of their future arrangements.

Under the economic regulation regime, over time the Commerce Commission will also be able to consider whether prices are efficient. Including, for example, whether prices reflect the cost of providing services and whether providers are using water resources efficiently.

#### **Economic regulation regime for water services**

As you progress your Plan, it is important to keep in mind that the entities that make core decisions on water supply and wastewater services will be subject to economic regulation under the Commerce Act 1986. These decisions include those relating to the level of charges or revenue recovery and/or capital and operating expenditure.

As a minimum, all regulated suppliers (councils and water organisations) that have responsibility for these core decisions will be subject to information disclosure. This means the Commerce Commission will require regulated suppliers to publish robust information about the planning, investment, and performance of their water supply and wastewater services.

The Commission will also publish a summary and analysis of that information, to promote greater understanding of the performance of individual regulated suppliers, including their relative performance compared with other providers, and changes in performance over time.

The Local Government (Water Services) Bill also gives the Commission other regulatory tools that they will be able to implement as needed. This includes the ability to set minimum and maximum revenue thresholds, providing a clear expectation to regulated suppliers about what level of revenue needs to be collected for investment in, and operation of, water infrastructure. The Commission will also monitor and enforce the requirement that revenue from regulated water services is spent on regulated water services (financial ringfence).

Where it is considered necessary, the Bill contains a designation process whereby the Commission may be given the power to implement quality regulation, performance requirement regulation, and price-quality regulation for specific suppliers.

I am encouraging all councils to consider the implications of the new economic regulation regime as you are making decisions on your future water services delivery arrangements. I have asked the Commission to engage closely with councils to provide information about the new regime. Please contact the Department if you would like them to facilitate a meeting if you have not done so already.

**Next steps and support available**

I want to maintain the momentum as we approach the 3 September deadline for submission of Plans. The Department will be ready to accept early submission of Plans by councils that are able to. Please keep this in mind in your planning.

I do not intend to grant extensions to the deadline for submitting Plans given the progress made so far, and various avenues of support that have been and continue to be available. Where a Plan is not submitted on time, I will be considering using my powers under legislation to intervene, such as by appointing a Crown water services specialist.

If you feel you may need additional support to enable you to resolve challenges and ensure progress with your Plan, Crown facilitators continue to be available. Crown facilitators are a key part of our approach and councils shouldn't be reluctant about requesting their support. A Crown facilitator can provide tailored guidance, facilitate collaboration among councils, or assist with joint planning efforts.

My officials also continue to be available to answer questions or provide technical support. I encourage you to get in touch with the Water Services Delivery Plan team at [wmdp@dia.govt.nz](mailto:wmdp@dia.govt.nz) if they can be of assistance to you.

I look forward to seeing continued progress on your plans for future delivery of water services and commend your efforts to support this critical future thinking while continuing to maintain your business-as-usual water services maintenance and ongoing activities.

Thank you for your continued engagement and support as we work to implement Local Water Done Well. You may wish to share this correspondence with your elected members.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Simon', with a stylized flourish at the end.

Hon Simon Watts  
**Minister of Local Government**

Dashboard 2: Summary of TCC model in house, multi council options & TCC Standalone CCO

		Inflated numbers											NPV from 2025	Diff S2 Vs Base
Scenario	KPI's	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Cumulative/ Avg		
Base inhouse(infl)													5%	
Base inhouse(infl)	FFO(\$m)	50	54	69	84	103	122	120	123	142	160	1,029	757	
Base inhouse(infl)	FFO to Gross Debt ratio	10.4%	10.6%	11.5%	12.1%	13.4%	14.9%	13.5%	12.4%	12.0%	11.7%	12.3%		
Base inhouse(infl)	Cash interest coverage ratio	2.0	1.9	2.2	2.3	2.5	2.7	2.4	2.2	2.2	2.1	2.3		
Base inhouse(infl)	Debt(\$m)	480	510	602	695	773	821	893	993	1,186	1,363			
Base inhouse(infl)	Debt: Revenue Ratio	364%	358%	379%	394%	377%	353%	364%	382%	401%	412%			
Base inhouse(infl)	Water charges Revenue(\$m)	121	133	150	167	195	221	231	243	276	309	2,046	1,517	
Base inhouse(infl)	Operating Revenue(\$m)	132	142	159	176	205	233	245	260	295	331	2,178	1,615	
Base inhouse(infl)	Avg charges per connection(\$)	2,103	2,293	2,549	2,802	3,232	3,619	3,736	3,888	4,360	4,812	33,394	24,874	
Base inhouse(infl)	Residential charges per connection(\$)	1,630	1,779	1,974	2,172	2,507	2,807	2,894	3,011	3,373	3,719	25,865	19,268	
Base inhouse(infl)	Commercial charges per connection(\$)	10,901	11,895	13,259	14,591	16,849	18,825	19,414	20,170	22,606	24,929	173,440	129,204	
Base inhouse(infl)	Residential Customer Affordability ratio	1.3%	1.3%	1.4%	1.4%	1.6%	1.7%	1.7%	1.7%	1.8%	1.9%	1.6%		

Scenario	KPI's	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Cumulative/ Avg	NPV from 2025	Diff S1 Vs Base
S1- TCC Stand alone CCO(infl)	Revenue adjustment(\$m)	-	-	-	24	27	35	27	23	27	27	190	136	190.00
S1- TCC Stand alone CCO(infl)	Revised FFO(\$m)	50	54	69	59	75	87	94	102	119	139	848	627	180.40
S1- TCC Stand alone CCO(infl)	FFO to Gross Debt ratio	10.4%	10.6%	11.5%	8.2%	9.1%	9.6%	9.4%	9.2%	9.0%	9.3%	9.7%		
S1- TCC Stand alone CCO(infl)	Revised Cash interest coverage ratio	2.04	1.93	2.19	1.53	1.63	1.62	1.57	1.52	1.52	1.52	1.71		
S1- TCC Stand alone CCO(infl)	Revised Debt(\$m)	480	510	602	719	824	904	997	1,109	1,311	1,491			
S1- TCC Stand alone CCO(infl)	Revised Debt: Revenue Ratio	364%	358%	379%	472%	463%	457%	457%	468%	488%	491%			
S1- TCC Stand alone CCO(infl)	Revised Rates Revenue(\$m)	121	133	150	143	168	186	204	220	249	282	1,856	1,381	190
S1- TCC Stand alone CCO(infl)	Revised Operating Revenue(\$m)	132	142	159	152	178	198	218	237	268	304	1,988	1,479	190
S1- TCC Stand alone CCO(infl)	Revised Avg Rates per connection(\$)- incl efficiencies and revenue reduction	2,103	2,293	2,549	2,399	2,784	3,045	3,299	3,521	3,934	4,391	30,319	22,672	3,075
S1- TCC Stand alone CCO(infl)	Revised Residential Rates per connection(\$) incl efficiencies and revenue reduction	1,614	1,761	1,959	1,847	2,145	2,343	2,535	2,702	3,017	3,365	23,287	17,415	2,578
S1- TCC Stand alone CCO(infl)	Revised Commercial Rates per connection(\$) incl efficiencies and revenue reduction	10,966	11,967	13,315	12,546	14,575	15,919	17,226	18,360	20,500	22,865	158,239	118,341	15,201
S1- TCC Stand alone CCO(infl)	Opex Efficiencies(\$m)- excl impact of alternative revenue price path	-	-	-	-	-	1	2	4	5	7	20	13	
S1- TCC Stand alone CCO(infl)	Interest Impact of alternative revenue price path(-ve means additional costs)	0	0	0	-1	-2	-4	-5	-6	-7	-9	-34	-23	
S1- TCC Stand alone CCO(infl)	Capex Efficiencies(\$m)	-	-	-	-	-	2	4	7	14	17	44	28	
S1- TCC Stand alone CCO(infl)	Stranded overheads(\$m)- (range \$3m to \$9m)	0	0	0	-5	-3	-1	0	0	0	0	-9	-7	
S1- TCC Stand alone CCO(infl)	Stranded overheads avg rates per connection(\$)	-	-	-	84	50	16	-	-	-	-	150	120	
	Residential Customer Affordability ratio	1.24%	1.28%	1.36%	1.23%	1.36%	1.43%	1.48%	1.52%	1.63%	1.76%	1.43%		

Scenario	KPI's	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Cumulative/ Avg	NPV from 2025	Diff S2 Vs Base
S2- multi CCO(inf)	Revenue adjustment(\$m)	-	-	-	24	27	35	27	27	30	30	200	142	200.00
S2- multi CCO(inf)	Revised FFO(\$m)	50	54	69	59	75	85	91	94	111	130	818	607	210.51
S2- multi CCO(inf)	FFO to Gross Debt ratio	10.4%	10.6%	11.5%	8.2%	9.0%	9.3%	9.0%	8.3%	8.3%	8.5%	9.3%		
S2- multi CCO(inf)	Revised Cash interest coverage ratio	2.04	1.93	2.19	1.58	1.70	1.71	1.67	1.54	1.57	1.58	1.75		
S2- multi CCO(inf)	Revised Debt(\$m)	480	510	602	720	827	911	1,007	1,128	1,336	1,524			160.61
S2- multi CCO(inf)	Revised Debt: Revenue Ratio	364%	358%	379%	473%	465%	460%	462%	484%	504%	506%			
S2- multi CCO(inf)	Revised Water charges Revenue(\$m)	121	133	150	143	168	186	204	216	246	279	1,846	1,375	200
S2- multi CCO(inf)	Revised Operating Revenue(\$m)	132	142	159	152	178	198	218	233	265	301	1,978	1,473	200
S2- multi CCO(inf)	Revised Avg Charges per connection(\$)- incl efficiencies and revenue reduction	2,103	2,293	2,549	2,399	2,784	3,045	3,299	3,457	3,887	4,344	30,161	22,569	3,233
S2- multi CCO(inf)	Revised Residential charges per connection(\$) incl efficiencies and revenue reduction	1,614	1,761	1,959	1,847	2,145	2,343	2,535	2,653	2,981	3,329	23,166	17,337	2,699
S2- multi CCO(inf)	Revised Commercial charges per connection(\$) incl efficiencies and revenue reduction	10,966	11,967	13,315	12,546	14,575	15,919	17,226	18,026	20,254	22,621	157,415	117,807	16,024
S2- multi CCO(inf)	Net Opex Efficiencies(\$m)	-	-	-	0	0	1	3	5	7	10	27	18	sum of changes to expenditure (opex & capex)
S2- multi CCO(inf)	Interest Impact of alternative revenue price path(-ve means additional costs)	0	0	0	-1	-2	-4	-5	-6	-8	-9	-35	-24	
S2- multi CCO(inf)	Capex Efficiencies(\$m)	-	-	-	1	2	3	6	9	18	21	60	39	
S2- multi CCO(inf)	Stranded overheads(\$m)- (range \$3m to \$9m)	0	0	0	-5	-3	-1	0	0	0	0	-9	-7	16
S2- multi CCO(inf)	Stranded overheads avg rates per connection(\$)	-	-	-	84	50	16	-	-	-	-	150	120	
S2- multi CCO(inf)	Residential Customer Affordability ratio	1.24%	1.28%	1.36%	1.23%	1.36%	1.43%	1.48%	1.49%	1.61%	1.74%	1.42%		

Comparator to MJ numbers														
Consultation	Avg charges per connection(TCC+WBOP)											4,403		
Consultation	Avg charges per connection(TCC+WBOP+two other councils)											4,326		

**11.2 Status update on actions from prior Council meetings****File Number:** A18453815**Author:** Caroline Irvin, Governance Advisor**Authoriser:** Christine Jones, General Manager: Strategy, Growth & Governance**Please note that this report contains confidential attachments.**

Public Excluded Attachment	Reason why Public Excluded
Item 11.2 - Status update on actions from prior Council meetings - Attachment 2 - Actions from Council (public excluded) - status update 4 July 2025	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 provides a status update on actions requested during previous Council meetings.

**RECOMMENDATIONS**

That the Council:

- (a) Receives the report "Status update on actions from prior Council meetings".
- (b) **Attachment 2** can be transferred into the open. The report that generated this action was in public excluded

**Background**

2. This is a recurring report provided to every second Council meeting. The next report will be to the 26 August Council meeting.
3. The attached update includes all open actions and actions completed since the last report on 10 June 2025.
4. Once reported, completed actions are archived and will be made available in the Stellar library by mid-late July 2025.



**DISCUSSION**

5. A summary of outstanding and recently-closed actions is provided in the table below:

Status of actions	No. actions
Closed (completed since the last report)	4
Pending (waiting on something)	9
In progress	4
To be actioned	1
<b>Total actions included in this report</b>	<b>18</b>

6. The full status update information is provided as **Attachment 1** (17 actions from public agenda items) and **Attachment 2** (1 action from public excluded agenda items).

## ATTACHMENTS

1. **Actions from Council (Open agenda) - status update 4 July 2025 - A18482926**  
2. **Actions from Council (public excluded) - status update 4 July 2025 - A18482930 - Public Excluded**

Council (Public excluded)				Actions status update as at: 4 July 2025			
Meeting Date	Item No.	Report Name	Action Required	Status Update (incl anticipated / actual completion date)	Status Summary	Date Closed	GM / CE Responsible
26 Jun 2025	11.13	Annual Plan 2025/26 Deliberations – Further Issues and Options Paper: Domain Road	Follow up with staff to ensure that: Resolution C from item 'Domain Road' is being implemented. (Resolution C directed staff to work with the submitter to investigate the option of a shared pathway).		To be actioned		Nic Johansson
10 Jun 2025	1.1	Status update on actions from prior Council meetings	That staff set up a folder in Stellar for Councillors that contains a folder for each committee and records previous closed actions from each of those committees.	Working on this action, will advise when available.	In progress		Christine Jones
10 Jun 2025	11.1	Status update on actions from prior Council meetings	That staff provide Councillors confirmation on what information on the Sale of Marine Precinct has been released and what hasn't.	Information released is on TCC website <a href="https://www.tauranga.govt.nz/parks-and-recreation/marine-and-boating/tauranga-marine-precinct">https://www.tauranga.govt.nz/parks-and-recreation/marine-and-boating/tauranga-marine-precinct</a> . Privileged legal advice during the course of the proceeding and public excluded officer's reports have not been released.	Closed	25 Jun 2025	Paul Davidson
28 Apr 2025	3.1	Public Forum: Peter and Kate Mulligan - Cell Phone Towers	Several Councillors were in agreement with holding an open meeting.	Meetings scheduled for 9 July, with Councillors, MP Uffindall, Connexa, residents and staff	Pending		Sarah Omundsen
28 Apr 2025	11.2	Draft Alcohol Licensing Fees Bylaw - Deliberations	Provide comparisons with similar sized Councils in relation to the amount charged and time spent with applications.	This information will be provided through the next steps in the licensing fees process, when Council are asked to set the new fees.	Pending		Sarah Omundsen

Meeting Date	Item No.	Report Name	Action Required	Status Update (incl anticipated / actual completion date)	Status Summary	Date Closed	GM / CE Responsible
28 Apr 2025	11.3	Dog Registration Fee 2025/2026 Year	Consideration needed to be given to relevant annual plan submissions when setting dog registration fees in the future.	User fees and charges review will consider the setting of dog registration fees, and will include the petition information tabled at the City Delivery Committee as well as submissions received through the AP process.	Pending		Sarah Omundsen
28 Apr 2025	11.5	Elected Members' Expenses and Resources Policy - proposed leave of absence section	Elected Members would like to workshop this item further	Workshop request form submitted 6/5/25 for approval for time slot. Workshop was scheduled for 3 July, subsequently cancelled by elected members. Suggested through Mayoral Office that this matter be added to EM informal meeting agenda, and staff to be advised when EM's are ready to consider a formal report on the matter.	Pending		Christine Jones
28 Apr 2025	11.10	Haumaru (Cameron Road Courts) Ownership and Operation	A further report to be provided for Council to consider a wider context and whether Council should own and lease properties or whether these should be managed by one of the CCOs.	Workshop request form re: 'BVL asset ownership' submitted, awaiting confirmation on timing.	Pending		Gareth Wallis
28 Apr 2025	11.10	Haumaru (Cameron Road Courts) Ownership and Operation	The Bay Venues Limited request for an additional annual grant is to be considered as part of the annual plan process.	This was requested in the Executive Report to the 2025/26 Annual Plan presented to Council on 26 May 2025. The budget requested by BVL for operation of Haumaru was approved and included in the Annual Plan 2025/26, adopted 26 June 2025.	Closed	26 Jun 2025	Gareth Wallis
28 Apr 2025	11.11	Appointments to the Board Bay Venues Limited, the Tauranga Art Gallery Trust and Tourism Bay of Plenty	Defer the consideration of the appointments of Councillors to CCO Boards to six months time.	Diary note made on 28 Apr 25 for GM/staff to revisit this action in six months (i.e. late October 2025)	Pending		Gareth Wallis

Meeting Date	Item No.	Report Name	Action Required	Status Update (incl anticipated / actual completion date)	Status Summary	Date Closed	GM / CE Responsible
25 Mar 2025	7.1	Draft Alcohol Licensing Fees Bylaw - Hearings	Comparison information from other local authorities and an analysis of the decisions would be provided to Council in the upcoming report to set the fees. It would include a number of relevant factors including the number of staff, the time taken, the cost, the ratio of ratepayer and business to provide a benchmark and to ensure that all processss were being undertaken as efficiently as possible.	This information will be provided through the next steps in the licensing fees process, when Council are asked to set the new fees.	Pending		Sarah Omundsen
3 Mar 2025	3.2	Public Forum: Brian Cavit and Sandra Johnston on behalf of the Wairakei Community Centre Trust	The Community Development Team worked with Non-Government Organisations to facilitate support for areas. An update would be provided on specific work in the Pāpāmoa East area.	Council staff have met three times with representatives of Wairakei Community Centre Trust and other organisations including CAB and TECT to better understand the needs of the Pāpāmoa East Community, the aspirations of the trust and explain funding options. Council staff are searching properties in the area to identify options for the trust. TCC has contracted Socialink to undertake a Community and Social Services Needs Assessment for Pāpāmoa East. This will be completed by the end of 2025.	In progress		Barbara Dempsey

Meeting Date	Item No.	Report Name	Action Required	Status Update (incl anticipated / actual completion date)	Status Summary	Date Closed	GM / CE Responsible
3 Mar 2025	11.6	Background Information - Marine Park Reclassification	Ensure executive summaries included high level of what needed to be considered, any risks and financial information.	Guidance issued to staff on Report Executive Summaries (presentation to senior leadership group 7 March 2025, material distributed later that day and then updated and redistributed on 13 March 2025 to better address 'risk' in Executive Summaries). Recent Executive Summaries have been fuller as requested by EMs. GMs to speak to Chairs and Deputy Chairs of the Committees as to whether they are comfortable with the content and completeness of Executive Summaries in reports to their Committees. Meeting scheduled between Cr Scoular and Jeremy Boase to discuss further. Meeting deferred by Cr Scoular. Understand Cr Scoular will contact Jeremy to reschedule.	In progress		Christine Jones
24 Feb 2025	11.4	Draft Annual Plan 2025/26 Decision Making	Provide information on the cost of use of consultants for City Waters.		In progress		Nic Johansson
24 Feb 2025	11.4	Draft Annual Plan 2025/26 Decision Making	Provide a breakdown of the cost of \$338,000 of the new Bay Venues facility at Cameron Road.	Provided as part of Annual Plan preparation reports	Closed		Barbara Dempsey
24 Feb 2025	11.4	Draft Annual Plan 2025/26 Decision Making	Provide information on difference of the allocator activity for customer service, with the libraries & community hub.	Allocations are re-run every Annual Plan and will be updated for changes in activities such as the libraries and community hub. This forms part of future Annual Plan as these projects are completed. Will be included in Annual Plan process 26/27 and action can therefore be closed	Closed	11 Jun 2025	Paul Davidson

Meeting Date	Item No.	Report Name	Action Required	Status Update <i>(incl anticipated / actual completion date)</i>	Status Summary	Date Closed	GM / CE Responsible
2024							
29 Oct 2024	11.6	Delegations Manual Review	It was agreed that more time was needed to consider other issues and it was requested that a report be presented to the an Audit and Risk Committee to clarify the financial delegations	A workshop was scheduled for earlier in the year but has been delayed and needs to be rescheduled. Given the reset underway it is suggested that changes to delegations should be reviewed following the completion of the reset.	Pending		Paul Davidson

## 12 PUBLIC EXCLUDED SESSION

### Resolution to exclude the public

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#### 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
<b>Confidential Attachment 2 - 11.2 - Status update on actions from prior Council meetings</b>	s7(2)(h) - The withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities	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

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