



# **AGENDA**

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

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

**Date: Tuesday, 10 February 2026**

**Time: 9:30 am**

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

*Please note that this meeting will be livestreamed and the recording will be publicly available on Tauranga City Council's website: [www.tauranga.govt.nz](http://www.tauranga.govt.nz).*

**Marty Grenfell  
Chief Executive**

# Terms of reference – Council

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## Membership

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

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## Role

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

## Scope

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

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

### **Procedural matters**

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

### **Regulatory matters**

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





## Order of Business

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<b>5</b>	<b>Confidential business to be transferred into the open</b> .....	<b>9</b>
<b>6</b>	<b>Change to the order of business</b> .....	<b>9</b>
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<b>9</b>	<b>Deputations, presentations, petitions</b> .....	<b>30</b>
	Nil	
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**1      OPENING KARAKIA**

**2      APOLOGIES**

### **3 PUBLIC FORUM**

#### **3.1 Richard Longley - Miro St Parking**

#### **ATTACHMENTS**

**Nil**

- 4      ACCEPTANCE OF LATE ITEMS**
- 5      CONFIDENTIAL BUSINESS TO BE TRANSFERRED INTO THE OPEN**
- 6      CHANGE TO THE ORDER OF BUSINESS**

## **7 CONFIRMATION OF MINUTES**

### **7.1 Minutes of the Council meeting held on 16 December 2025**

**File Number:** A19652048

**Author:** Clare Sullivan, Senior Governance Advisor

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

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### **RECOMMENDATIONS**

That the Minutes of the Council meeting held on 16 December 2025 be confirmed as a true and correct record.

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### **ATTACHMENTS**

#### **1. Minutes of the Council meeting held on 16 December 2025**



# **DRAFT MINUTES**

**Ordinary Council meeting  
Tuesday, 16 December 2025**

## Order of Business

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<b>4</b>	<b>Acceptance of late items</b>	<b>4</b>
<b>5</b>	<b>Confidential business to be transferred into the open</b>	<b>5</b>
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**MINUTES OF TAURANGA CITY COUNCIL  
ORDINARY COUNCIL MEETING  
HELD AT THE TAURANGA CITY COUNCIL CHAMBERS, L1,  
90 DEVONPORT ROAD, TAURANGA  
ON TUESDAY, 16 DECEMBER 2025 AT 8:34 AM**

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

**IN ATTENDANCE:** Marty Grenfell (Chief Executive), Christine Jones (General Manager: Strategy, Partnerships & Growth), Sarah Omundsen (General Manager: Regulatory & Community), Reneke van Soest (General Manager Operations & Infrastructure), Kathryn Sharplin (Acting COFO – Finance & Digital), Alastair McNeill (Acting COFO, Commercial ), Tracey Hughes (Head of Finance), Susan Braid (Finance Lead Capital Programme & Community Investment), Sheree Covell (Manager: Treasury & Financial Processes), Alison Law (Head of Spaces & Places), Ross Hudson (Manager: Strategic Planning & Partnerships) Jaimee Kinzett (Senior Strategic Advisor), Jeremy Boase (Head of Strategy, Governance & Climate Resilience), Charles Lane (Team Leader: Commercial Legal), Tyler Buckley (Commercial Solicitor), Libby Dobbs (Head of Communications & Engagement), Cashy Ball (Principal Advisor to the Executive), Chris Quest, (Manager: Risk & Assurance), Radleigh Cairns (Manager: Drainage Services) Sarah Holmes (Team Leader Governance & CCO Support Services), Clare Sullivan (Senior Governance Advisor), Anahera Dinsdale (Governance Advisor)

**EXTERNAL:**

Timestamps are included beside each of the items and relate to the recording of the meeting held on 16 December 2025 on the [Council's YouTube channel Part 1](#), [Part 2](#), and [Part 3](#).

**1 OPENING KARAKIA**

Cr Hēmi Rolleston opened the meeting with a karakia.

## 2 APOLOGIES

### APOLOGY

#### RESOLUTION CO/25/0/1

Moved: Cr Kevin Schuler

Seconded: Cr Rod Taylor

That the apology for lateness received from Cr Baker be accepted.

**CARRIED**

## 3 PUBLIC FORUM

Nil

## 4 ACCEPTANCE OF LATE ITEMS

Nil

## 5 CONFIDENTIAL BUSINESS TO BE TRANSFERRED INTO THE OPEN

Nil

## 6 CHANGE TO THE ORDER OF BUSINESS

Nil

## 7 CONFIRMATION OF MINUTES

### 7.1 Minutes of the Council meeting held on 29 October 2025

#### RESOLUTION CO/25/0/2

Moved: Cr Rod Taylor

Seconded: Cr Marten Rozeboom

That the Minutes of the Council meeting held on 29 October 2025 be confirmed as a true and correct record.

**CARRIED**

## 7.2 Minutes of the Council meeting held on 18 November 2025

### RESOLUTION CO/25/0/3

Moved: Cr Kevin Schuler

Seconded: Cr Rod Taylor

That the Minutes of the Council meeting held on 18 November 2025 be confirmed as a true and correct record subject to the reasons for the decision on item 11.4 that the definition of affordable is subjective.

**CARRIED**

## 8 DECLARATION OF CONFLICTS OF INTEREST

Nil

## 9 DEPUTATIONS, PRESENTATIONS, PETITIONS

Nil

## 10 RECOMMENDATIONS FROM OTHER COMMITTEES

Nil

## 11 BUSINESS

Timestamp: 11 minutes (Part 1)

### 11.1 Update to Funding and Financing for Te Manawataki o Te Papa

**Staff** Kathryn Sharplin, Acting COFO, Finance & Digital  
Susan Braid, Finance Lead Capital Programme & Community Investment  
Tracey Hughes, Head of Finance

The Council considered this item and then returned to it later in the meeting.

## RESOLUTION CO/25/0/4

Moved: Mayor Mahé Drysdale

Seconded: Cr Glen Crowther

That the Council:

- (a) Receives the report "Update to Funding and Financing for Te Manawataki o Te Papa".
- (b) With respect to Te Manawataki o Te Papa funding arrangements for the 2026/27 Annual Plan and noting the rates implications of these funding choices:
  - (i) Confirms that the priority use of asset realisation net proceeds is to offset new debt, and what would otherwise be rates-funded interest, associated with Te Manawataki o Te Papa, noting that the proposed asset realisation for 2026/27 is not yet included in the December draft annual plan and if included would reduce rates requirement by \$0.5m.
- (c) Notes philanthropic funding assumptions are very low in the currently assumed project funding.
- (d) Agrees that proposals to actively seek philanthropic funding support should be prepared for Council consideration in early 2026.
- (e) Notes that contingency budgets of \$30.1m remain across the Te Manawataki o Te Papa programme from 2025/26 to 2029/30 some of which may be released in later years (Attachment 1).

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

**Against:** Cr Marten Rozeboom and Cr Kevin Schuler

**CARRIED 8/2**

Timestamp: 26 minutes (Part 1)

## 11.2 Annual Plan - Options for Rates Increases

**Staff** Kathryn Sharplin, Acting COFO, Finance & Digital  
Tracey Hughes, Head of Finance  
Sheree Covell, Manager: Treasury and Financial Processes

### Actions requested:

That staff:

- Provide a one-page document noting the systems Council uses for its Asset Registers, revaluations, depreciation and planning and options to adequately resource the systems needed
- Provide an scenario in February 2026 for Council not to increase employee costs by 8% and include what makes up the increase of \$8 million
- Provide elected members with a high level summary of potential savings by 20 January 2026.

**RESOLUTION CO/25/0/5**

Moved: Deputy Mayor Jen Scoular

Seconded: Cr Marten Rozeboom

That the Council:

- (a) Receives the report "Annual Plan - Options for Rates Increases".
- (b) Notes that without further decisions of Council the rates increase currently sits at 13% after growth of 0.5%, with 1% of rates increase equivalent to \$3.68 million
- (c) Agrees with respect to Water services to:
  - (i) Retain the surplus in the waters activities and the higher charges proposed in the Water Services Delivery Plan, but separate water by meter revenue, which is a volumetric charge, from the rates increase calculations, noting that this is consistent with the direction for the proposed future rates caps and noting this avoids raising concerns with the Department of Internal Affairs and the Local Government Funding Agency. This would lower the rates increase by 1.4%
- (d) Agrees to consider further options for rates reduction at the Council meeting on 10 February 2026 to achieve a rates requirement of 7.5% taking into account:
  - (i) Prioritisation of reducing the capital programme
  - (ii) Executive proposals for reductions in operating costs
  - (iii) User fee increases and amendments that reduce reliance on rates to be confirmed by Council.
- (e) Agrees to consider more significant level of service reductions or acceptance of more risk that would be required to reduce the rates increase to approximately 4% for the year at its meeting on 10<sup>th</sup> February 2026.
- (f) Notes that funding for the Māori Ward referendum was not included in the Long Term Plan and if Council wishes to budget for a referendum the expenditure would require a decision of Council, which is likely to have an impact on rates of 0.2%.

**CARRIED**

At 10.50am the meeting adjourned.

At 11.10am the meeting resumed in open.

Timestamp: 1 minute (Part 2)

**11.3 Local Water Done Well - Project Update and Recruitment**

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

**RESOLUTION CO/25/0/6**

Moved: Cr Marten Rozeboom

Seconded: Cr Steve Morris

That the Council:

- (a) Receives the report "Local Water Done Well - Project Update and Recruitment".

**Recruitment**

- (b) Agrees to the appointment of a Water Organisation Establishment Chief Executive Officer, with recruitment to commence now so that a recommendation can be made subject to Council and Western Bay of Plenty District Council's final decision to proceed with the Water Organisation on 2nd April 2026 (with a likely start date circa 1 July 2026)

**Project Governance**

- (c) Endorses the appointment of the following Tangata Whenua representatives to the Joint Working Group:
- Kylie Smallman
  - Hakopa Tapiata
  - Shadrach Rolleston
  - Rohario Murray
  - Kiritapu Allan
  - Roana Bennett
- (d) Approves the variation to the Commitment Agreement to reflect the establishment of the Joint Working Group and delegates authority to the General Manager: Strategy, Partnerships & Growth to execute the Variation Agreement (see Attachment 1).
- (e) Approves the Terms of Reference for the Joint Working Group (Attachment 2), noting that these have been endorsed at the Joint Governance Meeting of 8 December 2025.
- (f) Endorses the Commercial Terms Sheet (Attachment 3)
- (g) That the Council delegates the Chief Executive to make changes to the Terms of Reference, Commitment Agreement and Commercial Terms to reflect Council's agreed direction.

**CARRIED**

Timestamp: 46 minutes (Part 2)

**11.4 Mount College 50m Pool Due Diligence**

**Staff** Alison Law, Head of Spaces & Places  
Cashy Ball, Principal Advisor to the Executive

**RESOLUTION CO/25/0/7**

Moved: Deputy Mayor Jen Scoular

Seconded: Cr Rod Taylor

The motion was taken in parts

That the Council:

- (a) Receives the report "Mount College 50m Pool Due Diligence".
- (b) Considers the outcome of the due diligence work undertaken to date.
- (e) Agrees to prioritise the school carpark expansion, at a capital cost of \$296,982 +GST as a Council funded enabling project, by reprioritising existing budgets through the Annual Plan 2026/27. Noting that depreciation and maintenance costs of this carpark expansion would not be the responsibility of Council.

**CARRIED**

- (c) Confirms support for the Mount Maunganui College 50m training pool expansion proposal, following due diligence, including ongoing Council support to subsidise the community use of the pool, with:
  - (i) a \$4.945m +GST 10-year loan-funded operational grant for the pool construction, paid to the Mount Maunganui Aquatic Centre Trust. Currently budgeted to be phased over 2025/26 (\$2.59m) and 2026/27 (\$2.355m), although actual payment of grant will be dependent on project delivery and linked to key project milestones, and
  - (ii) up to \$340,000 +GST annual operational grant, inflated annually, based on actual net operational costs, on an ongoing basis to meet the extra cost of providing a 50m community pool. Starting with a 50% payment (up to \$170,000 +GST) in 2026/27 to reflect the first half year of operation and 100% (up to \$340,000 +GST) from 2027/28. Noting that the operational grant will not fully fund depreciation.

Subject to the satisfactory resolution of:

- New lease agreed between the Mount Maunganui College Board of Trustees (with Ministry of Education consent) and the Mount Maunganui Aquatic Centre Trust that, at a minimum, includes the new pool footprint and provides an initial term of 14 years and 364 days plus two 10-year rights of renewal (total potential tenure of up to 35 years).
- Full capital funding for construction secured.
- Quantity Survey peer review - due by 23 December 2025; and
- (d) Delegates authority to the Chief Executive to approve and execute the Funding Agreement and Operating and Community Use Agreement on behalf of council, consistent with the terms outlined in this report, including approving minor amendments within delegated authority.

**For:** Mayor Mahé Drysdale, Deputy Mayor Jen Scoular, Cr Rick Curach, Cr Steve Morris, Cr Hēmi Rolleston, Cr Marten Rozeboom & Cr Rod Taylor

**Against:** Cr Hautapu Baker, Cr Glen Crowther & Cr Kevin Schuler

**CARRIED 7/3**



**11.5 Memorial Park Aquatic Centre Steering Group and Project Timeline**

**Staff** Alison Law, Head of Spaces & Places  
Cashy Ball, Principal Advisor to the Executive

**External** Sam Toulin, Apollo Projects

**Action requested**

- That staff include a list of working groups, steering groups and their membership including naming the elected members, on the website.

**RESOLUTION CO/25/0/8**

Moved: Cr Hautapu Baker

Seconded: Cr Rod Taylor

That the Council:

- (a) Receives the report "Memorial Park Aquatic Centre Steering Group and Project Timeline".
- (b) Endorses the attached Terms of Reference for the Memorial Park Aquatic Centre, including the membership and reporting structure outlined in the Terms of Reference;
- (c) Supports in principle the key stages and process proposed through this report for the delivery of the Memorial Park Aquatic Centre project.
- (d) Notes the two timelines presented through this report propose construction periods for the Memorial Park Aquatic Centre between December 2026 to March 2029 or September 2027 to December 2029, and both would require changes to Council's current capital programme through the Annual Plan 2026/27 and Long Term Plan 2027-37.

**CARRIED**

At 12.46pm the meeting adjourned.

At 1.22pm the meeting resumed in open.

Timestamp: 2 hours and 12 minutes (Part 2)

**11.6 Final Speedway Arrangements**

**Staff** Alison Law, Head of Spaces & Places  
Ross Hudson, Manager: Strategic Planning & Partnerships  
Jaimee Kinzett, Senior Strategic Advisor

**External** Chad Hooker, Chief Executive, Bay Venues Ltd

The Council considered this item and returned to it later in the meeting.

Timestamp: 2 hours and 33 minutes (Part 2)

### 11.7 Risk Appetite Report - December 2025

**Staff** Alastair McNeill, Acting COFO, Commercial,  
Chris Quest, Manager Risk & Assurance

#### RESOLUTION CO/25/0/9

Moved: Cr Steve Morris

Seconded: Cr Kevin Schuler

That the Council:

- (a) Receives the report "Risk Appetite Report - December 2025".
- (b) Notes that the risk appetite for the environmental risk consequence category has been changed from moderate to low (Audit & Risk Committee resolution AR/25/4/3).
- (c) Adopts the preliminary risk appetite position and statements as outlined in Attachment 1 of this report.

**CARRIED**

Timestamp: 2 hours and 40 minutes (Part 2)

### 11.8 Organisational Reset - Update of Delegations

**Staff** Alastair McNeill, Acting COFO, Commercial  
Tyler Buckley, Commercial Solicitor

#### Action requested:

- That staff provide elected members with a full copy of the delegations manual including the delegated financial authorities.

**RESOLUTION CO/25/0/10**

Moved: Deputy Mayor Jen Scoular

Seconded: Cr Hautapu Baker

That the Council:

- (a) Receives the report "Organisational Reset - Update of Delegations" position titles and reporting lines.
- (b) Approves the updates to the Delegations Manual as shown in tracked changes in Attachment 1. The recommended additions are underlined and the recommended deletions are shown as a ~~strike~~
- (c) Confirms resolution (b) is effective as of 18 August 2025, the date the Reset was implemented.
- (d) Note that in the first quarter of 2026, Council staff within Tauranga City Council's finance team will provide Elected Members with an overview of existing staff financial delegations, and a copy of the full delegations manual, and the delegated financial authorities to enable the Elected Members to decide whether they require an additional Council report on the scope and nature of staff financial delegations.

**CARRIED**

Timestamp: 2 hours and 47 minutes (Part 2)

**11.9 Regulatory Hearings Panel term and appointment process**

**Staff** Jeremy Boase, Head of Strategy, Governance & Climate Resilience  
Sarah Holmes, Team Leader, Governance & CCO Support Services

**RESOLUTION CO/25/0/11**

Moved: Mayor Mahé Drysdale

Seconded: Cr Kevin Schuler

That the Council:

- (a) Receives the report "Regulatory Hearings Panel term and appointment process".
- (b) Extends the contract term of all four current Regulatory Hearings Panel members and chairperson to 3 April 2026 with a view to further extensions with rolling expiry dates at the 3<sup>rd</sup> of April Council meeting.
- (c) Appoints one new member to the Regulatory Hearings Panel by late March 2026, for the period of 6 April 2026 to the end of this Council's term in October 2028.
- (d) At the 3 April 2026 Council meeting, considers amending the terms of reference for the Regulatory Hearings Panel to allow for five members, four of which would be invitees for any particular hearing, with members stepping aside on a rotational basis.

**CARRIED**

**Note:** Following the adoption of the meeting schedule for 2026, resolutions (b) and (d) should be changed at the adoption of the minutes on 10 February to 24 March as there is no Council meeting on 3 April.

Timestamp: 2 hours and 52 minutes (Part 2)

### 11.11 Status update on actions from prior Council meetings

**Action Requested:**

- That staff highlight current updates for pending/longer term actions in red font (adding the update date) for future reports.

### RESOLUTION CO/25/0/12

Moved: Cr Hautapu Baker

Seconded: Cr Glen Crowther

That the Council:

- Receives the report "Status update on actions from prior Council meetings".
- Attachment 2** is to remain in the public excluded section to maintain the commercial position of the Bay of Plenty Housing Equity Fund (as per s7(2)(b)(ii) of the Local Government Official Information and Meetings Act 1987).

**CARRIED**

### 11.12 Report for the adoption of draft Trade Waste Bylaw for consultation

This item was withdrawn.

Timestamp: 2 hours and 55 minutes (Part 2)

### 11.13 Report for the adoption of draft Stormwater Bylaw for consultation

**Staff** Reneke van Soest, General Manager Operations & Infrastructure  
Radleigh Cairns, Manager, Drainage Services

**RESOLUTION CO/25/0/13**

Moved: Cr Rick Curach

Seconded: Cr Marten Rozeboom

That the Council:

- (a) Receives the report "Report for the adoption of draft Stormwater Bylaw for consultation".
- (b) Notes the Bylaw Review Plan for Stormwater Bylaw (**Attachment One**) developed to meet the requirements of section 263(4)(d) of the Local Government (Water Services) Act 2025.
- (c) Approves the proposed draft Stormwater Bylaw (**Attachment Two**) and the Statement of Proposal (**Attachment Three**) for community consultation.
- (d) Delegates to the General Manager: Operations & Infrastructure the ability to make any minor edits or amendments to the draft Stormwater Bylaw 2026 or Statement of Proposal to correct any identified errors or typographical edits prior to consultation.

**CARRIED**

**12 PUBLIC EXCLUDED SESSION**

**Resolution to exclude the public**

**RESOLUTION CO/25/0/14**

Moved: Cr Kevin Schuler

Seconded: Cr Hēmi Rolleston

That the public be excluded from the following parts of the proceedings of this meeting at 2.09pm.

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 and allow Sean Haynes from VEROS to speak to item 13.2 and Kevin Lavery from IAWAI to be present for the consideration of item 13.3:

<b>General subject of each matter to be considered</b>	<b>Reason for passing this resolution in relation to each matter</b>	<b>Ground(s) under section 48 for the passing of this resolution</b>
<b>13.1 - Public Excluded Minutes of the Council meeting held on 18 November 2025</b>	<p>s6(b) - The making available of the information would be likely to endanger the safety of any person</p> <p>s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons</p> <p>s7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information</p> <p>s7(2)(d) - The withholding of the information is necessary to avoid prejudice to measures protecting the health or safety of members of the public</p> <p>s7(2)(g) - The withholding of the information is necessary to maintain legal professional privilege</p> <p>s7(2)(h) - The withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities</p> <p>s7(2)(i) - The withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</p>	<p>s48(1)(a) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7</p>

<b>13.2 - Waikite Road - proposed residential development</b>	s7(2)(i) - The withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	s48(1)(a) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
<b>13.3 - Local Water Done Well - Digital Programme</b>	s7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information  s7(2)(i) - The withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	s48(1)(a) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
<b>13.4 - Appointment of Independent Chair to Audit &amp; Risk Committee</b>	s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons	s48(1)(a) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
<b>13.5 - City &amp; Regional Deal Terms Endorsement in Principle</b>	s7(2)(i) - The withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	s48(1)(a) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
<b>13.7 - Asset Recycling Update</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
<b>Confidential Attachment 1 - 11.6 - Final Speedway Arrangements</b>	s7(2)(h) - The withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage,	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

	commercial activities	which good reason for withholding would exist under section 6 or section 7
<b>Confidential Attachment 2 - 11.11 - Status update on actions from prior Council meetings</b>	s7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information	s48(1)(a) the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7

**CARRIED**

At 2.09pm the meeting adjourned.

At 6.28pm the meeting resumed in open.

At 6.28pm the meeting adjourned.

At 6.41pm the meeting resumed in open.

Timestamp: 1 minute (Part 3)

## **11.6 Final Speedway Arrangements resumed**

**Staff** Alison Law, Head of Spaces & Places  
 Ross Hudson, Manager: Strategic Planning & Partnerships  
 Jaimee Kinzett, Senior Strategic Advisor  
 Charles Lane, General Counsel



**RESOLUTION CO/25/0/15**

Moved: Cr Marten Rozeboom

Seconded: Cr Steve Morris

That the Council:

- (a) Receives the report "Final Speedway Arrangements".
- (b) Receives the final draft agreements prior to execution between Speedway Racing Limited and Bay Venues Limited

The attachments – final draft commercial agreements – are to remain in the public excluded section to enable Council or its subsidiaries to conduct commercial negotiations. They can be transferred into the open once signed by the respective parties.

**CARRIED**

**Resolution to exclude the public****RESOLUTION CO/25/0/16**

Moved: Cr Rod Taylor

Seconded: Cr Marten Rozeboom

That the public be excluded from the following parts of the proceedings of this meeting at 6.51pm.

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:

<b>13.6 - Chief Executive's Performance 2024/25 and 2025/26</b>	s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons	s48(1)(a) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
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**CARRIED**

At 7.36pm the meeting resumed in open.

**13 CLOSING KARAKIA**

Cr Rolleston closed the meeting with a karakia.

**The meeting closed at 7.38pm.**

**The minutes of this meeting were confirmed as a true and correct record at the Ordinary Council meeting held on 10 February 2026**

**8 DECLARATION OF CONFLICTS OF INTEREST**

**9 DEPUTATIONS, PRESENTATIONS, PETITIONS**

Nil

**10 RECOMMENDATIONS FROM OTHER COMMITTEES**

Nil

## 11 BUSINESS

### 11.1 Local Water Done Well - Options for Stormwater

**File Number:** A19186232

**Author:** Wally Potts, Head of City Waters  
Cathy Davidson, Manager: Directorate Services  
Charles Lane, Team Leader: Commercial Legal  
Fiona Nalder, Principal Strategic Advisor  
Frazer Smith, Manager: Strategic Finance & Growth

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

#### PURPOSE OF THE REPORT

1. To present further work to Council on aspects of stormwater management including assets, ownership, charging and to seek a Council decision regarding the future approach for responsibility and delivery of stormwater and the ownership of stormwater assets.

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#### RECOMMENDATIONS

That the Council:

- (a) Receives the report "Local Water Done Well - Options for Stormwater".
- (b) Approves maintaining an integrated approach for the responsibility and delivery of stormwater, water supply and wastewater, i.e. a single organisation will both hold responsibility and provide service delivery for all three water functions.
- (c) Notes that if, following consideration of due diligence matters, Council continues to establish a multi-council Water Organisation with Western Bay of Plenty District Council, this will result in the responsibility for, and delivery of, stormwater services transferring to the Water Organisation along with water supply and wastewater.
- (d) Approves that Council's general approach will be for Tauranga City Council to retain ownership of land used for stormwater purposes, regardless of whether this land is subject to the Reserves Act 1977 and regardless of whether a Water Organisation is established.
- (e) Notes that if a Water Organisation is established, exceptions to retention of land ownership can be considered by Council on a case-by-case basis.
- (f) Approves that Council's general approach is that the Water Service Provider for stormwater shall own stormwater 'hard' infrastructure assets, such as all pipes, pumps, dams, inlets and outlets etc.
- (g) Notes that Council may choose to influence stormwater charging by a Water Organisation via foundation documents (the Constitution and Shareholders Agreement).

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#### EXECUTIVE SUMMARY

2. Tauranga City Council (TCC) and Western Bay of Plenty District Council (WBOPDC) are jointly progressing planning and due diligence for a proposed multi-council Water Organisation (WO) under the Local Government (Water Services) Act 2025.

3. Both councils' Water Services Delivery Plans (WSDPs), which have been approved by the Department of Internal Affairs, assume a fully integrated 'one water' model: the delivery and responsibility for stormwater, water supply, and wastewater all sit with the one organisation.
4. This report presents the further analysis directed by Council resolution regarding stormwater management, asset ownership, charging, and the implications of retaining versus transferring responsibility. The report recommends maintaining an integrated approach and transferring stormwater responsibility to the WO if the WO proceeds.
5. It recommends an integrated 'one water' approach, where the responsibility and delivery for water supply, wastewater and stormwater sit with the same organisation (which is proposed to be the WO, subject to due diligence).
6. It should be noted that the decision on whether a WO is established or not will be made in early April 2026. This report deals only with the question of whether stormwater should be in the WO if one is established, or whether it should be retained in-house within Council regardless of what service delivery model is chosen for water and wastewater.

### Key Findings

7. An integrated 'one water' approach offers:
  - Operational efficiency and economies of scale - including capex/opex efficiencies and reduced duplication.
  - Improved emergency response, especially during extreme weather events where networks interact.
  - Better long-term planning, including climate-resilience via integrated adaptive pathways planning.
  - Greater investment capacity - the WO's borrowing limit (Free Flow of Funds (FFO):debt of 8%, which in the early years is equivalent to a debt to revenue ratio of 489%) is expected over time to enable more extensive stormwater improvements than may be enabled under the Councils bespoke covenant of 330%. Going forward the ratio used for the WO debt analysis will be measured by FFO:debt ratio. (This is the ratio proposed by the Local Government Funding Agency (LGFA) which will be a primary lender to waters CCOs),
  - Single point of accountability for customers—avoiding confusion of having two Water Service Providers (WSP).
  - Less cost for ratepayers.
8. Both WBOPDC and Tangata Whenua strongly support a single integrated water service model.
9. Retaining responsibility for stormwater in-house, whilst transferring water supply and wastewater to the proposed WO increases cost and complexity.
  - Tauranga would have two WSP's (Council + WO), doubling compliance, reporting, and regulatory obligations.
  - Additional cost of approximately \$60m in total over 7 years would fall to ratepayers primarily due to duplication of oversight and planning, separate oversight arrangements, together with loss of some of the savings from efficiencies and ability to leverage higher borrowing.
  - Duplication of some staffing, governance and contract management would be required.
  - Reduced economies of scale and reduced sub-regional coordination.
  - Recruitment challenges - specialist roles focused only on stormwater are less attractive than integrated water roles.

10. The report recommends that Council retains ownership of land used for stormwater purposes, regardless of whether a WO is established.
  - Recognises land's multi-use roles (e.g., recreation, biodiversity).
  - Avoids unnecessary asset transfers.
  - 'Hard' stormwater assets (pipes, pumps, dams, inlets/outlets) should be owned by whichever organisation holds responsibility for stormwater.
  - This avoids the operational failures seen where ownership of 'hard' assets is split from the management of those assets (e.g. historic Wellington Water arrangements).
11. Stormwater charging under the Act - if stormwater transfers to the WO:
  - Property-value-based charging must phase out over 5 years.
  - New charging mechanisms may include flat fees, impervious-area-based charging, or geographically tiered charges (these can be based on metrics such as deprivation).
  - Councils can influence charging through the WO's constitution or shareholders' agreement.
12. If Council retains stormwater responsibility it can continue using property-value-based rates. However, this change to the previous decisions of Council would require re-consultation and WSDP amendments before Sept 2026.
13. The options for stormwater were discussed at the Joint Governance Group on 22 December (refer to Attachment 1 of this report).
  - Tangata Whenua: Strong support for integrated 'one water' model and holistic management of wai.
  - WBOPDC: Has already decided to transfer all three waters to the WO and prefers alignment with TCC with both Councils having stormwater in the WO.

### Options Assessment – responsibility for stormwater

#### Option 1 – Integrated Approach (Recommended)

14. Transfer responsibility for stormwater to the proposed WO along with water supply and wastewater.
  - Benefits: lowest cost, one WSP, greater investment capacity, operational efficiency, customer clarity, stronger climate resilience.

#### Option 2 – Retain Stormwater In-House (Not Recommended)

15. Council keeps responsibility for stormwater.
  - Impact: ~\$60M extra cost to ratepayers (over 7 years), duplicated regulatory obligations, reduced benefits resulting from integrated sub-regional approach, customer confusion, governance complexity.

### Options Assessment – land ownership

#### Option 1 – Land remains with Council (Recommended)

16. Council retains ownership of land used for stormwater purposes
  - Benefits: recognises the dual purpose of many stormwater land parcels, ensures long-term Council control (protecting non-water outcomes), may simplify maintenance. Still allows for case-by-case exceptions.

#### Option 2 – Council transfers ownership of land to the WO (Not Recommended)

17. Council transfers ownership of stormwater land to the WO, with the exception of land classified as reserve land under the Reserves Act 1977.

- Impacts: the dual-use nature of much of the land is not recognised and non-stormwater uses may not be valued as highly as stormwater (compromising the wider value of the land for the community).

### Next steps

18. If Council approves the recommendations of this report and subsequently approves to proceed with the establishment of the proposed WO (decision scheduled for 2 April 2026), the next steps are to:
  - transfer responsibility for stormwater to the proposed WO (alongside water supply and wastewater).
  - retain Council ownership of land used for stormwater, with case-by-case exceptions.
  - transfer ownership of stormwater 'hard' infrastructure assets to the WO.
  - use WO foundation documents to influence charging parameters as noted in paragraphs 49 to 54 if desired.
  - develop a detailed Transfer Agreement to cover transfer of responsibilities, assets, and any specific land parcels.

### BACKGROUND

19. Tauranga City Council (**Council**) and Western Bay of Plenty District Council (**WBOPDC**) are currently working together to complete due diligence and establishment planning for a proposed joint Water Organisation (**WO**) under the Local Government (Water Services) Act 2025 (the **Act**). If established, this WO will deliver water services for the Tauranga and Western Bay sub-region.
20. Both Council and WBOPDC have submitted a Water Services Delivery Plan (**WSDP**) to the Department of Internal Affairs (**DIA**) for approval, and the DIA has approved both WSDPs. These WSDPs adopt an integrated 'one water'<sup>1</sup> approach, i.e. they assume that the responsibility for all aspects of water delivery and management (water supply, wastewater, stormwater) will transfer to the proposed WO.
21. Council has also committed to completing further work investigating aspects of stormwater management, including considering the implications of deciding to retain responsibility for stormwater in-house. This report presents the outcomes of that further work and seeks a Council decision regarding future responsibility for stormwater.
22. WBOPDC has decided to transfer responsibility for stormwater to the proposed WO and is not reconsidering this approach.

### Water Organisation versus Water Service Provider

23. Under the Act a WO is a company established for the purposes of providing water services, and must be wholly owned by:
  - one or more local authorities; or
  - one more local authorities and the trustees or one or more consumer trusts; or
  - the trustees of one or more consumer trusts.

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<sup>1</sup> 'one water' is used in this report to refer the adoption of an integrated approach towards stormwater, water supply and wastewater. It recognises that the terms wastewater, stormwater and water supply refer to different stages within a holistic water management cycle, but that water itself remains the overriding concept throughout.

24. A WO is a Water Services Provider (**WSP**) under the Act. A WSP is an inclusive term that covers both WOs and local authorities. Most requirements and responsibilities under the Act apply to all WSPs.
25. If Council decides to establish a WO but to only transfer responsibility for water supply and wastewater to the WO, and to retain responsibility for stormwater within Council (in-house), then Council also becomes a WSP. This means that Tauranga residents would have two WSPs and both Council and the WO would need to comply with the regulatory, financial and planning requirements imposed by the Act.

### Stormwater as a water service

26. Stormwater is the runoff of rainwater from hard surfaces such as buildings, footpaths and roads. Managing stormwater is about protecting public health and safety by reducing the impacts of flooding on people, property, water quality and eco-systems. The challenge of managing stormwater is increasing with Tauranga's growing population and changing urban form, and the worsening impacts of climate change.
27. Council's stormwater network consists of underground pipes, open drains, ponds, wetlands and outlets, spread across six catchment areas which together cover the whole city. Roads and streets are also used as part of Council's stormwater management approach, and overland flowpaths (which cross private and public property) are mapped and managed via Council's City Plan and consenting processes. As not all stormwater is treated, Council also invests in public education and regulation to help prevent stormwater pollution of the environment.
28. Responsibility for flooding, storm surges, and related natural events is shared across several agencies, with roles set by multiple pieces of legislation. At present, TCC and WBOPDC manage urban stormwater systems and local flood responses, while Bay of Plenty Regional Council (BOPRC) is responsible for regional flood protection, hazard management, environmental regulation, and civil defence when events escalate to a regional scale.
  - If stormwater is transferred to the Water Organisation (WO), the WO would take over ownership and operation of stormwater infrastructure, hold discharge consents, and maintain those assets, while councils would retain ownership of stormwater land and continue issuing resource and building consents and managing local civil defence responsibilities. BOPRC's role would remain unchanged.
  - Liability for flooding or damage will depend on the specific facts of each event and whether fault can be established. Generally, liability follows operational responsibility. That is, the entity managing stormwater infrastructure (TCC/WBOPDC or WO) would typically carry liability for failures linked to those assets, while BOPRC may bear liability where regional flood protection systems fail due to negligence.
  - Where responsibilities are shared (e.g., coastal storm surges or multi-hazard events), liability is likely to be apportioned between entities based on fault, with each organisation's insurance responding accordingly.
  - Clear allocation of roles and liabilities will need to be defined in transfer and service agreements, particularly where councils retain land ownership but operational responsibility shifts to the WO.
  - Any legislative changes affecting regional councils may also alter how these responsibilities intersect in the future.

### Past decisions regarding stormwater and options

29. In May 2025 Council resolved (CO/25/14/28):
  - "c. Approves 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."



30. This report contains a discussion of the pros and cons of keeping stormwater integrated with water supply and wastewater, versus retaining stormwater within Council (in-house) regardless of whether a WO is established. It also considers ownership of land and 'hard' assets used for stormwater purposes.
31. In August 2025, Council resolved (CO/25/0/17):
- "Notes that the WSDP includes stormwater, and that due to a combination of practical constraints and the statutory deadline for submission of the WSDP that:*
- a. *further work will be done to consider other aspects of stormwater management including assets, ownership, charging and following further information Council may, at a later date, decide to retain stormwater in-house."*
32. This report presents the further work completed considering assets, ownership and charging, and seeks a Council decision as to whether the responsibility for stormwater is retained in-house.
33. The range of options considered by this report are outlined below.
34. Responsibility and delivery
- i. Option 1: Council maintains an integrated 'one water' approach, keeping the responsibility for, and delivery of, stormwater with that of water supply and wastewater. If a WO is established, all responsibility transfers to the WO. This scenario means Tauranga residents will have only one WSP.
- ii. Option 2: Council retains responsibility for stormwater and, if a WO is established, contracts delivery of stormwater to the WO. This means that, if a WO is established, Tauranga residents will have two WSPs.
35. An alternative third approach would be for Council to retain responsibility for, and delivery of, stormwater. This approach has not been modelled and assessed in full, as Council has already given direction that delivery of stormwater is to remain with water supply and wastewater (refer to point 29 above). Although this report does not provide a full assessment of this option, high level considerations are discussed in the options analysis.
36. Discussions on the pros and cons of the different approaches Council may take towards the responsibility and delivery of stormwater are also contained in reports on Local Water Done Well presented to Council on [9 December 2024](#), [24 March 2025](#) and [26 May 2025](#) and in the reading material provided to the Council and WBOPDC Joint Working Group on 22 December 2025 (see Attachment 1). Rather than duplicate this analysis it is cross referenced and not repeated in this report.
37. Ownership of land
- i. Option 1: Council, as a general rule, retains ownership of land used for stormwater purposes, regardless of whether a WO is established and has responsibility for delivery of stormwater.
- ii. Option 2: The ownership of land used for stormwater purposes sits with the organisation (either Council or WO) that has responsibility for stormwater, except for land classified as reserve land under the Reserves Act 1977<sup>2</sup> which will remain with Council under all scenarios.
38. Ownership of 'hard' assets: this report recommends that the ownership of stormwater 'hard' infrastructure assets, such as all pipes, pump stations, dams, inlets and outlets etc, sits with the organisation (either Council or the WO) which has the responsibility for stormwater. Whilst legally it would be possible for Council to transfer responsibility for stormwater to the proposed WO whilst retaining ownership of 'hard' assets, this option is impractical,

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<sup>2</sup> Land classified as reserve land under the Reserves Act 1977 would need to have its classification revoked before ownership could be transferred to a WO, and this is considered impractical. Therefore, ownership of reserve land will remain with Council, regardless of the approach taken towards other land parcels.



particularly from an operational perspective, and for this reason a full options analysis has not been completed.

39. An example of where one organisation had responsibility for delivering the service, whilst several other organisations owned the 'hard' assets was the Wellington Water model. Over time this led to inconsistent infrastructure investment decisions.

### Legislative context and regulatory considerations

40. From a legislative perspective, the Act accommodates a range of approaches in relation to the responsibility for, and delivery of stormwater, as well as a range of options in terms of asset ownership.
41. Importantly, asset ownership does not equate to responsibility under the Act. This allows Council to retain ownership of land used for stormwater purposes whilst transferring responsibility for stormwater to the proposed WO.
42. Regardless of who owns the assets, a party that holds responsibility for one or more water services (either fully or in part) is considered a WSP. The Act places a range of responsibilities onto WSPs, including preparing a Water Services Strategy, annual budget processes, auditing requirements and reports, compliance to regulatory standards, levies to the regulator(s) etc.
43. If Council chooses to retain responsibility for stormwater, and the proposed WO assumes responsibility for water supply and wastewater, this will trigger further public consultation followed by developing an amended WSDP and submitting this to the DIA (by no later than 3 September 2026). The Minister of Internal Affairs may or may not choose to approve a revised WSDP.

### Operational considerations

44. Council's current water management approach is that of 'one water', and there is no team dedicated solely to stormwater management. The WSDP also takes a 'one water' approach. If Council chooses to retain responsibility for stormwater in-house, whilst transferring responsibility for water supply and wastewater to the proposed WO, this would fragment the current 'one water' approach and result in the following:
- Duplication of staff and duplication of knowledge and compliance. Separating the responsibility for stormwater from water supply and wastewater would (in the event the proposed WO is established) create two WSPs for Tauranga, both subject to regulatory and reporting requirements. As WBOPDC are proposing to transfer responsibility of stormwater to the WO, there would need to be stormwater expertise within the WO. If Council retains responsibility for stormwater, then Council would also need to have in-house expertise (even if delivery was contracted to the WO).
  - Increases in cost due to duplication, co-ordination of cross-organisational decision-making, governance and contract management.
  - Decreases in economies of scale (for both capex and opex). The financial modelling completed for the proposed WO demonstrates expected savings for Tauranga residents due to economies of scale resulting from the multi-council nature of the proposed WO and from adopting a 'one water' approach for the sub-region. These savings will decrease if stormwater is retained in-house by Council (see the financial considerations section of this report).
  - Decreased opportunity to invest in stormwater improvements. The proposed WO will have the ability to borrow up to an 8% FFO:Debt ratio, which equates to close to 500% debt to revenue based on TCC's 2027/28 Financial model. Under a council bespoke covenant borrowing is limited to 330% debt to revenue ratio. This greater debt capacity opens up investment opportunity for stormwater and flood management improvement works.

- Difficulty attracting skilled staff (to Council). Currently the integrated approach that Council takes in terms of water management means that staff can, and do, work on multiple aspects of water service delivery. If Council retains stormwater in-house, whilst moving water supply and wastewater to the proposed WO, then Council will need to create roles focussed solely on stormwater. This is expected to be less attractive overall to potential candidates than roles which offer a wider focus and better opportunities for career development and progression.
- Lack of clarity for customers. Having two WSPs for Tauranga would result in customers/ratepayers being charged/rated for water services from two organisations, by the WO for water supply and wastewater and by the Council for stormwater. This is likely to create confusion. Customers may also be confused as to which organisation is responsible for what.
- Less effective responses in an emergency management situation (and less effective pollution prevention). The differentiations between stormwater, water supply and wastewater are largely due to the different treatment approaches and separated hard infrastructure (pipes, pumps etc.). During emergency events such as storm events, or large earthquakes, there is often cross-contamination between the different systems. This can be more effectively managed when service delivery is integrated and within the one organisation, particularly if this organisation has sub-regional jurisdiction (versus city-only).

45. If all aspects of water service delivery are moved to the proposed WO there will still need to be ongoing coordination between Council activities and the WO, particularly in the areas of land use planning and the management and maintenance of land used for stormwater purposes (which is recommended to remain in Council ownership). It is proposed that these interconnections will be managed via relationship agreements and/or service level agreements between Council and the WO.
46. Past Council reports which discussed options for the responsibility and delivery of water services (integrated versus split), include [24 March 2025](#) and [26 May 2025](#).

### Climate impact

47. Whilst the stormwater, water supply and wastewater each have their own infrastructure network, the nature of water means that when issues or failures occur within one network, the other networks are also impacted. For example, a wastewater or water supply failure will affect the stormwater network.
48. As extreme weather events increase due to climate change, the likelihood of network failures also increases. An integrated approach will assist emergency management responses and improve outcomes for people, properties and the environment.
49. Additionally, as the impacts of a changing climate continue to be felt on a day-to-day basis, water service providers are utilising dynamic adaptive pathways planning. This planning tool enables asset owners to explore the outcomes of multiple scenarios, allowing for the development of a flexible but clear roadmap (adaptive plan) that can accommodate future uncertainty. The best outcomes can be achieved via this tool when an integrated approach is taken towards total water management.

### Future options for stormwater charging

50. The Act introduces two elements which will change the way that WOs charge for stormwater services.
- i. The introduction of 'stormwater service zone/s', which requires WOs to charge for stormwater based on whether a property is inside or outside of the stormwater service zone. This is intended to result in a 2-tiered charging approach based on location (noting that to be part of a stormwater service zone, land must be part of, or adjacent to, an urban area and receiving or having available to it stormwater services provided by the WO).

- ii. Removing, over time, the ability to base charges for stormwater services on property value. Under Council, stormwater is funded by rates (largely based on property values). Under the Act, a WO will have to use a different charging method over time. The Act allows for WOs to gradually transfer from charging based on property value to an alternative charging method over a 5-year period.
51. After 5 years the WO must use another charging method which must be both reasonable and not based on land value. Charging methods could include any of the following (or a combination of the following):
  - A flat fee per property (or per connection).
  - A tiered fee based on land area or impervious surface area (since bigger hard-surfaced properties generate more runoff).
  - A differentiated fee based on land use or location (e.g. residential vs commercial, or different charges for different suburbs if justified by different service costs).
  - Using socioeconomic factors – the WO could set lower stormwater charges for areas with high deprivation index as a policy choice (as long as it's reasonable and not simply being used as a proxy for property value).
  - Other fee structures that are not based on property value.
52. The default position under the Act excludes shareholders (councils) from directly dictating operational decisions, such as setting of charges, which would be set by the WO's Board. However, there is the ability to bypass this exclusion (allowed for under s 228(4) of the Act). The WO's foundation documents (the Constitution or Shareholders Agreement) can explicitly override the default position for certain matters (such as charging).
53. This would look like Council and WBOPDC agreeing to include a clause in the WO's Constitution or Shareholders' Agreement that allows the Statement of Expectation to address stormwater charging mechanisms. Without such provisions being included in the foundation documents, any direction in the Statement of Expectation would have to stay at a high-level (e.g. urging that stormwater charges be kept affordable, without mandating the exact mechanism).
54. However, it is important to note that where there is inconsistency between the requirements imposed by a regulator (e.g. the Commerce Commission), and the requirements contained within a SOE, the regulator's requirements will prevail.<sup>9</sup>
55. If Council does not transfer responsibility for stormwater to the WO, then Council would be the WSP, would charge customers/ratepayers for stormwater services (even if those services were delivered by the WO), and could continue to charge based on property value. Council would have the legal responsibility to meet all regulatory requirements associated with stormwater.

## Financial considerations

### **Additional Revenue required to cover higher costs if stormwater remains with Council**

56. There is an additional revenue requirement of approximately \$60m over 7 years (\$61.3m in the model) if the responsibility for stormwater remains in-house over the 7 years modelled. Rates would need to be increased to meet this requirement. The key items impacting on additional rates are outlined below.
57. If Council keeps the WO responsibility in-house, then there are expected to be some duplication of roles within TCC and the WO. The estimate used in the model is that there would be approximately \$1.75m of additional costs have been identified. Of these, \$300k will be duplicated even if the WO has responsibility for all aspects of water service delivery (i.e. stormwater, as well as water supply and wastewater). For this reason, the modelling has assumed an additional \$1.45m of costs. With 2% inflation, this gives a total additional cost of \$10.8m over the 7 years to 2034. These additional costs would be reflected in higher rates requirements. The proposed positions on which this estimate is based are included as

Attachment 4. It is noted in the attachment that no additional operational costs of these positions are included. However, it has been assumed that the direct costs of the additional activity could be provided within total potential staff costs identified in Attachment 4. The overall cost estimate is a high-level estimate of roles and responsibilities to be carried out. If the additional costs were less, say by \$200k per annum, it would translate to approximately \$1.48m over the 7 years (plus inflation), so the additional staff costs of in-housing would, in that scenario, be closer to \$9.3m over that period.

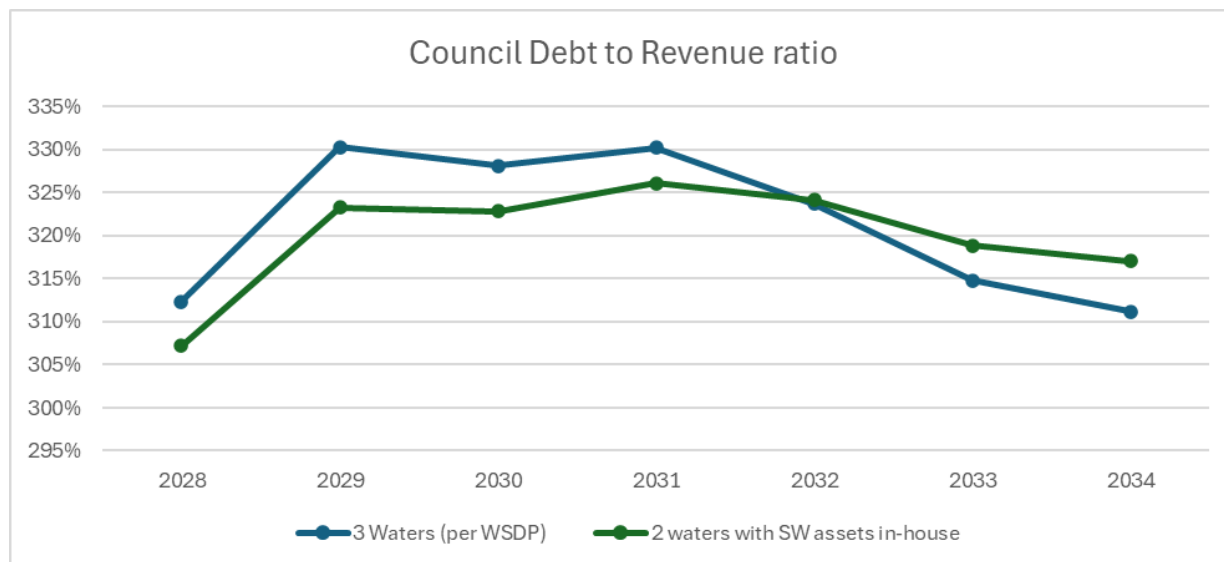
58. A WO can borrow more than a Council as discussed in paragraph 61 below. This additional borrowing capacity provides the WO with the opportunity to either invest more in assets or keep water charges lower. For modelling purposes, it is assumed that this capacity is used to keep prices down. In the modelling for a WO with the responsibility for all facets of water service delivery this results in \$200m of revenue savings. If the responsibility for stormwater (together with 'hard' assets) remains in-house then this saving available to the WO reduces to \$151m generating increased costs to customers/connections of \$49m.
59. Combined, these figures result in increased costs to customers/ratepayers of approximately \$60m over 7-years if the responsibility for stormwater remains in-house. This equates in total to circa \$140 per annum per connection initially. In the financials shown in attachment 2 this cost increase barely shows in the graph because the difference is less than \$10m on total revenue of \$438m.
60. We have assumed that the WO would deliver stormwater (day-to-day management and operations) under both options. This means that the capex and opex efficiencies modelled by MartinJenkins, and previously reported to Council, would be applicable to both scenarios and generate no difference in the financial impacts.

#### **Debt capacity impacts between stormwater in a CCO or within council**

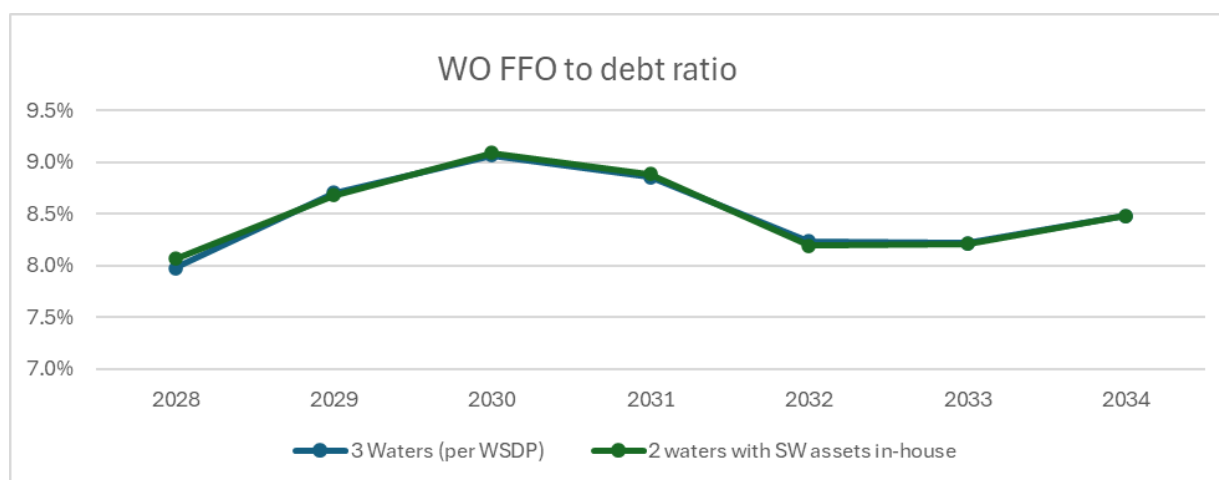
61. Council has a debt to revenue ratio of 330% based on a current bespoke covenant with LGFA. This ratio applies across all council borrowing but does not apply to a waters CCO which has a different covenant of FFO:Debt ratio of 8%. Using 2028 figures the FFO:Debt ratio equates to a debt to revenue ratio for waters of 489%. This means that using the two structures - a CCO for all waters and Council for all other activities provides greater ability to borrow overall for a given level of revenue.
62. Based on the WSDP, the WO debt was modelled to be \$743m by 2028. Together with remaining Council debt of \$1,637m by 2028 this gives total debt for both Council and WO of \$2,380m. If we add the revenue assumed for waters in 2028 (\$152m) with the total revenue for Council in 2028 (\$524m) we get a total revenue of \$676m. This results in a debt to revenue ratio of 352% which would exceed Council's bespoke covenant if all revenue and debt was to be included within council and demonstrates the advantage of using the two organisational structures.
63. As discussed in paragraph 55 above, if stormwater comes in house, the costs of delivery and the associated revenue to fund those costs increases. Because one of the reasons for the cost increase of in-housing stormwater is that the option of increasing debt rather than charging customers more is foregone for stormwater. This means both aspects of the debt to revenue ratio improve. Revenue is higher (ratepayers/ customers pay more) and debt is lower for stormwater. Using the 2028 figures these adjustments to debt and revenue would give a debt to revenue ratio for council with stormwater in house of 307% compared to a ratio for Council that year without stormwater of 312%. More detail on this is included in attachment 2.
64. Within the CCO, the FFO:Debt ratio remains similar whether the CCO is responsible for two waters or three.
65. In summary from the perspective of the financial borrowing ratio, there is a small short-term improvement in Council's ratio if TCC retains the Stormwater assets in house and becomes

the WSP. See Figure 1 for the impact on council debt to revenue ratio and Figure 2 for the impact on the WO's FFO to debt ratio.

*Figure 1: Comparison between Council debt to revenue ratio for the two options ('one water' approach versus keeping responsibility for stormwater in-house)*



*Figure 2: Comparison between the WO's (referred to as CCO in the graph) FFO to debt ratio for the two options ('one water' approach versus keeping responsibility for stormwater in-house)*



66. More detail on the financial modelling and commentary on the outcomes is included as Attachment 2. The higher debt headroom in 2028 from keeping stormwater in house and charging ratepayers more than in a CCO is \$35M. However, this debt headroom advantage reverses over time based on modelled trends in revenue requirements relative to debt increases associated with the proposed capital programme (outlined in Figure 1 above).

#### Other Financial Issues

67. If stormwater assets are retained in-house this will create complexities that will need to be resolved between Council and the WO, such as:
- the funding and financing of capital expenditure. This especially relates to the adequacy of renewals and the prioritisation of stormwater capital works.

- Note: that stormwater will be excluded from the rates capping legislation if waters assets are held in-house.

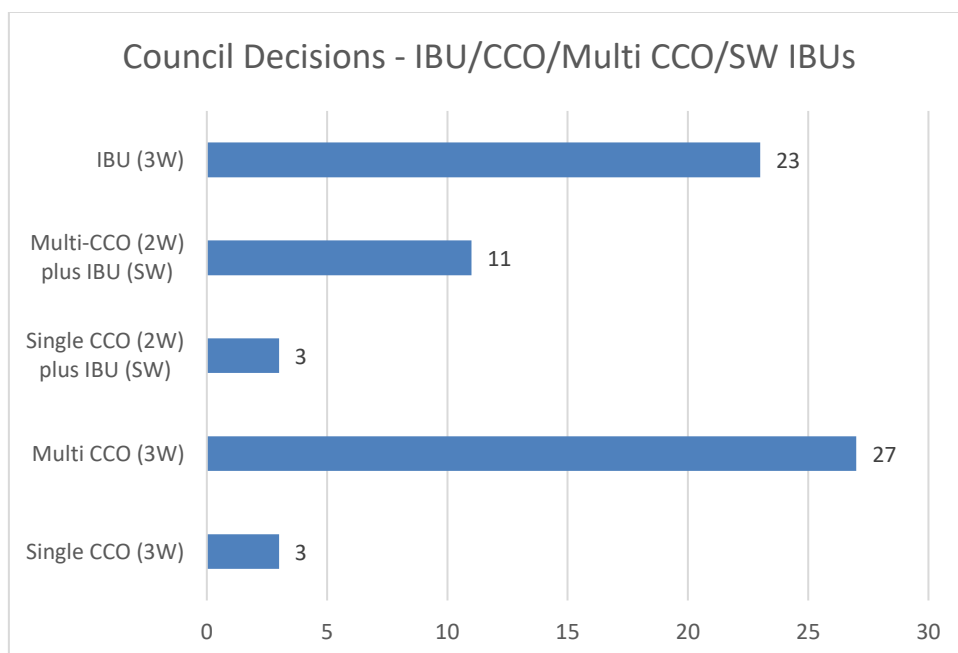
### Feedback from the Joint Working Group

68. Options for how Council may manage stormwater, including the options put forward by this report, were presented to the Joint Working Group (consisting of Council, WBOPDC and Tangata Whenua). This provided Tangata Whenua and WBOPDC the opportunity to provide feedback regarding their preferences.
69. Tangata Whenua – Tangata Whenua expressed a strong desire for Council to choose a ‘one water’ approach, keeping the responsibility for, and delivery of, stormwater with that of water supply and wastewater. Wai (water) is a precious taonga and the distinctions of stormwater, wastewater and water supply create an artificial separation. It is essential to adopt a holistic management approach to maintain the ongoing mauri (life force) of wai and this is most easily achieved when one organisation holds both responsibility for, and delivery of, all aspects of wai.
70. WBOPDC – WBOPDC has made the decision to transfer all their water services, in full, to the WO (subject to due diligence). WBOPDC are not intending to revisit this decision and have expressed a preference for TCC to transfer responsibility for, and delivery of, water supply, wastewater *and* stormwater to the proposed WO. From WBOPDC’s perspective, these factors collectively support a more sustainable and coordinated approach to water management across the western Bay of Plenty. They have signalled that alignment by both councils would maximise the benefits of the proposed WO model and generate the strongest long-term benefits for both councils and their communities.

### Other multi-council Water Organisations decisions

71. WOs which take a ‘one water’ approach are considered best practice but are still a relatively new approach. However, central government’s water reforms have encouraged water providers (councils) to apply a long-term transformational perspective towards the delivery of water. Whilst councils have responded by choosing a variety of models to deliver water services, the majority of these models will retain a fully integrated ‘one water’ approach.
72. The graph and table below illustrate these choices and Attachment 3 provides a further breakdown at a council level (note, Auckland is excluded from this modelling, data has been sourced from approved WSDPs available on DIA website).

Figure 3 – Capture of 67 Council decisions on approach to Stormwater responsibility (WSP)





73. The graph above shows that most councils (53) have decided to keep the delivery and responsibility for stormwater with that of water supply and wastewater, regardless of whether that is via a single council WO, a multi-council WO or an in-house business unit. Only fourteen councils have decided to separate the responsibility for stormwater from that of water supply and wastewater.
74. Table 1, below, shows that approximately 76% of New Zealand's population (excluding Auckland) will have water services delivered via an integrated 'one water' approach.

	Single CCO (3W)	Multi CCO (3W)	Single-CCO (2W) plus IBU (SW)	Multi-CCO (2W) plus IBU (SW)	IBU (3W)	Total Population for Analysis
Population Served	95,405	1,192,466	224,147	555,606	1,246,895	3,314,519
	3%	36%	7%	17%	38%	100%

## OPTIONS ANALYSIS - RESPONSIBILITY FOR DELIVERY OF STORMWATER

### Option 1: Maintain an integrated approach, keeping the responsibility for stormwater with that of water supply and wastewater. (RECOMMENDED)

75. Choosing this option means that if Council proceeds to establish a Water Organisation, the responsibility for stormwater will transfer to the WO along with water supply and wastewater. This option aligns with Council's Water Services Delivery Plan and the current operating model currently employed by Council. It will also mean there is one WSP.
76. The pros and cons assume that Council proceeds to establish a WO.
77. Estimated cost: As per WSDP's modelled costs and debt.
78. Key risk: The WO is not able to develop a charging methodology that adequately recognises socio-economic factors (noting however that the WO is able to use metrics such as the deprivation index to inform charging).

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>No requirement to amend WSDP or re-consult.</li> <li>Only one WSP (being the WO).</li> <li>Scope for the WO to achieve economies of scale efficiencies.</li> <li>Aligns with the position expressed by WBOPDC and Tangata Whenua</li> <li>If both Councils transfer responsibility to the WO, then the WO will be able to take a consistent approach to stormwater across all of the cross-boundary catchments between TCC land and WBOPDC land.</li> <li>The WO will be responsible for delivering 3 waters for both Councils, and the Board will not face any competing interests that may arise if the WO is responsible for delivering 2 waters for one Council and 3 waters for the other Council.</li> <li>Improved emergency management, due to greater sub-regional integration.</li> <li>Easier to attract and retain skilled staff due to the ability for staff to increase water management knowledge across the full range of</li> </ul>	<ul style="list-style-type: none"> <li>The Council will not be directly responsible for setting stormwater charges, and after 5 years the WO will not be able to use a property's rateable value as the basis for setting charges.</li> <li>There is a risk that charges by the water organisation may not take account of relative affordability across the area serviced by the CCO in the same way that an elected council may consider these matters and address them through property value charging approach.</li> </ul>

<p>water services.</p> <ul style="list-style-type: none"> <li>• Acknowledges the inherent connected nature of water and water services.</li> <li>• Provides greater opportunity to invest in stormwater infrastructure (due to the WO higher debt capacity).</li> <li>• Greater clarity for customers as only one organisation is delivering water services.</li> </ul>	
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**Option 2: Retain the responsibility for stormwater within Council, regardless of whether Council retains responsibility for water supply and wastewater. (NOT RECOMMENDED)**

79. Choosing this option means that if Council proceeds to establish a WO as planned, the responsibility for stormwater would stay with Council, whilst the responsibility for water supply and wastewater would transfer to the WO. Ownership of all land used for stormwater along with 'hard' assets would remain with Council. This option would have the effect of creating two WSPs for Tauranga and does not align with Council's WSDP.
80. Estimated cost: additional cost to ratepayers of approximately \$60m over the next 7 years.
81. Key risks: That ratepayers end up paying more, that the WO cannot fully achieve the anticipated benefits from economies of scale, and that the sub-region does not benefit as anticipated from a fully integrated 'one water' approach that crosses council boundaries.

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• The Council will be responsible for setting stormwater charges and will have the ability to use rateable property values.</li> <li>• Ownership of all land used for stormwater along with 'hard' assets would remain with Council.</li> </ul>	<ul style="list-style-type: none"> <li>• Ratepayers pay more.</li> <li>• This will be a structural change to the WSDP that requires re-consultation with the public. This would need to occur within a very constricted timeframe, because WSDP's cannot be changed after 3 September 2026.</li> <li>• There will be 2 WSPs, meaning a duplication of statutory obligations. Those statutory obligations require significant investment in terms of time and resources (they will not be a mere "form-filling" exercise).</li> <li>• Unable to fully realise the non-financial benefits resulting from fully integrated 'one water' approach across the sub-region.</li> <li>• Likelihood that WO will provide 2 water services for one Council, and 3 water services for the other. This will likely impact WO governance dynamics.</li> <li>• Customer confusion, as there will be two WSPs for Tauranga residents.</li> <li>• Council's in-house WSP may struggle to attract skilled staff as the WO will be viewed as the more attractive option from a career development perspective.</li> <li>• Emergency management will require higher levels of coordination as more than one WSP will be involved.</li> <li>• The anticipated economies of scale for the WO will be reduced.</li> </ul>



**Alternative Option: Council retains the responsibility for, and delivery of, stormwater.**

82. This option would see all aspects of stormwater responsibility *and* delivery remaining in-house, along with all land and hard assets. This approach does not reflect decisions made to date by Council. Given Council decisions have not supported this approach, a full options analysis is not provided. This alternative option carries the disadvantages of option 2, with additional disadvantages associated with recruiting and retaining resources to deliver these services along with the need to partially novate contractual arrangements with Downer which currently delivers a full range of services across three waters.
83. Council and WBOPDC currently holds a joint contract with Downer for the delivery of maintenance activities across the water supply, wastewater and stormwater networks. This contract will be fully novated across to the proposed WO. If Council keeps responsibility for delivery, Council will either need to become an additional party to this contract or exit the contract and develop an individual one. This would be complex and incur additional costs (both initially and on an ongoing basis).
84. The additional costs to ratepayers of this option would be higher than option 2 above, reflecting the need to manage the network assets in house, undertake asset management planning, as well as managing the performance of a maintenance contract. The additional costs have not been modelled.

**OPTIONS ANALYSIS - CONFIRMING OWNERSHIP OF LAND USED FOR STORMWATER PURPOSES**

**Option 1: Council, as a general rule, confirms it will retain ownership of land used for stormwater purposes, regardless of whether that land is classified as reserve land under the Reserves Act 1977, and regardless of whether a WO is established (RECOMMENDED)**

85. Choosing this option means that the ownership of the majority of land used for stormwater purposes would remain with Council, whilst still allowing Council the flexibility to transfer ownership of specific land parcels to the proposed WO, on a case-by-case basis. Transfer of land assets to the WO will occur via a Transfer Agreement.
86. This approach is recommended as it recognises that many land parcels which are used for stormwater purposes are also used for recreational and/or other purposes by Council. It allows continued management of this land by Council, streamlining operational processes and protecting its multi-use status moving forward.
87. Estimated cost: as per WSDP
88. Key risk: Other land uses are prioritised over stormwater outcomes.

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>Recognises the dual-use nature of many of the land parcels used for stormwater purposes.</li> <li>Ensures Council retains ultimate control over the management of land used of stormwater purposes which ensures non-water outcomes (such as biodiversity and recreational use) continue to be valued alongside stormwater management.</li> <li>May simplify maintenance arrangements.</li> </ul>	<ul style="list-style-type: none"> <li>Council retains any debt associated with these land parcels (however Council also retains the value of these assets).</li> </ul>

**Option 2: Council, as a general rule, would transfer ownership of land used for stormwater purposes to the WO, if established, except when that land is classified as reserve land under the Reserves Act 1977. (NOT RECOMMENDED)**

89. This option would see the majority of land used for stormwater transferred to the proposed WO, including land used for recreational purposes. Transfer of land assets to the WO will occur via a Transfer Agreement.
90. The exception would be land classified as reserve land under the Reserves Act 1977. It would be impractical to transfer this land due to the need to first revoke its reserve status under the Act.
91. Estimated cost: financial modelling has not been completed for this option.
92. Key risk: Land which is used for stormwater purposes, but which also fulfils other critical functions for Tauranga residents, is no longer in Council ownership and non-water outcomes (such as biodiversity and recreational use) may not be valued as highly as stormwater functionality

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>Council's debt decreases (but so will Council's asset value)</li> </ul>	<ul style="list-style-type: none"> <li>Does not recognise the dual-use nature of many of the land parcels used for stormwater purposes.</li> <li>Council has decreased control over the management of land used for stormwater purposes and non-water outcomes (such as biodiversity and recreational use) may not be valued as highly as stormwater functionality.</li> <li>Maintenance arrangements may require greater coordination.</li> </ul>

**Stormwater 'hard' assets**

93. This report recommends that ownership of the 'hard' assets (excludes land) with responsibility for their management is transferred to the WO. A full options analysis has not been completed for this (see earlier points 37-38).

**STATUTORY CONTEXT**

94. The Local Government (Water Services) Act 2025 (referred to as the Act in this report) and the Local Government (Water Services) (Repeals and Amendments) Act 2025 set out the enduring settings for the new water services system. The Act provides councils with options for the provision of water services.
95. The Act provides a high degree of flexibility in regards to the delivery of, and responsibility for, stormwater, as is discussed earlier in this report (refer to the section 'Legislative context and regulatory considerations').

**STRATEGIC ALIGNMENT**

96. The recommendations made by this report contribute to the achievement of the following community outcomes:

	Contributes
An inclusive city	<input type="checkbox"/>
A city that values, protects and enhances the environment	<input checked="" type="checkbox"/>
A well-planned city that is easy to move around	<input checked="" type="checkbox"/>
A city that supports business and education	<input type="checkbox"/>

A vibrant city that embraces events



97. This report recommends adopting a ‘one water’ approach, with one organisation to have the responsibility for, and delivery of, wastewater, water supply and stormwater, and, as a general rule, for the ownership of land used for stormwater to remain with Council. This approach delivers environmental benefits, economies of scale, and supports integrated planning and delivery. The recommended approach also avoids the creation of two water service providers for Tauranga residents.

### TE AO MĀORI APPROACH

98. Council has committed to engage with Tangata Whenua as part of its ongoing planning work for the proposed WO. This is largely occurring via the inclusion of Tangata Whenua representatives on the Joint Working Group,
99. The inclusion of Tangata Whenua representatives on the Joint Working Group with Council and WBOPDC elected members is part of Council’s commitment to the principles of Te Ao Māori, and particularly recognises the principles of:
- Rangatiratanga (self determination, best practice and reciprocity)
  - Kaitiakitanga (stewardship of the natural environment)
  - Wairuatanga (belief systems that support instinct and intuition in line with whāia te tika – the pursuit of the right way forward)
100. The Tangata Whenua representatives on the Joint Working Group have strongly expressed their view that the division of wai (water) into the three activities of stormwater, water supply and wastewater is an artificial construct, as all wai is one, and that for this reason, the responsibility for all water should remain together to enable an integrated management and delivery approach (refer also to point 64).

### Past consultation with Tangata Whenua

101. Council completed formal consultation on the proposal to establish a WO for stormwater, water supply and wastewater alongside the 2025/2026 Annual Plan. As part of this consultation, Council received a submission from Te Rangapū supporting the creation of a multi-council WO and requesting that Council ensures Tangata Whenua representation on the board of any WO, and that co-governance and co-design principles are built into the establishment and operations of any future WO. There were subsequent discussions on the Te Rangapu views when there was consideration of Thames Coromandel District Council joining the WO (this has been addressed in previous Council reports).
102. Overall, the Te Rangapū submission argued that Tangata Whenua partnership is essential to any CCO achieving long-term positive outcomes and that the principle of kaitiakitanga is upheld and the mauri of wai is protected.
103. Council also received submissions from several iwi, hapū and Māori landowners, largely focused on infrastructure and land ownership.
- Otanewainuku Whanau Trust
  - Maungatapu Marae Committee and Trustees
  - Ngāti Pūkenga ki Tauranga
104. Following this formal consultation, Council received a [position paper from Tangata Whenua](#) which was tabled at Council on 5 August 2025. Whilst this paper does not specifically focus on a ‘one water’ approach versus splitting responsibility for water services, it does contain relevant principles, most notably:
- that the proposed WO must ensure the mauri, health and wellbeing of water and water bodies is central to its decision-making.

- that the proposed WO will only recognise the voice of iwi and hapū specific to the respective rohe when considering issues relating to a rohe, including issues associated with a water resource or product which is sourced, transmitted, treated or discharged in that rohe (i.e. avoid overreach by other iwi/hapū or councils into established rohe boundaries).
- that Council will ensure that the views of Tangata Whenua are given equal weight to other key considerations (such as financial viability) when determining the preferred WO model.

### Guidance provided by iwi and hapū management plans

105. There are a number of [iwi and hapū management plans](#) which have been lodged with Council, two pan tribal plans covering Tauranga Moana and Te Awanui (Tauranga harbour), and further plans with individual iwi and hapū. These plans describe resource management issues which are of importance to Tangata Whenua. Wai (water) features prominently in these plans, with common themes including the:

- need for effective management of stormwater.
- overall importance of caring for wai to ensure the wellbeing of current and future communities
- interconnections between the moana and freshwater tributaries.

### CONSULTATION / ENGAGEMENT

106. Consultation on the proposal to establish a multi-council WO occurred alongside the consultation for the 2025/2026 Annual Plan and the [Deliberations Report](#) from 5 May 2025 outlines community feedback. None of the options consulted on contemplated separating the responsibility for stormwater from that of water supply and wastewater.
107. If Council decides to retain responsibility for stormwater in-house this would result in the need to revise the current WSDP and reconsult. This will have a 'knock-on' effect with WBOPDC to some extent, as the two Council WSDPs have been assessed alongside each other.

### SIGNIFICANCE

108. 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.
109. 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.
110. In accordance with the considerations above, criteria and thresholds in the policy, it is considered that the decision is of medium significance as it has moderate public interest, moderate impact on Council, and would be moderately difficult to reverse.

## ENGAGEMENT

111. Taking into consideration the above assessment, that the decision is of medium significance, officers are of the opinion that no further engagement is required prior to Council making a decision.
112. No further engagement is required as Council has already completed consultation from March to April 2025. Council is also engaging with Tangata Whenua on an ongoing basis in relation to the proposed establishment of the WO.
113. If Council decides not to retain the responsibility for stormwater with that of water supply and wastewater, then Council would need to complete further consultation.

## NEXT STEPS

114. The next steps depend on whether Council decides:
  - To approve the recommendations of this report.
  - To proceed with establishment of the proposed WO.
115. If Council does decide to proceed as per the recommendations of this report, and with the proposed WO, the next steps would include development of a Transfer Agreement. This would be a detailed document which will set out the process for transferring responsibility of stormwater, and ownership of stormwater 'hard' assets to the WO. It would also capture the transfer of any specific land parcels (noting that it is proposed that the majority of stormwater land will stay with Council).

## ATTACHMENTS

1. **Joint Governance Group material from 22 December 2025 - A19660951** [!\[\]\(223f1a84e0bc2cacb9c165f716817dcc\_img.jpg\)](#) [!\[\]\(c437123967ec19fa50ef7951237304ba\_img.jpg\)](#)
2. **Attachment 2 - LWDW Summary of WSDP vs SW inhouse - A19689206** [!\[\]\(5325e9c836a444f145b8307dfcd1cfab\_img.jpg\)](#) [!\[\]\(9f5d0764377e51ece5908130fb65996e\_img.jpg\)](#)
3. **Attachment 3 - LWDW Other Multi Council Water Organisation Decisions - A19688996**  
[!\[\]\(8159f91629c88c355cf8b4f4c9ab7085\_img.jpg\)](#) [!\[\]\(93a937c38232525cdd9fbb803af5ab74\_img.jpg\)](#)
4. **Attachment 4 - LWDW Stormwater IBU assessment of Costs and service requirements - A19705258** [!\[\]\(bce57f3ec3a0b973ac747c3b824eea09\_img.jpg\)](#) [!\[\]\(ec1d45a3a08e26cb1c03c1e1c8c459ec\_img.jpg\)](#)

Updated: 16 December 2025

## ATTACHMENT 1: Material provided to the Joint Working Group (22 December 2025 meeting)

### Issues & Options Paper: Stormwater

#### Background

1. Tauranga City Council (“**TCC**”) and Western Bay of Plenty District Council (“**WBOPDC**”) are undertaking due diligence and establishment planning for a proposed joint Water Organisation (“**WO**”) under the Local Government (Water Services) Act 2025 (the “**Act**”) to deliver water services.
2. Both TCC and WBOPDC have submitted a Water Services Delivery Plan (“**WSDP**”) to the Department of Internal Affairs (“**DIA**”) for approval, and the DIA has approved both WSDPs which contemplate transferring responsibility for all 3 waters (water supply, wastewater, stormwater) to the proposed WO.
3. In August 2025, TCC’s Elected Members resolved:

*“Notes that the WSDP includes stormwater, and that due to a combination of practical constraints and the statutory deadline for submission of the WSDP that*

- a. further work will be done to consider other aspects of stormwater management including assets, ownership, charging and following further information Council may, at a later date, decide to retain stormwater in-house.”*

4. The further work directed above has now largely been completed<sup>1</sup>, and in this paper, we present the outcome of that work and the reasonable options that are available to TCC for stormwater.
5. It is important to note that WBOPDC did not pass a similar resolution to TCC’s mentioned above. Accordingly, there are some decisions<sup>2</sup> relating to stormwater that are relevant to TCC only due to the above resolution. Other decisions will be relevant to both TCC and WBOPDC as shareholders of the WO. For those decisions that sit with TCC only, the other Joint Working Group (**JWG**) members can nonetheless share any relevant views for TCC’s Elected Members to consider in their decision making.

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<sup>1</sup> Although staff have undertaken preliminary financial modelling on stormwater, further work is required before this can be finalised.

<sup>2</sup> We reiterate that the JWG is not a decision-making forum.

Updated: 16 December 2025

6. The information is presented to the JWG so that the JWG has an understanding of the topics that TCC is considering. Once TCC has made its decisions, there will be direct implications for the WO and potentially also WBOPDC. There will be flow on direction sought from the JWG once TCC decisions have been made.
7. This paper has been prepared on the basis:
  - a. That WBOPDC is not seeking to reconsider its decision to transfer responsibility for stormwater to the WO;
  - b. That both TCC and WBOPDC decide to proceed with the establishment of the WO following the due diligence process (and we acknowledge that elected members are yet to make that decision); and,
  - c. That preliminary financial modelling for stormwater has been undertaken and when the financial modelling on stormwater is finalised this paper will be updated accordingly.
8. This paper will outline the following:
  - a. A summary of the previous report provided to TCC on stormwater.
  - b. Introductory principles.
  - c. Best practice recommendations that inform the issues and options
  - d. Introduce the key items that staff will be asking for direction from TCC or the JWG as appropriate in early 2026:
    - i. Should TCC or the WO be responsible for stormwater services within the TCC region? (This topic will be a **TCC decision**)
    - ii. In the event TCC retains responsibility for stormwater services, does TCC wish to deliver stormwater services in-house or does it wish to outsource the delivery of stormwater services to the WO? (This topic will be a **TCC decision**)
    - iii. In the event the WO assumes responsibility for stormwater services (either for WBOPDC only, or both TCC and WBOPDC), do the shareholders want stormwater charging to be set by the WO's Board with or without the shareholders have some operational direction. (This topic will be for **JWG direction**)
  - e. Next steps.

### Previous Reports on Stormwater

Updated: 16 December 2025

9. Staff have provided advice to TCC on stormwater on a number of occasions already, including on:
- a. 9 December 2024, which outlined the business case for future water service delivery in the Tauranga region.
  - b. 24 March 2025, which included a discussion on “three waters versus a two waters approach and new financial modelling.” The paper noted five primary reasons for proceeding with three waters versus two waters:
    - i. *“The changes to stormwater delivery would be largely operational and internally facing, i.e. they will impact on how Council staff do things internally, and how they liaise with the stormwater function. However, the opportunity cost of remaining with two-waters will hinder any new CCO from being an attractive partner to other CCOs or councils wishing to amalgamate three-waters activities with the Tauranga CCO. The minor operational challenges may be managed via service level agreements and relationship agreements, internally facing documentation. There will be no change to the level of customer service provided by the stormwater activity, regardless of whether it is delivered by Council or by a CCO.”*
    - ii. *“A CCO has the ability to borrow up to 500% of revenue and this opens up investment opportunity for stormwater and flood management improvement works.”*
    - iii. *A three-waters model has potential to deliver greater capex and opex efficiencies. The modelling completed by MartinJenkins, and presented as part of this report, provides financial forecasting for the potential CCO options (a CCO only servicing Tauranga, versus a CCO servicing two or more local government areas). It is based on a three-waters scenario. The operational and financial efficiencies identified in this modelling would not be fully realised if a two-waters approach was adopted. In addition, existing waters staff have significant experience in stormwater planning, management, operations, renewals and consenting. This makes an attractive partner for future growth prospects for the CCO. If a two-waters approach was adopted, this existing knowledge of stormwater systems would be lost to Council and need to be replaced.*
    - iv. *Avoids duplication of knowledge and compliance in the new regulatory environment.*



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- v. *A three-waters approach is better able to deliver a co-ordinated response in the event of an emergency.*
- c. 26 May 2025, which provided the findings and analysis from community consultation on the future delivery model for Tauranga's waters services.
- d. 14 July 2025, 5 August 2025, 15 August 2025 which provided advice on the WSDP and related matters.

In December 2024, March 2025 and May 2025, TCC noted its intent to proceed with the transfer of three waters to the proposed WO. In 15 August 2025, TCC confirmed its earlier intent to transfer three waters to the proposed WO but also resolved the following:

*"Notes that the WSDP includes stormwater, and that due to a combination of practical constraints and the statutory deadline for submission of the WSDP that:*

*further work will be done to consider other aspects of stormwater management including assets, ownership, charging and following further information Council may, at a later date, decide to retain stormwater in-house."*

10. It is assumed that the matters covered in previous papers are already understood and do not need to be revisited. This paper focuses on the further work directed in the August 2025 resolution above<sup>3</sup> and matters not previously covered in earlier papers, including reporting on responsibility, contracting and charging mechanisms.

### **"Introductory principles" regarding stormwater**

11. We have provided detailed background information regarding stormwater services at **Appendix 1** (Fact Sheet: An overview of Stormwater under the Local Government (Water Services) Act 2025). We have also provided at **Appendix 2** a Stormwater Options Table as a snapshot of options that are available for stormwater.<sup>4</sup>

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<sup>3</sup> Although we note the financial modelling on stormwater is still to be finalised.

<sup>4</sup> The "Options for Stormwater" set out in Appendix 2 contains 5 different "scenarios", but not every one of those scenarios is captured in this paper (Scenarios 1, 2 and 4 within Appendix 2 are what we consider to be reasonable options available based on best practice. We consider that scenarios 3 and 5 within Appendix 2 are theoretical options that would not reflect best practice). If every theoretically available scenario was to be captured in this paper, it would need to be much longer in duration. Accordingly, we have focussed on what we consider to be the reasonable options which have been informed by the Act, other relevant legislation and the views of industry experts.

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12. We recommend the JWG familiarise themselves with f these documents. However, we wish to highlight the following key principles which are likely to be of particular relevance to TCC's decision making:

- a. The Act is very accommodating as to how Councils choose to structure stormwater services. Legally, most configurations can be made to work. The Act can also accommodate any configuration for transferring stormwater assets to the WO<sup>5</sup>
- b. There is an important distinction to be made between owning assets for a particular water service and holding responsibility for providing a particular water service. Ownership does not automatically equate to service responsibility, and the individual transfer agreements that the TCC and WBOPDC will enter with the WO can split up responsibility and asset ownership.
- c. A party that holds responsibility (even some responsibility) for providing one or more water services will be a Water Services Provider ("**WSP**") under the Act, regardless of who owns the assets.
- d. WSP status carries significant statutory obligations (e.g. preparing a Water Services Strategy, annual stormwater budgets, auditing requirements and reports, achieving regulatory standards, and requirements etc).
- e. TCC's WSDP anticipates 3 waters (water supply, wastewater, and stormwater) will transfer to the WO. In the event TCC elects to retain responsibility for stormwater, this will constitute a structural change under the Act, which will require a fresh round of public consultation before submitting an amended WSDP to DIA by no later than 3 September 2026.
- f. In any scenario where stormwater responsibilities or assets are split between Council and the WO, some form of "contracting back" agreement between the two will be necessary to manage interfaces and avoid confusion, including with respect to liability.
- g. Although permissible, there are a number of downsides to TCC and WBOPDC approaching responsibility for stormwater differently (including competing interests between shareholders and an inability to achieve "economies of scale" efficiencies).

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<sup>5</sup> Although it will be a very difficult process to transfer land that is subject to the Reserves Act 1977 out of Council ownership.

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- h. Following establishment, the WO can continue to use a property's "rateable value" as the basis for stormwater charging. However, the Act requires the WO to move away using a property's "rateable value" over a 5 year period. By year 5 most of the charge (more than 50%) must be comprised of something other than a property's "rateable value". By year 6 the WO must use methods other than a property's "rateable value" for the whole charge.
- i. All properties within a service area, regardless of whether they fall inside or outside of the WSP's stormwater service zone(s), can be charged for stormwater services. However, the WO's charging structure must differentiate between properties that fall inside or outside of the zone. This is likely to result in a scenario where properties that fall within the stormwater service zone would likely be subject to a higher charge compared to properties that fall outside the zone. The legal definition of the stormwater service zone, and some practical examples, is set out in the Stormwater Fact Sheet at **Appendix 1**.
- j. Aside from complying with the above, the Act is very flexible in how the WO can set stormwater charges. For clarity, the WO can set charges taking into account matters that may have some correlation to a property's rateable value, which may include NZ Deprivation Index, property land size etc, so long as these are not a direct proxy for property's rateable value based charging, and the choice is reasonable. An example of how the WO could charge for stormwater could be to apply a fixed charge to all properties in the WO's service area, with an additional variable charge over and above the fixed charge based on whether the property is located within or outside a stormwater service zone, with further adjustments based on a NZ Deprivation index, property land size, a property's permeable area or similar.
- k. While the Councils cannot dictate the WO's approach to stormwater charging, the WO's foundation documents can be drafted in a way to give the Councils a certain amount of influence over the WO's approach to charging. However, future requirements or direction set by the Commerce Commission (or other regulators) will prevail over any inconsistent direction from the shareholders<sup>6</sup>.
- l. As matters stand following the review and approval of WSDP's across New Zealand, a total of 12 multi-Council WOs are proposed to be

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<sup>6</sup> See Section 229(2) of the Act.

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established. The majority of these (9) will be established under the Act to hold responsibility for stormwater infrastructure and service delivery.

- m. Section 15 of the Act enables a territorial authority to return the provision of water services, any water services infrastructure and any other matters transferred to WO back to the territorial authority. In other words, any decision, including the transfer of responsibility for stormwater, has the potential to be reversed.

### Best practice recommendations that inform the issues and options

13. The scope of the WO's business (2 waters for TCC or 3 waters for TCC) has been identified as a political decision in the Commercial Term Sheet requiring an issues and options paper for consideration. In the following section, for the first and second issues we have identified the reasonable options for the JWG members to share their views for TCC to consider in the TCC decision-making process. For the third issue, we have identified reasonable options for the JWG to consider purpose of attempting to reach a consensus view that can proceed as a recommendation to the respective Councils.
14. We have framed the reasonable options based on the following, which we consider to be best practice based on our interpretation of the Act, other relevant legislation and the view of industry experts:
  - a. Land used for stormwater purposes can broadly be divided into two categories:
    - i. Stormwater land that is subject to the Reserves Act 1977 ("**Reserves Act**"). It will not be viable to transfer ownership of this land from the Councils to the WO.<sup>7</sup>
    - ii. Stormwater land that is not subject to the Reserves Act. It may be viable to transfer this land outside of Council ownership into the WO. However, for the purposes of this paper we have assumed that such land will remain in Council ownership.<sup>8</sup>
  - b. Regardless of the entity that is the WSP for stormwater services (TCC or WO), the entity that is the WSP should own the stormwater "hard"

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<sup>7</sup> It is not legally possible for a Council to transfer land classified as reserve (and therefore subject to the Reserves Act 1977) to the WO. Instead, the status of "reserve" would need to be removed, and this process would be expensive, would require public consultation and would likely take years to achieve (i.e. unlikely to be a viable option). Similarly for local roads owned by Councils as Road Control Authority – it will not be viable to transfer this land to the WO.

<sup>8</sup> This is an assumption that can be revisited during the "transfer agreement" phase of this project (i.e. after the WO is incorporated, but before it becomes operational) where the Councils can consider whether or not they would prefer to transfer any specific parcels of land to the WO.

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stormwater infrastructure assets, such as all pumps, pipes, dams, inlets, outlets, scruffy domes, etc.

- c. Due to the obligations imposed on WSPs, there is an argument that customers (i.e. ratepayers) would see better value for money and greater efficiencies if there is only one WSP, as opposed to two or three WSPs. This is highlighted by the preliminary financial modelling but will be confirmed once the financial modelling is finalised.
- d. In the event TCC retains responsibility for stormwater services, TCC should also retain ownership of all stormwater assets (even if delivery obligations are outsourced to the WO).
- e. Regardless of the entity that is responsible for stormwater services (TCC or WO), there will need to be some form of contracting arrangement between the Councils and the WO to deal with the interface of responsibilities, assets and liabilities.
- f. In the event TCC elects to transfer responsibility for stormwater services to the WO, from an efficiency and value for money perspective, it doesn't make a lot of sense for the WO to enter into a comprehensive contracting back arrangement with TCC and/or WBOPDC for the delivery of stormwater services.<sup>9</sup>
- g. Although it is technically legally permissible for a WO to issue a single charge to Council for stormwater, and for the Council to issue a stormwater rate to property owners, we advise against such an approach as it separates funding for stormwater services from responsibility for governance and delivery of stormwater services which would likely confuse accountability. This is further addressed in the Stormwater Factsheet at **Appendix 1**.

### Three stormwater issues

15. As mentioned above, the Act is very flexible. So, there are numerous possibilities that are theoretically possible for the delivery of stormwater services. However, in this paper we focus the decision-making to three core issues:

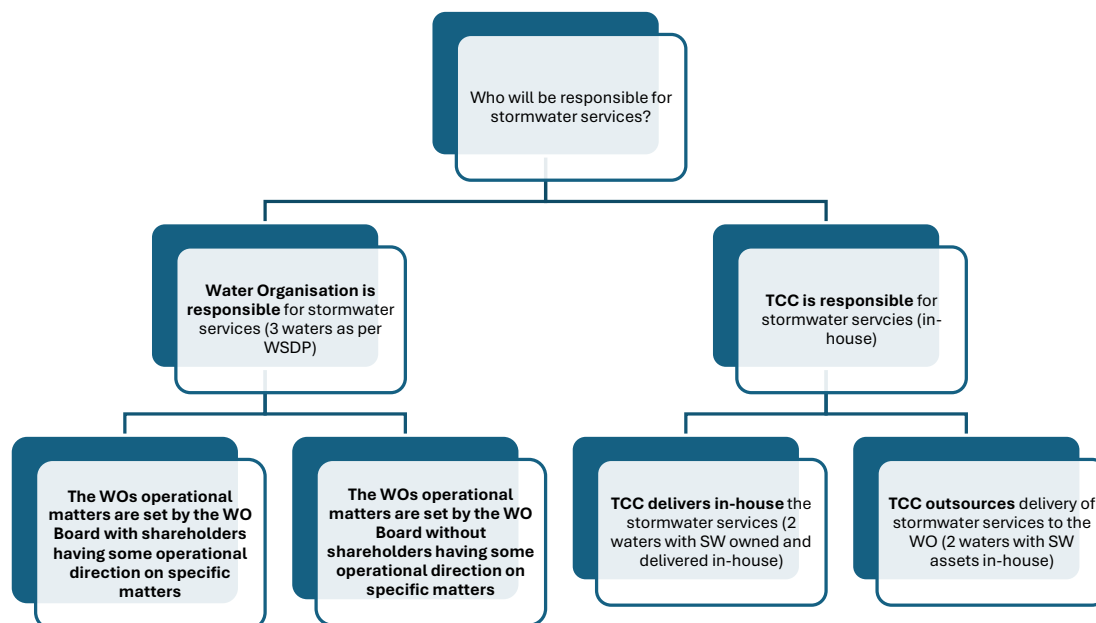
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<sup>9</sup> So that theoretical option (i.e. a scenario where TCC transfers responsibility to the WO, but then the WO transfers delivery obligations back to TCC) is not discussed further within this paper.

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- a. Should TCC or the WO be responsible for stormwater services within the TCC region? **(TCC decision)**
- b. In the event TCC retains responsibility for stormwater services, does TCC wish to deliver stormwater services in-house or does it wish to outsource the delivery of stormwater services to the WO? **(TCC decision)**
- c. In the event the WO assumes responsibility for stormwater services (either for WBOPDC only, or both TCC and WBOPDC), do the shareholders want stormwater charging to be set by the WO Board with or without the shareholders having some operational direction? **(JWG direction sought)**

16. These decisions are set out below in diagrammatic form:



**First issue: Should TCC or the WO be responsible for stormwater services within the TCC region? (TCC Decision)**

17. The first issue for Tauranga City Council is whether or not to transfer responsibility for stormwater services to the WO. As noted above, each Council's WSDP<sup>10</sup> anticipates that responsibility for stormwater will transfer to the WO. However, in

<sup>10</sup> Submitted to and approved by the DIA.

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the light of TCC's resolution outlined above we set out the two options available, along with some of the key advantages / disadvantages for each option.

Advantages	Disadvantages
<b>Option 1 – Council transfers responsibility for stormwater services to the WO</b>	
<ul style="list-style-type: none"> <li>• No requirement to amend WSDP (or re-consult).</li> <li>• Only one WSP (being the WO).<sup>11</sup></li> <li>• Scope for the WO to achieve economies of scale efficiencies.</li> <li>• If both Councils transfer responsibility to the WO, then the WO will be able to take a consistent approach to stormwater across all of the cross-boundary catchments between TCC land and WBOPDC land.</li> <li>• The WO will be responsible for delivering 3 waters for both Councils, and the Board will not face any competing interests that may arise if the WO is responsible for delivering 2 waters for one Council and 3 waters for the other Council.</li> </ul>	<ul style="list-style-type: none"> <li>• The Council will not be directly responsible for setting stormwater charges, and after 5 years the WO will have to base the majority of the charge on something other than a property's ratable value<sup>12</sup>. There may be a perception that the charging methodology may not recognise some underlying economic constraints for some property owners.</li> </ul>
<b>Option 2 - Council retains responsibility for stormwater services</b>	
<ul style="list-style-type: none"> <li>• The Council will be responsible for setting stormwater charges and will have the ability to use rateable property values.</li> </ul>	<ul style="list-style-type: none"> <li>• This will be a structural change to the WSDP that requires re-consultation with the public. This would need to occur within a very constricted timeframe, because WSDP's cannot be changed after 3 September 2026.</li> <li>• There will be 2 WSPs, meaning a duplication of statutory obligations. Those statutory obligations require significant investment in terms of time and resources (they will not be a mere "form-filling" exercise).</li> <li>• Potential that WO will provide 2 water services for one Council, and 3 water</li> </ul>

<sup>11</sup> This will mean that the Council will not be subject to the various statutory obligations that come with being a WSP.

<sup>12</sup> We note that the Council can influence the WO's charging, providing the appropriate drafting is included in the founding documents – see section 228(3) and section 228(4) of the Act.

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Advantages	Disadvantages
	services for the other. This will likely impact WO governance dynamics and also risk causing confusion within the public.

***Second issue: In the event TCC retains responsibility for stormwater services, does TCC wish to deliver stormwater services in-house, or does it wish to outsource the delivery of stormwater services to the WO? (TCC Decision)***

18. In the event TCC retains responsibility for stormwater services, that does not necessarily mean that TCC must deliver those services. The options available, in terms of delivery, are:

- a. TCC delivers stormwater services in-house; or
- b. TCC outsources delivery of stormwater services to the WO (via a comprehensive contracting back arrangement).<sup>13</sup>

19. The key advantages and disadvantages of each option are set out below:

Advantages	Disadvantages
<b>Option 1 – TCC delivers stormwater services in-house</b>	
<ul style="list-style-type: none"> <li>The entity responsible for stormwater services (the Council) will also be the entity undertaking those services (the Council).</li> </ul>	<ul style="list-style-type: none"> <li>Limits opportunity to achieve economies of scale efficiencies by having one entity undertake all stormwater services across TCC and WBOPDC land.</li> <li>TCC will be considered the WSP and be required to meet all legal obligations such as compliance reporting, development of a Water Services Strategy and financial reporting.</li> </ul>
<b>Option 2 - TCC outsources stormwater delivery to the WO</b>	

<sup>13</sup> Note that outsourcing stormwater delivery to the WO would likely be captured as a “significant contract” under the Act. Section 23 and 24 set out a number of requirements for “significant contracts”, including a requirement to assess options and undertake consultation.



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Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• Scope for the WO to achieve economies of scale efficiencies.</li> <li>• The WO will be able to take a consistent approach to stormwater across all of the cross-boundary catchments between TCC land and WBOPDC land.</li> </ul>	<ul style="list-style-type: none"> <li>• Disconnect between the entity responsible for stormwater services (the Council) and the entity undertaking those services (the WO).</li> <li>• Council will bear ultimate responsibility (with the public, stakeholders and regulators) for services that Council does not provide.</li> <li>• Additional time, cost and resources to draft the contracting back arrangement, and undertake consultation obligations etc., on the basis this would be considered a “significant contract” under the Act.</li> <li>• TCC will be considered the WSP and be required to meet all legal obligations such as compliance reporting, development of a Water Services Strategy and financial reporting.</li> </ul>

***Third issue: In the event the WO assumes responsibility for stormwater services (either for WBOPDC only, or both WBOPDC and TCC), do the shareholders want stormwater charging to be set by:***

***(a) The WO Board with the shareholders having some operational direction; or,***

***(b) The WO Board without the shareholders having some operational direction***

***(JWG Direction Sought)***

20. One purpose of the Act is to clearly set out the responsibilities, functions, duties and powers of the WO as water service provider.<sup>14</sup> Consistent with that particular purpose, the default position under the Act is that the statement of expectations created by the shareholders cannot set requirements relating to the WO's performance of duties, functions or powers under the Act (in other words, Councils

<sup>14</sup> Section 3(b) of the Act.

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cannot set direct requirements for the WO's operational matters).<sup>15</sup> However, despite that default position, there are two ways that Councils can influence the WO's operational matters:

- a. The above default position does not apply if the WO's foundation documents (constitution and shareholders agreement) provide otherwise.<sup>16</sup> So, including operational "carve-outs" within the foundation documents (and then expanding on those carve-outs within the statement of expectations) is one way that Councils can influence the WO's operational matters.
- b. The WO's shareholders (i.e. TCC and WBOPDC) can decide what role they will have regarding the WO's water services strategy, and specifically whether they wish to either:
  - i. have the right to provide comments (only) on drafts strategies; or
  - ii. have the right to require amendments to draft strategies, and the final right to approve (or not approve) the strategies.<sup>17</sup>

Therefore, another way to exert influence over the WO's operational matters is to reserve the right to require amendments and the right to approve the WO's water service strategies.

21. At this point it is worth reiterating that future requirements set by the Commerce Commission (or other regulators) will prevail over any inconsistent requirements set by the Council shareholders. For example, if the Councils "carve-out" an ability to set requirements for stormwater charging, and then act on that carve-out by imposing a certain calculation for the WO to adopt – if that calculation is contrary to directions set by the Commerce Commission, the WO must follow the Commerce Commission (and disregard the Council requirements). Similarly, if the responsibility is with the Council, and any action taken by Council is contrary to the directions set by the Commerce Commission – then Council will need to comply with the Commerce Commission direction.

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<sup>15</sup> Section 228(3) of the Act.

<sup>16</sup> Section 228(4) of the Act.

<sup>17</sup> Section 236(2) of the Act:

(2) The shareholders of the water organisation must determine the nature of their involvement in preparing and finalising the water services strategy, including whether—

- (a) the shareholders will be able to, as necessary,—
  - (i) provide comments on the draft strategy;
  - (ii) require the water organisation to amend the draft strategy;
  - (iii) approve the final strategy; or
- (b) the shareholders will be able to provide comments on the draft water services strategy but will not have the power to require changes or approve the final strategy.

(3) However, if a shareholder that is a territorial authority is able to approve the final strategy, it must comply with the decision-making requirements in the LGA 2002.

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22. We recommend that the shareholders exercise discretion to have a greater level of operational influence and include appropriate “carve outs” in the foundation documents only where<sup>18</sup>:
- a. A particular operational matter is considered by shareholders to be of significant importance; or
  - b. The shareholders wish to exert greater operational influence over a specific, significant strategic outcome.
23. Based on the feedback received to date, ensuring that stormwater charging takes into account affordability would meet one or both of these criteria.
24. Accordingly, we have set out below the advantages and disadvantages of stormwater charging being set by the WO’s Board with or without the shareholders having some operational direction.

Advantages	Disadvantages
<b>Option 1 – Stormwater charging is set by the WO’s Board <u>with</u> the shareholders having some operational direction</b>	
<ul style="list-style-type: none"> <li>• Councils may be able to incorporate community feedback into operational and / or charging matters.</li> </ul>	<ul style="list-style-type: none"> <li>• May be seen as being unnecessary, as the WO must give effect to the shareholders’ statement of expectations which can include direction on ensuring stormwater charging remains affordable. How the WO gives effect to this direction, i.e. the “how”, will be left to the WO.</li> <li>• Could be perceived as inhibiting operational and financial decision-making of the WO’s board and executive.</li> <li>• Could be perceived as a disincentive to good candidates from taking up a role on the WO’s board (who may be hoping</li> </ul>

<sup>18</sup> We recommend these same criteria be applied to any additional matter where the shareholders wish to exercise greater influence.

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Advantages	Disadvantages
	<p>/ anticipating that the board will operate totally autonomously).</p> <ul style="list-style-type: none"> <li>• Could be perceived as a lack of confidence in the WO's board – who will already be hand-picked by the shareholders.</li> <li>• May increase the risk that the WO's stormwater being inconsistent with directions from the regulator.</li> <li>• The shareholders will be more removed from day to day operations (and future-forecasting) of the WO, and may be in a less favourable position to provide directions on how the WO is best to give effect to the shareholders direction to reflecting affordability in the charging of stormwater.</li> <li>• The shareholders may set stormwater charging requirements that prevent the WO from investing in infrastructure (exasperating the long-term “infrastructure deficit” that the LWDW legislation attempts to resolve).</li> </ul>
<p><b>Option 2 - Stormwater charging is set by the WO's Board <u>without</u> the shareholders having some operational direction.</b></p>	
<ul style="list-style-type: none"> <li>• WO's board and executive will have autonomy to make what they consider to be the best operational and financial decisions, that will give effect to the shareholders' statement of expectations.</li> <li>• The best director candidates (which will give the WO the best chance of</li> </ul>	<ul style="list-style-type: none"> <li>• The community may misunderstand the role of Council (i.e. Council's role is shareholder, rather than driver of operational matters, such as how stormwater is to be charged).</li> </ul>

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Advantages	Disadvantages
<p>being successful) are likely to be attracted to operational autonomy.</p> <ul style="list-style-type: none"> <li>• This would emphasise shareholders' confidence in the WO's board – who will already be hand-picked by the shareholders.</li> <li>• The shareholders will still have the opportunity to influence the WO' stormwater charging via the statement of expectations and through feedback on the Water Services Strategy.</li> <li>• The entity undertaking stormwater operational matters (i.e. the WO) will be responsible for how stormwater is charged.</li> <li>• The WO will be able to make decisions outside of “election cycles” or “political currents”. They will be able to take a long-term, best practice view for infrastructure investment and operational matters.</li> </ul>	

### Next Steps

25. In the above sections we have identified the reasonable options for TCC to consider and the consequential flow on matter for the JWG to consider for direction at a further meeting in early 2026.
26. The next steps shall be:
  - a. Finalise the financial modelling on stormwater;
  - b. Based on the finalised financial modelling on stormwater, update this I&O Paper accordingly;
  - c. Based on key input from WBOPDC and Tangata Whenua for TCC consideration, update the I&O Paper accordingly;

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- d. Present the updated I&O Paper on Issues 1 & 2 to a TCC Council meeting in early 2026.
- e. With respect to Issue 3, in accordance with the terms of reference for the JWG, in the event there is a consensus view, that consensus view will proceed as a recommendation to the respective Councils. Where a consensus view is not reached, the matter will be escalated to the full Councils, together with a report that clearly outlines the different positions and the associated rationale.

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**Fact Sheet: An overview of Stormwater under the Local Government (Water Services) Act 2025**

**Background**

1. Tauranga City Council (“**TCC**”) is undertaking due diligence and establishment planning for a proposed joint Water Organisation (“**WO**”) with Western Bay of Plenty District Council (“**WBOPDC**”) under the Local Government (Water Services) Act 2025 (the “**Act**”) to deliver water services.
2. A key due diligence question for TCC is whether and how to include stormwater services in the new WO. How TCC elects to proceed with stormwater will also have implications for WBOPDC, and the proposed WO. Accordingly, we recommend all stakeholders be briefed on the matters set out in this stormwater factsheet to ensure informed decision making and to avoid unintended consequences.
3. This paper builds on the advice from Simpson Grierson and outlines:
  - a. First principles.
  - b. Key points regarding stormwater charging.
  - c. Key points regarding the stormwater service zone (who are the parties that the WO can charge for stormwater).
  - d. Liability for stormwater management and flooding.

**“First Principles” Regarding the Act and Stormwater**

4. **The Act’s Broad Flexibility:**
  - a. The Act is very accommodating as to how a Council chooses to structure water services. Legally, most configurations can be made to work (e.g. one Council shareholder can include three waters, and another Council shareholder can include only two waters).
  - b. However, some arrangements might technically comply with the law but create practical inefficiencies and “miss out” on some of the proposed benefits of a WO (such as economies of scale for operations).
5. **“Responsibility” vs. “Ownership”:**

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- a. There is an important distinction to be made between owning assets for a particular water service, and holding responsibility for providing a particular water service. Ownership does not automatically equal service responsibility, and the transfer agreement can split the two.
- b. It is possible for one party to retain ownership of stormwater assets, and another entity to hold responsibility for providing stormwater services. So TCC could retain ownership of all or some stormwater assets, but transfer the service responsibility to the WO.

**6. Whoever Has Responsibility Is the WSP:**

- a. A party that holds responsibility (even some responsibility) for providing the water service will be a Water Services Provider (“WSP”) under the Act, regardless of who owns the stormwater land.
- b. If TCC transfers all responsibility for stormwater to the WO (via the transfer agreement), the WO will be the WSP for stormwater (or vice versa). This is the case even if TCC retains ownership of stormwater land.<sup>1</sup>
- c. On the other hand, if TCC retains responsibility (even for part of the network) for providing stormwater services, then TCC becomes a WSP for that part, and therefore subject to all statutory requirements of being a WSP.
- d. Importantly, WSP status carries significant statutory obligations (e.g. preparing a Water Services Strategy, annual stormwater budgets, auditing requirements and reports, achieving regulatory standards, and requirements etc). So, retaining or handing over responsibility is a significant decision.

**7. It is Possible to Have More than One WSP for Stormwater – But Co-ordination Is Required:**

- a. The Act explicitly allows split responsibilities in stormwater.<sup>2</sup> So it would be possible for both TCC and the WO to each be partly responsible for providing stormwater services under the Act. If this happens, the law requires those WSPs to collaborate closely – for instance, they must jointly develop stormwater risk management plans for the whole network so nothing falls through the cracks.



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- b. The consequence of having more than one WSP is increased complexity, risks of duplication and potential inefficiencies. Both entities would need to maintain compliance programs, asset management, and planning for their respective spheres of responsibility. Even if the Council contracted the WO to provide these services, the Council would still ultimately have the statutory responsibility. It would therefore need to take steps to ensure that the obligations are being met (this may include inquiry, audit, independent review etc), that the Council is fulfilling its governance responsibilities with respect to stormwater. This means extra work and cost to residents.

**8. Councils Have Full Discretion on Which Assets Transfer:**

- a. The Councils have complete discretion to decide which stormwater assets (if any) to transfer to the WO. The Act's Schedule 2 allows the transfer agreement to list "any assets" being transferred, meaning TCC/WBOPDC can include or exclude whatever they want.
- b. In deciding this, we note that section 46 of the Act prohibits a WO from doing anything other than providing water services or services that are related to, or necessary for, providing water services<sup>3</sup>. So TCC cannot handover responsibility for the running of a playground to the WO. So, if an asset has dual uses, transferring it wholly to the WO would still require TCC to handle the non-water aspects.
- c. For the purposes of our Stormwater Issues & Options paper we have assumed that all land used for stormwater purposes (whether or not such land is subject to the Reserves Act 1977) will remain in Council ownership. However, that assumption can be revisited during the "transfer agreement" phase of this project (i.e. after the WO is incorporated, but before it becomes operational) where the Councils can consider whether or not they would prefer to transfer any specific parcels of land to the WO.

**9. TCC Can Remain the WSP Responsible For Stormwater, But Outsource All Deliver Obligations to the WO:**

- a. In the event Council retains responsibility for stormwater services, that does not necessarily mean that Council must deliver those services. Council may outsource delivery of stormwater services to the WO (via a comprehensive contracting back arrangement).

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- b. Note that outsourcing stormwater delivery entirely to the WO would likely be captured as a “significant contract” under the Act. Section 23 and 24 set out a number of requirements for “significant contracts”, including a requirement to assess options and undertake consultation.

**10. Contracting Back Arrangements Will Be Needed for Dual-Purpose Assets (and More So if TCC Becomes the WSP):**

- a. In any scenario where stormwater responsibilities or assets are split between TCC and the WO, some form of contracting or agreement between the two will be necessary to manage interfaces and avoid confusion, including with respect to liability.
- b. If the WO is the WSP responsible for stormwater services, but TCC retains ownership of certain land or facilities (say a park with a stormwater pond), there must be a formalised understanding about how the WO can access that land to maintain stormwater infrastructure, and how TCC will maintain the land (or vice versa if TCC is the WSP).
- c. Section 22 of the Act allows a WSP to contract another party (even another WSP) to perform aspects of service. For clarity, a WSP that enters into a contract under this section continues to the WSP for the water service to which the contract relates and retains control over policy and pricing<sup>4</sup>.
- d. For dual-use assets, at a minimum any agreement should cover rights of access, roles and cost-sharing for maintenance. (For instance, if the WO needs to regularly clear a stormwater channel on land TCC owns, TCC can give the WO an upfront consent to access the land whenever required<sup>5</sup>).
- e. It is important to bear in mind that TCC cannot transfer land classified as reserve (and therefore subject to the Reserves Act 1977) to the WO. Instead, the status of “reserve” would need to be removed, and this would require public consultation and likely take years to achieve (i.e. unlikely to be a viable option).

**11. Downsides To Approaching Stormwater Differently.** TCC and WBOPDC can approach the topic of stormwater differently. However, there are some potential downsides to this approach, namely:

- a. Governance and Shareholding: The Councils’ relative transfers to the WO would differ. One Council would be transferring a “full suite” of 3 waters assets, the other only 2 waters. The Council transferring a full 3 water suite

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- may argue that they are entitled to greater governance and shareholding. For example, should TCC as a shareholder have any say in the WO's delivery of stormwater if TCC has retained stormwater services in-house?
- b. Board Dynamics: All directors of the WO must act in the interests of the entire company, but if only one Council has stormwater in the mix, the WO's board might face difficult prioritisation decisions.
  - c. Need for Ring-Fencing: With asymmetric water services (WBOPDC, 3 waters; TCC, 2 waters), financial separation (ring-fencing) would almost certainly be needed (which we understand is intended in any event). Essentially, the WO could become a two-speed entity: stormwater as a standalone business unit serving WBOPDC only, and water/wastewater jointly serving both. This complicates the WO's financial management but would be important for fairness.
  - d. Joint Decision-Making: Many of the WO's key documents (Statement of Expectations, Water Services Strategy, etc.) are intended to be shaped by both shareholder Councils. If TCC isn't involved in stormwater, how will it participate in setting expectations or reviewing plans that include stormwater? There might need to be an arrangement where TCC abstains from stormwater-related sections, which may create complexities and inefficiencies.
  - e. Efficiency Losses: One major reason to create a joint WO is efficiency gains through scale and integration. If one Council's stormwater is outside the WO, neither the WO's stormwater operations nor the Council's will fully benefit from shared resources. There's also potential duplication in customer communication (ratepayers in Tauranga get stormwater info from TCC, while WBOPDC residents hear from the WO), which might cause public confusion.
  - f. Cross-Boundary Catchments: Stormwater doesn't follow political boundaries. There may be areas where water flows from Tauranga into WBOPDC or vice versa. If one side is WO-managed and the other side Council-managed, coordinating projects in those catchments could be harder.

**12. Public Consultation is Required for a "Structural Change" within a Water Service Delivery Plan.**

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- a. TCC's Water Service Delivery Plan ("**WSDP**") currently anticipates that responsibility for stormwater services will be transferred from TCC to the WO.
- b. Any amendment to a WSDP must be made before 1 September 2026.<sup>6</sup>
- c. However, section 80 of the Act provides that if TCC "proposes making a structural change to the provision of water services in its district" then public consultation will be required. We consider that a decision by TCC to change its WSDP to retain responsibility for stormwater would meet this threshold, and therefore require public consultation.
- d. In order to inform the balance of commercial terms, and to allow time to implement any amendment to the WSDP by 3 September 2026, and undertake public consultation (if that is required), TCC will need to make a final decision on how stormwater is to be treated very early in 2026.

#### **Key Points Regarding Stormwater Charging**

13. Under Council, stormwater is funded by rates (largely based on property values). Under the Act, a WO will have to use a different charging method over time. Here are the key points:
  - a. **Transitional Period (Years 1–5 of WO):** Section 89 of the Act allows the WO's stormwater charges to be based on a property's rateable value for up to five years after the WO is established. However, the Act also expects a gradual transition in that period. By Year 5, most of the charge (more than 50%) should be coming from other factors, not the property value; and by Year 6, the WO can no longer use property value in its stormwater charge at all.
  - b. **Post-Transition Charging Options:** After 5 years, the WO has broad flexibility to choose a charging method as long as it's reasonable and not based on land value. Acceptable methods could include:
    - A flat fee per property (or per connection).
    - A tiered fee based on land area or impervious surface area (since bigger hard-surfaced properties generate more runoff).
    - A differentiated fee based on land use or location (e.g. residential vs commercial, or different charges for different suburbs if justified by different service costs).

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- Using socioeconomic factors – the WO could set lower stormwater charges for areas with high deprivation index<sup>7</sup> as a policy choice (as long as it's reasonable and not just a proxy to sneak property value back in). See paragraphs 14 and 15 below for an explanation of how Councils provide direction in this regard.
  - Any combination: The WO could charge via a combination of a fixed component plus a variable component linked to, say, impervious area or deprivation.
14. By default, WO shareholders cannot directly dictate operational decisions like how the WO sets its charges. Section 228(3) of the Act says that a Statement of Expectations (“SOE”) must not include any requirement about how the WO performs its duties or powers under the Act. In short, operational matters are intended to be left up to the WO, as opposed to the shareholding Councils.
15. However, s 228(4) provides an important exception. If the WO's foundation documents (i.e. Constitution or Shareholders' agreement) explicitly allow it, then the restriction in s 228(3) does not apply. This means that, to a degree, shareholders can “write their own rules” in the foundation documents to permit greater influence over certain matters. In practice, if from the outset TCC and WBOPDC include a clause in the WO's Constitution or Shareholders' Agreement that allows the SOE to address stormwater charging mechanisms, then the shareholders would be empowered to set specific expectations or requirements in this regard.<sup>8</sup> Without such provisions being included in the foundation documents, any direction in the SOE would have to stay at a high-level (e.g. urging that stormwater charges be kept affordable, without mandating the exact mechanism).
16. Ultimately the Commerce Commission (or other regulators) may end up influencing the level of stormwater charges set by the WO (or charges/rates set by the Council in the event stormwater responsibility remains with TCC). And in the event of inconsistency between the requirements imposed by a regulator, and the requirements contained within a SOE, the regulator's requirements will prevail.<sup>9</sup>
17. If TCC does not transfer stormwater responsibility to the WO, then TCC can continue to charge for stormwater via rates as usual (capital value basis).
18. Legal advice has been sought from Simpson Grierson and their opinion notes that in their view there are sufficient levers in the Act, in conjunction with the charging flexibility referred to paragraph 15 above, for TCC

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to achieve its desired influence over the WO's charges and basis for charging, without going the further step of assuming funding responsibility itself through rates. This is expanded upon in more detail at paragraphs 19 and 20 below.

**Could the WO become the WSP (with the WO determining total revenue for stormwater purposes) with the WO then charging TCC, and TCC then recovering those costs via rates?**

19. We have received external legal advice that this option is legally possible, but not recommended. Because this option would be so unorthodox, we have also reached out to the DIA and we are waiting on their feedback as to the viability of this option.
20. In the meantime, the legal advice that we have received includes the following:
  - a. "We see dangers and risks in separating the funding of stormwater services from responsibility for governance and delivery of those services. Although we have concluded above that TCC rates funding is not per se ruled out, this is not an easy fit with the overall model for WOs in the LGSWA, which envisages an integrated approach to the WO's planning, financial management and accountability. One of the rationales for establishing WOs (with their own charging powers) as a means of delivering water services was to achieve financial separation between a WO and its shareholders."
  - b. "Separation of funding from delivery also confuses accountabilities. In this situation, the WO is not directly financially responsible to its customers for the services it provides. Section 232 of the LGWSA states that one of the purposes of the Water Services Strategy is to provide a basis for a water organisation to be accountable to its shareholders. However, it may be unfair for shareholders to hold a WO accountable for failure to provide activities or meet service levels set out in the WSS, if the WO has not received sufficient funding from its shareholders to do so."
  - c. "Nor is the territorial authority directly responsible to its ratepayers for the services the WO provides."
  - d. "For example:
    - i. the purpose of a WO's WSS includes presenting in one document information about WO's provision of water services to provide transparency about various financial matters including the water service provider's proposed charges, levels of service and performance measures;

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- ii. the financial matters in a WSS are to include the WO's intended approach to funding, revenue and pricing. This must be accompanied by the WO's intended schedule of prices and charges; and the methodologies that support those prices and charges;
- iii. the WO's annual budget must include fees and charges."

#### **Stormwater Service Zone (Who Can the WO Charge for Stormwater)**

- 21. An important concept in determining stormwater charges is the "stormwater service zone".<sup>10</sup> This is important because the WO's stormwater charges must be based on whether or not the property is located in the zone. A natural approach may be for a 2-tiered charging approach. One charging calculation to apply for properties inside the stormwater service zone, and a different charging calculation to apply outside the zone.
- 22. We have obtained guidance on how to implement the statutory stormwater service zone concept (which is a concept that did not exist previously). The key aspects of the advice is as follows:

*The definition requires the geographic area to be both part of an urban area or adjacent land and receiving or having available to it stormwater services provided by the WO (which in our view includes stormwater from the land discharging to the stormwater network). Therefore, urban land which does not receive stormwater services does not qualify to be in an SSZ. Likewise (and while this scenario may be unlikely in practice) non-urban land which does receive stormwater services does not qualify to be in a SSZ unless it is adjacent to an urban area as defined.*

*To determine any SSZs within the overall service area of the WO, we consider the approach, in broad terms, should be:*

- a. *First, map the "urban area" as defined. This information is derived from the district plan or proposed district plan;*
- b. *Second, map the areas where there is either a reticulated stormwater system network, or land not served by a reticulated network that discharges stormwater to an overland flowpath, green water services infrastructure, or watercourse that forms part of the stormwater network. This assessment is on a broad area rather than individual property basis;*

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- c. *Third, determine the areas which are in both (a) and (b);*
- d. *Extend the areas determined under (c) to include any neighbouring land which receives the same stormwater services. The result will be the SSZ or SSZs.*

*The application of the definition will not be an exact science and will likely involve the exercise of judgment e.g. on the questions of what is to be regarded as an “area”, whether stormwater services are available to or received by an area, and what land should be treated as “adjacent”. The councils will have a discretion as to how they determine these matters and therefore the boundaries of the SSZs.*

...

*For these purposes, roads are not considered in isolation but only in terms of whether they are within such an SZZ. Roads can be part of an SZZ, even though they are not providing, or being provided, stormwater services (because of the exclusion from the “stormwater services” definition of services relating to a transport corridor). Similarly, roads outside an SZZ are not considered SZZs themselves, as they are not “areas” and do not receive stormwater services. The same applies to railway corridors.*

23. Staff are in the process of drawing up some examples of stormwater service zone maps. In the meantime, we anticipate that:
  - a. The issue of properties falling outside of a stormwater service zone is more likely to affect WBOPDC to a greater degree compared to TCC. That is because WBOPDC has a higher percentage of rural properties, compared to TCC, which we believe is likely to mean a higher percentage of WBOPDC properties will fall outside of a stormwater service zone. Although this remains to be seen through mapping.
  - b. The WSDP for WBOPDC and TCC anticipate that debts and charges will be “ring-fenced” for some time after the establishment of the WO. WBOPDC’s WSDP does not specify a duration of ring-fencing, while TCC’s WSDP states the following:
  - c. Accordingly, the exact duration of ring-fencing is a commercial decision for the two Councils to make moving forward.

**Interaction with Regional Council and Liability in Scenarios Involving Flooding, Storm Surges etc**



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24. Key points regarding the intersection of responsibility between (on the one hand) Bay of Plenty Regional Council and (on the other hand) TCC/WBOPDC and the future WO include the following:
- a. Legal responsibilities are governed by multiple pieces of legislation including the LGA<sup>11</sup>, RMA<sup>12</sup>, CDEM Act<sup>13</sup>, SCRCA<sup>14</sup> and Local Government (Water Services) Act<sup>15</sup> which require coordination and allow transfer of functions.
  - b. Currently:
    - i. TCC and WBOPDC manage urban stormwater systems and local flood response; and
    - ii. BOPRC oversees regional flood protection, hazard planning, environmental regulation and manage those civil emergencies that escalate from a local to a regional emergency.
  - c. In the event TCCs elect to confirm its earlier decision to transfer responsibility for stormwater to a WO we note the following:
    - i. The WO will likely own<sup>16</sup> and operate “hard” stormwater infrastructure assets, hold discharge consents, and manage infrastructure.
    - ii. TCC will continue to own various parcels of stormwater land.
    - iii. TCC and WBOPDC will continue to issue resource and building consents for the construction of stormwater assets. They will also manage responsibility for local flood responses (i.e. TCC and WBOPDC will retain their current civil defence functions).
    - iv. BOPRC’s role will remain unchanged. BOPRC will continue overseeing regional flood protection, hazard planning, and environmental regulation managing. It will also continue to manage those civil emergencies that escalate from a local to a regional emergency.
  - d. Liability for any given scenario will always be fact-specific and depend on fault. Entities (whether it be the WO or BOPRC) are not automatically liable for natural events unless fault is proven. Insurance cover will likely apply where liability is established.
  - e. The entity responsible for delivering stormwater services and maintaining stormwater infrastructure (whether it is TCC/WBOPDC or WO) will likely bear liability for flooding or damage resulting from those assets.<sup>17</sup> This is based on the principle that liability typically follows operational responsibility - the

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party that manages and controls the stormwater assets is accountable for their performance and any resulting harm.

- f. If the Council retains ownership of certain assets (e.g. overland flow paths and other parcels of stormwater land) but operational responsibility transfers to the WO, the majority of liability will likely shift to the WO.<sup>18</sup> However, this will likely need to be clearly defined in the transfer agreement, and any other service or management agreement, which should allocate operational responsibility, liability, and insurance obligations for each asset or class of assets.
- g. Section 211 of the Local Government (Water Services) Act 2025 enables the WO to enter service agreements with road control managers (e.g. NZTA, TCC and WBOPDC) and any other entity that provides a statutory role or function (which could include the likes of Kiwirail and BOPRC) to coordinate stormwater management.

25. With the above general principles in mind the following table broadly sets out some scenarios and explains who would bear responsibility, bear liability and would be required to engage insurance. We emphasise that the following should not be relied upon as definitive legal advice because scenarios will always be fact-specific:

Scenario	Cause	Responsibility	Liability	Insurance
<b>Urban Flooding (Pluvial)</b>	Intense rainfall overwhelms stormwater system	WO (post-transfer)	If poor maintenance or design is proven, WO may be liable	WO's public liability insurance would likely apply
<b>River Flooding (Fluvial)</b>	River overflows or stopbank breach	BOPRC	If flood scheme was negligently maintained or designed, BOPRC may be liable	BOPRC's insurance would likely apply

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<b>Coastal Storm Surge</b>	Sea inundation due to storm and tide	Shared – WO (stormwater outfalls), TAs (coastal defences), BOPRC (regional coastal planning)	Depends on infrastructure failure or planning negligence. Liability likely to be apportioned based on fault.	Each entity's insurer likely covers respective liabilities (depending on asset involved)
<b>Combined Event (Cyclone)</b>	Heavy rain, river flood, storm surge	Multiple entities	Liability likely to be apportioned based on fault	Each entity's insurer likely covers respective liabilities (depending on asset involved)

26. Finally, we are also mindful of the proposed change of legislation to adjust the role of Regional Councils across the country (including the proposed merger of Regional Councils with Territorial Authorities) which will also have an impact on the intersection of responsibilities held by the Territorial Authorities, Regional Councils, and WOs.

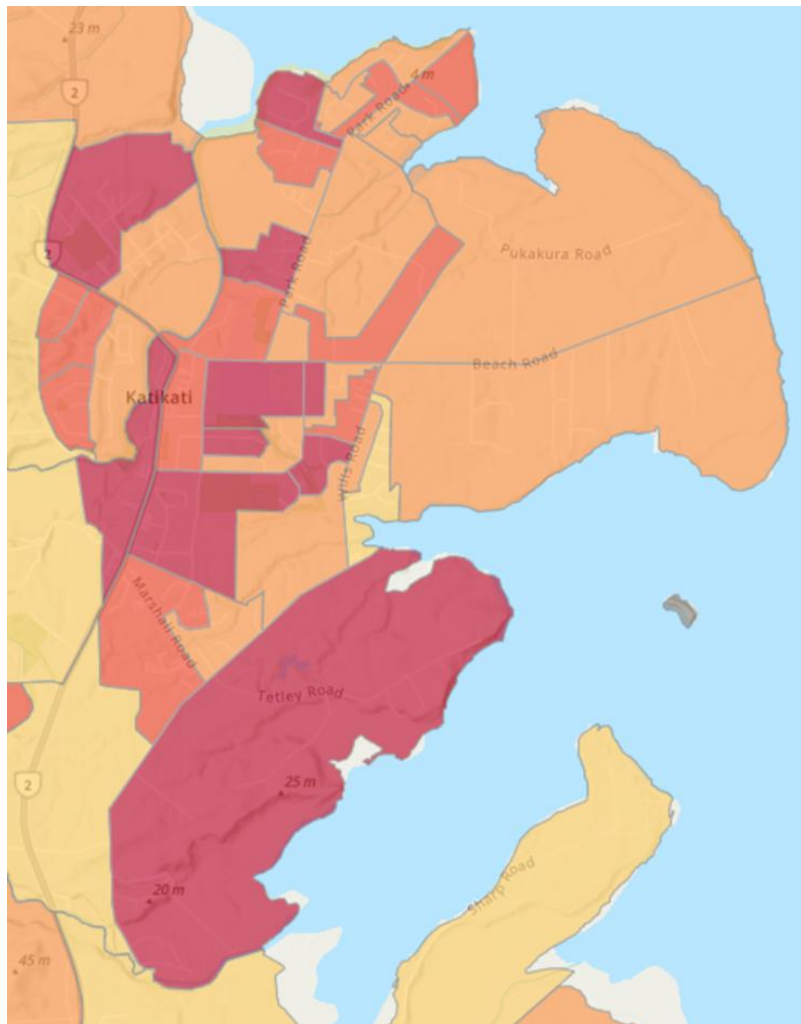
#### **Attachment 1 – Deprivation Index**

The deprivation index is produced by Statistics NZ. It is a measure at geographic mesh block level of socioeconomic deprivation and is based on census data associated with communication, income, employment, qualifications, home ownership, support, living space and dwelling condition.

A socioeconomic deprivation decile is calculated for each statistical area, not for individuals or households. The higher the deprivation decile, the more socioeconomically deprived the area. With reference to the colours in the maps below, the higher deprivation areas are in the darkest shading in the maps that follow, lowest deprivation are the lightest shading.

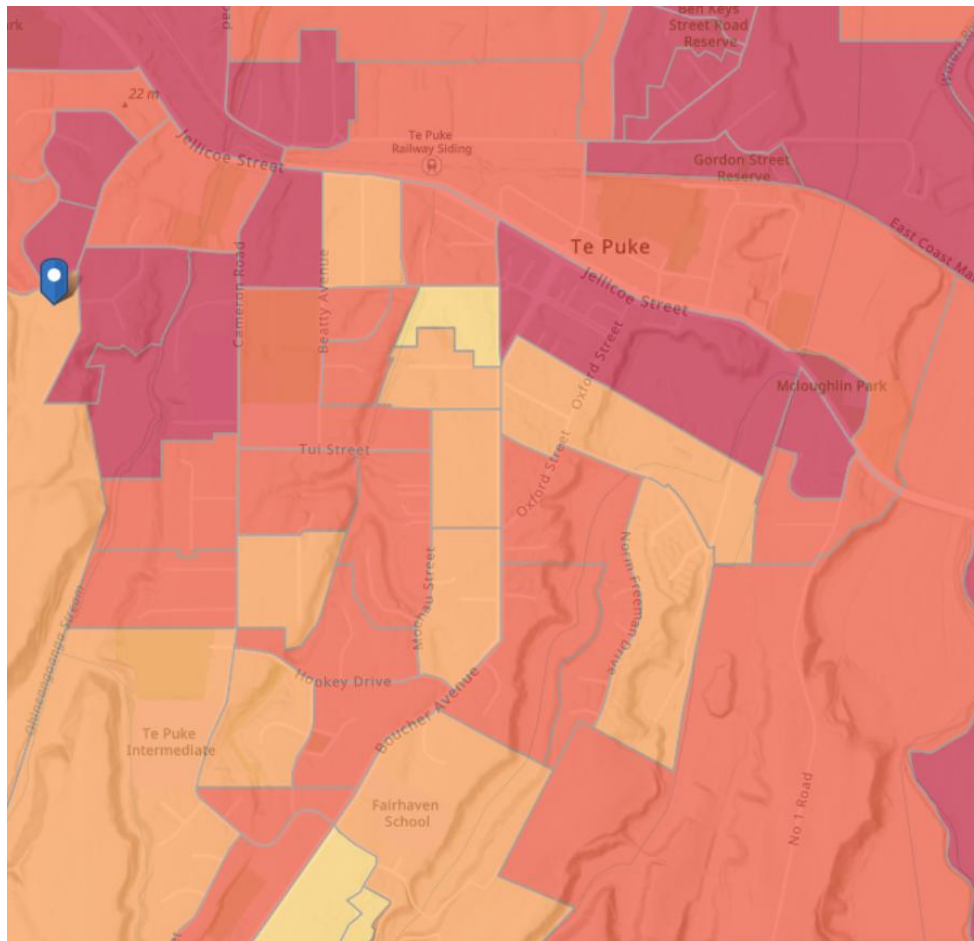
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### Katikati Area



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### Te Puke Area



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# **OPTIONS FOR STORMWATER**

Scenario	Who owns the land?	Owner of hard stormwater assets?	Statutory Water Service Provider regarding stormwater?	Stormwater Services Delivery "outsourcing" contract needed?	Who sets charges, and what charging mechanisms are available?	Update of the WSDP required?	Key Notes
<b>TCC is WSP for Stormwater</b>							
Scenario 1:  This is in the In-house model.	TCC	TCC	TCC	No	TCC sets charges.  Charges could be based on property value.	Yes (if TCC retains responsibility for delivering stormwater services, this will require an update of the WSDP)	Two WSPs: <sup>1</sup>  WO is the WSP for water supply services and waste water services.

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TCC retains ownership of land and hard stormwater assets.  TCC retains responsibility for stormwater.							TCC is the WSP for stormwater services.
Scenario 2:	TCC	TCC	TCC	Yes	TCC sets charges.	Yes (if TCC retains responsibility for delivering	Two WSPs:

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<p>This is the lawai model</p> <p>TCC retains ownership of land and hard stormwater assets.</p> <p>TCC retains responsibility for stormwater.</p> <p>TCC contracts with WO to deliver stormwater services</p>					<p>Charges could be based on property value.</p>	<p>stormwaters services, this will require an update of the WSDP)</p>	<p>WO is the WSP for water supply services and waste water services.</p> <p>TCC is the WSP for stormwater services.</p>
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WO is the WSP for Stormwater							
Scenario 3:  TCC retains ownership of land and hard stormwater assets.	TCC	TCC	WO	No	WO sets charges.  For first 5 years, charges can be based on property value. Thereafter, other mechanisms will need to apply.	No (if TCC does not retain responsibility for delivering stormwater services, an update of the WSDP will not be required)	One WSP for water supply, wastewater and stormwater.  Foundation Documents can authorise TCC to

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TCC transfers responsibility for stormwater services							influence charges through Statement of Expectations. Commerce Commission direction may override content in Statement of Expectations regarding e.g. pricing or affordability.
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Scenario 4: <b>Recommended model</b>	TCC	WO	WO	No	WO sets charges.  For first 5 years, charges can be based on property value. Thereafter, other mechanisms will need to apply.	No  (if TCC does not retain responsibility for delivering stormwater services, an update of the WSDP will not be required)	One WSP for water supply, wastewater and stormwater.  Foundation Documents can authorise TCC to influence charges through Statement of Expectations. Commerce Commission direction may override content in Statement of Expectations regarding e.g. pricing or affordability.
TCC retains ownership of land.							
TCC transfers ownership of hard stormwater assets and responsibility for stormwater services							

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Scenario 5:  TCC retains ownership of land.  TCC transfers ownership of hard stormwater assets and responsibility for	TCC	WO	WO	Yes	WO sets charges.  For first 5 years, charges can be based on property value. Thereafter, other mechanisms will need to apply.	No (if TCC does not retain responsibility for delivering stormwater services, an update of the WSDP will not be required)	One WSP for water supply, wastewater and stormwater.  Foundation Documents can authorise TCC to influence charges through Statement of Expectations. Commerce Commission

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stormwater services							direction may override content in Statement of Expectations regarding e.g. pricing or affordability.
However, WO contracts with TCC to provide stormwater services							

Copy of Summary of WSDP vs SW in amended 28 Jan 2026

29/01/2026

**Purpose**

To summarise the key financial differences between a 3Waters Water Organisation (WO) as per approved WSDP, compared to Council delivering stormwater in-house (retaining responsibility as the Water Services Provider (WSP) and contracting the WO for services.

**High level conclusion**

There will be approximately \$61.3M of additional revenue required to the end customer if stormwater remains with Council as the WSP over the 7 years modelled. Aside from the increase in rates required there is little impact on the financial ratios of either the Council or the WO.

**Key assumptions**

1. With Stormwater assets in house Council will be the WSP.
2. Modelling only includes the TCC financials for the WO (not including WBOPDC portion).
3. With the SW assets retained in Council it is assumed that all operations will be undertaken by the WO (at zero margin for this exercise). This makes no difference in total to end consumer.
4. With the SW assets retained in Council debt servicing and depreciation costs remain within Council.
5. As part of the WSPD (3 waters) modelling included \$200M of revenue savings arising from using the additional debt capacity available to a WO to keep revenue down. With Stormwater assets in Council this position for the WO reduces to \$151M.
6. If Stormwater assets are kept in house (TCC as a WSP) then have assumed \$1.75M pa of additional costs within TCC. Of these costs, it is estimated there would be \$300K of costs to Council regardless of who is the WSP, resulting in a net increase to Council of \$1.45M pa. This \$1.45m of costs relate to additional staffing required to operate as a WSP, including additional coordination of asset planning with the WO and the financial management.
7. There is no change in the efficiencies modelled. With the services being delivered by the WO even though TCC is the WSP for Stormwater, the reduced operating and capital costs have been retained.
8. Commerce Commission levies are expected to be charged per WSP. These levies are duplicated if Council remains the WSP for stormwater. Taumata Arowai levies for stormwater regulations may change in the future from the current focus. There will be levies owed to regulators by Council as the stormwater WSP, modelled at \$1.5M over 7 years.
9. Stormwater land assets remain in TCC under both options. The reference to hard stormwater assets in this context relates to the non land assets (eg pipes, pumps, inlets, outlets etc).
10. The appropriate FFO to Debt ratio for the WO is 8% based on the number of connections. The Table below summarises the information received from LGFA on this.

Water Connections	FFO to Cash Interest Coverage Ratio (times)	FFO to Gross Debt Ratio	Percentage of Development Contributions recognised in operating revenue
Less than 5,000	2.00	12%	0%
5,000 - 10,000	2.00	11%	25%
10,000 - 20,000	1.75	10%	50%
20,000 - 50,000	1.50	9%	50%
Greater than 50,000	1.50	8%	75%

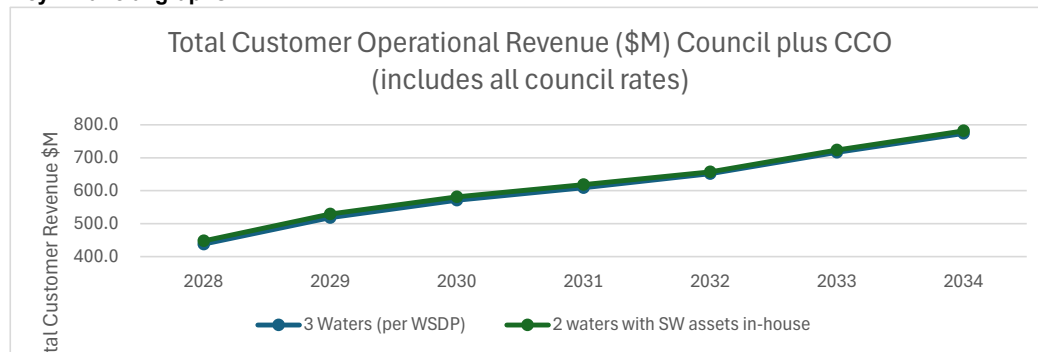
[https://taurangacc-my.sharepoint.com/personal/jbut\\_tauranga\\_govt\\_nz/Documents/Documents/Copy of Summary of WSDP vs SW in amended 28 Jan 2026](https://taurangacc-my.sharepoint.com/personal/jbut_tauranga_govt_nz/Documents/Documents/Copy of Summary of WSDP vs SW in amended 28 Jan 2026)

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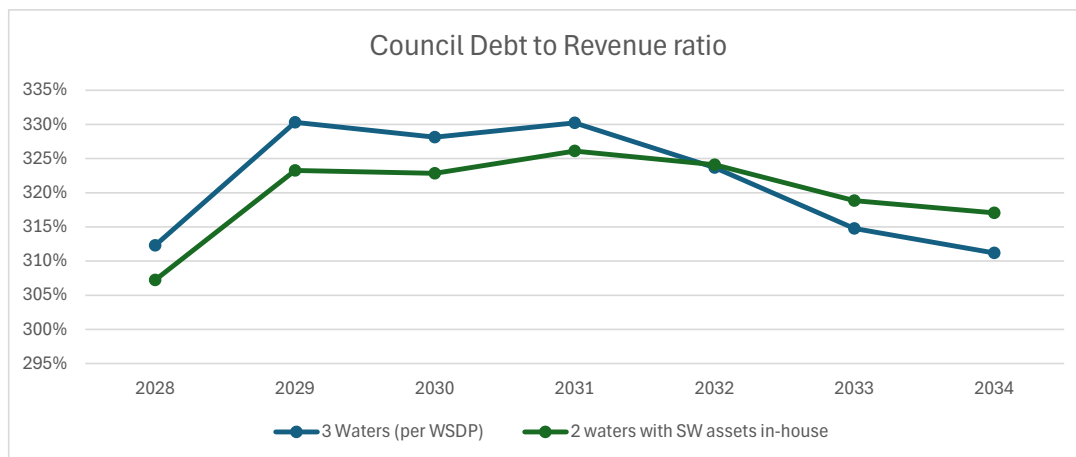
Copy of Summary of WSDP vs SW in amended 28 Jan 2026

29/01/2026

### Key Financial graphs



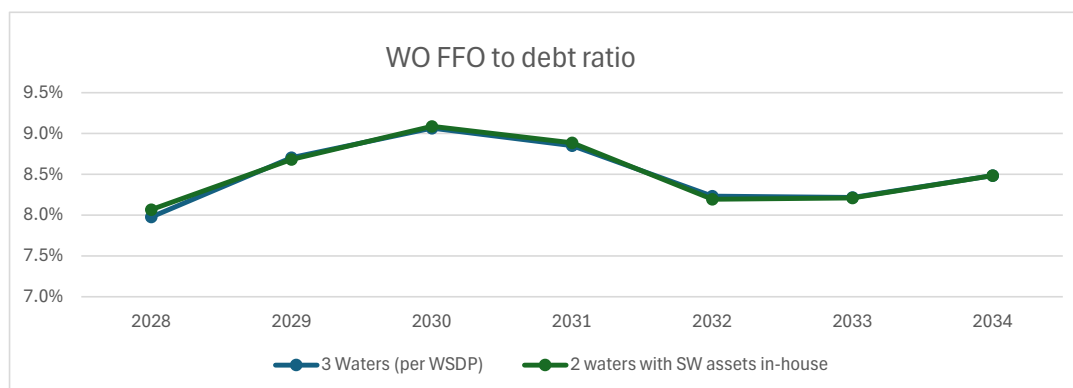
This graph shows that the total amounts charged to TCC customers (Rates for TCC and water charges from WO) are very similar when comparing stormwater assets remaining in-house vs stormwater being included in a CCO. The total difference in revenue over the 7 years shown is approximately \$61.3M more expensive when stormwater is kept in house (relating to loss of WO efficiencies and reduced ability to leverage debt in order to keep prices down).



This graph shows that keeping stormwater in-house improves Council's debt to revenue ratios. This is because the stormwater activity has an individual debt to revenue ratio in 2028 of 285%. This ratio deteriorates significantly over the 7 years modeled. The difference in debt headroom is moves in as similar manner (\$35M more in 2028 moves to \$35M less in 2034). The higher rates required in Council (\$12.3M over 7 years) also serves to reduce the impact on debt headroom.

Copy of Summary of WSDP vs SW in amended 28 Jan 2026

29/01/2026



This graph shows that the WO FFO to debt ratio is maintained under both scenarios. However there is \$49M (over 7 years) less revenue savings in the WO if stormwater is undertaken by the Council.

**Important Note:** This chart goes above the limits (8%) because it is prior to the inclusion of WBOPDC water figures.

#### Other financial issues

1. If stormwater assets are retained in house then this will create a number of complications to be resolved between the WO and Council in relation to the funding and financing of capital expenditure. This especially relates to the adequacy of renewals and the prioritisation of stormwater capital works.
2. If stormwater revenue is retained within Council this will not be subject to rates capping.



Total CCO Revenue requirement from customer								
	2028	2029	2030	2031	2032	2033	2034	
3 Waters (per WSDP)	142.9	167.9	186.0	204.0	216.3	246.3	278.7	
2 waters with SW owned and delivered in-	113.8	129.2	138.8	155.0	167.8	190.3	210.3	
2 waters with SW assets in-house	113.8	133.1	146.0	160.2	167.8	190.3	214.1	
Total Combined TCC+CCO Revenue required from customer (ie Rates plus water charges)								
	2028	2029	2030	2031	2032	2033	2034	
3 Waters (per WSDP)	437.9	517.9	571.0	609.0	651.3	716.3	773.7	4,277.0
2 waters with SW owned and delivered in-	449.1	527.5	576.1	615.4	660.0	726.3	781.2	4,335.6
2 waters with SW assets in-house	447.6	529.6	581.2	618.2	657.1	723.1	781.5	4,338.3
								61.26
Additional Revenue Required with SW as:								
Break down of higher charges								
- Higher costs in TCC	1.45	1.48	1.51	1.54	1.57	1.60	1.63	10.8
- Higher costs in TCC (extra Com Corr	0.20	0.20	0.21	0.21	0.22	0.22	0.22	1.5
- reduction in revenue reduction	8.00	10.00	8.50	7.50	4.00	5.00	6.00	49.0
Other??? Efficiencies/Interest???	1.53	1.70	2.06	2.43	2.92	3.22	3.53	17.4
-	0.00	-	0.00	-	0.00	-	0.00	
Council Debt to Revenue ratio								
	2028	2029	2030	2031	2032	2033	2034	
3 Waters (per WSDP)	312%	330%	328%	330%	324%	315%	311%	
2 waters with SW owned and delivered in-	307%	323%	323%	326%	324%	319%	317%	
2 waters with SW assets in-house	307%	323%	323%	326%	324%	319%	317%	
CCO FFO to debt ratio								
	2028	2029	2030	2031	2032	2033	2034	
3 Waters (per WSDP)	8.0%	8.7%	9.1%	8.9%	8.2%	8.2%	8.5%	
2 waters with SW owned and delivered in-	8.1%	8.1%	8.0%	8.1%	8.0%	8.1%	8.0%	
2 waters with SW assets in-house	8.1%	8.7%	9.1%	8.9%	8.2%	8.2%	8.5%	
Cash interest coverage(Gross interest- interest revenue)								
	2028	2029	2030	2031	2032	2033	2034	
3 Waters (per WSDP)	1.6	1.7	1.7	1.7	1.5	1.6	1.6	
2 waters with SW owned and delivered in-	1.9	1.8	1.7	1.8	1.7	1.8	1.7	
2 waters with SW assets in-house	1.9	2.0	2.0	1.9	1.7	1.8	1.8	

Tab Ref	Cell Ref	Description	2025 (LTP)	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
<b>TCC Council Figures</b>													
	Sheree worksheet	Objective Reference	A19434382										
<b>Council per WSPD</b>													
waters out WSDP (copy A1873739)	C33 to L33	Rates Revenue	333,230	367,774	411,907	295,000	350,000	385,000	405,000	435,000	470,000	495,000	
waters out WSDP (copy A1873739)	C52 to L52	Debt to Revenue Ratio	234%	260%	304%	312%	330%	328%	330%	324%	315%	311%	
waters out WSDP (copy A1873739)	D59 to L59	Debt headroom		431,881	166,408	92,762 -	1,722	10,826 -	1,355	40,228	103,498	134,054	
waters out WSDP (copy A1873739)	C22 to L22	Net debt for Ratio	1,432,245	1,600,355	1,976,073	1,636,713	1,832,531	1,908,789	1,989,913	2,067,491	2,141,887	2,217,333	
waters out WSDP (copy A1873739)	C50 to L50	Total Revenue for Ratio	612,642	615,829	649,237	524,083	554,791	581,702	602,593	638,703	680,420	712,541	
<b>Council including SW (no difference if fully in-house or assets only)</b>													
WSDP SW in house+\$1650K rev	C34 to L34	Rates Revenue	333,230	367,774	413,556	296,682	351,716	386,750	406,785	436,821	471,857	496,894	
WSDP SW in house+\$1650K rev	C40 to L40	SW Rates Revenue				38,668	46,528	50,525	53,613	55,443	64,190	74,065	
		Total Rates Revenue	333,230	367,774	413,556	335,350	398,244	437,275	460,398	492,264	536,047	570,959	
WSDP SW in house+\$1650K rev	C32 to L32	Additional rates for \$1.45M in house costs			1,450	1,479	1,509	1,539	1,570	1,601	1,633	1,666	
WSDP SW in house+\$1650K rev	C33 to L33	Additional Com Com Charge			199	203	207	211	215	220	224	229	1,088
		Total Rates Revenue (excl extra SW)	333,230	367,774	411,907	333,668	396,528	435,525	458,613	490,443	534,190	569,065	2380 1,292
WSDP SW in house+\$1650K rev	C53 to L53	Debt to Revenue Ratio	234%	260%	304%	307%	323%	323%	326%	324%	319%	317%	
WSDP SW in house+\$1650K rev	C51 to L51	Total Revenue for Ratio	612,642	615,829	650,886	564,434	603,035	633,976	657,991	695,967	746,467	788,500	
WSDP SW in house+\$1650K rev	C22 to L22	Net debt for Ratio	1,432,245	1,600,355	1,976,073	1,734,108	1,949,370	2,046,744	2,145,727	2,255,734	2,380,060	2,499,870	
WSDP SW in house+\$1650K rev	C40 to L40	SW Revenue per WSDP				38,668	46,528	50,525	53,613	55,443	64,190	74,065	
WSDP SW in house+\$1650K rev	C22 to L22	SW Debt per WSDP				97,395	116,839	137,956	155,814	188,243	238,173	282,537	
WSDP SW in house+\$1650K rev	C15 to L15	Debt headroom		431,881	171,850	128,523	40,644	45,377	25,644	40,956	83,280	102,181	
	Increase/ (Decrease) in Debt headroom if SW kept in house			-	5,442	35,761	42,366	34,551	26,999	728 -	20,218 -	31,873	
		SW Debt to Revenue Ratio				252%	251%	273%	291%	340%	371%	381%	

WSDP Figures for 3 waters - TCC only

Final Worksheet X: File reference & file name X:\Accounting\Sumit\Water reforms\Waters CCO Analysis\CCO Analysis Next Stage Post Consultation\Modelling\3 Final - TCC DIA template 16 Jun 25 Live after WSDP queries.xlsx

Tab Ref	Cell Ref	Description	2025 (LTP)	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
<b>CCO per WSPD</b>													
2. Measures	E16 to N16	Rates Revenue	120,731	133,281	150,003	142,924	167,924	185,950	203,953	216,332	246,276	278,673	
2. Measures	E56 to N56	Total net debt	471,744	510,554	618,020	743,435	857,378	935,222	1,028,093	1,143,073	1,348,523	1,532,135	3.32402235
2. Measures	E58 to N58	Debt to Revenue Ratio	357%	359%	389%	489%	481%	473%	471%	491%	508%	509%	
2. Measures	E57 to N57	Operating revenue	131,963	142,222	158,837	152,146	178,084	197,738	218,107	232,820	265,383	300,988	
2. Measures	E65 to N65	Debt headroom	154,781	166,657	247,750 -	2,105	75,356	124,563	109,531	33,281	36,587	92,482	
2. Measures	E75 to N75	FFO to debt ratio	10.6%	10.6%	11.2%	8.0%	8.7%	9.1%	8.9%	8.2%	8.2%	8.5%	
2. Measures	E94 to N94	Cash interest coverage(Gross interest- interest revenue)	2.0	1.9	2.2	1.6	1.7	1.7	1.7	1.5	1.6	1.6	
(see in 2 waters model)	C73 to L73	Revenue removed from model				24,000,000	27,000,000	35,000,000	27,000,000	27,000,000	30,000,000	30,000,000	200,000,000
Input	G6	% of residential rates (rest commercial)		67.7%									
Input	C62 to L62	Residential- Avg # Connctions	58,218	58,894	59,571	60,227	60,924	61,768	62,612	63,455	64,299	65,143	
Input	C63 to L63	Commercial, Avg # Connctions	4,094	4,141	4,189	4,236	4,284	4,343	4,402	4,462	4,521	4,581	
		Total Avge # Connections	62,311	63,036	63,760	64,463	65,208	66,111	67,014	67,918	68,820	69,723	

Figures for 2 waters with SW completely inhouse - TCC only

Worksheet X: File reference & file name X:\Accounting\Sumit\Water reforms\Waters CCO Analysis\CCO Analysis Next Stage Post Consultation\Modelling\TCC DIA template 16 Jun 25 Live after WSDP queries 2 waters.xlsx

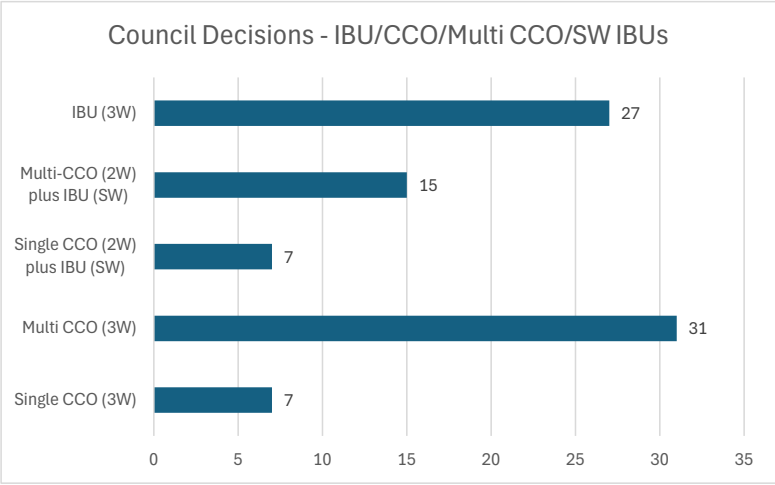
<b>CCO with only 2 waters. SW in Council</b>													
2. Measures	E16 to N16	Rates Revenue	90,510	99,617	114,571	113,756	129,245	138,792	154,979	167,774	190,269	210,279	
2. Measures	E58 to N58	Debt to Revenue Ratio	365%	387%	429%	527%	529%	528%	514%	515%	526%	534%	
2. Measures	E65 to N65	Debt headroom	92,896	87,171	152,584	5,436	7,642 -	416	7,159	5,274	11,100	1,469	
2. Measures	E75 to N75	FFO to debt ratio	10.0%	9.7%	10.3%	8.1%	8.1%	8.0%	8.1%	8.0%	8.1%	8.0%	
2. Measures	E94 to N94	Cash interest coverage(Gross interest- interest revenue)	2.2	2.0	2.4	1.9	1.8	1.7	1.8	1.7	1.8	1.7	
Input	-1*C74 to L74	Revenue removed from model				16,000,000	21,000,000	34,000,000	25,000,000	23,000,000	25,000,000	28,000,000	172,000,000

Figures for 2 waters with SW assets inhouse - TCC only

Worksheet X: File reference & file name X:\Accounting\Sumit\Water reforms\Waters CCO Analysis\CCO Analysis Next Stage Post Consultation\Modelling\TCC DIA template 16 Jun 25 Live after WSDP queries 2 waters with SW

<b>CCO with only 2 waters. SW in Council</b>													
2. Measures	E16 to N16	Rates Revenue	90,510	99,617	114,571	113,756	133,065	145,955	160,232	167,774	190,269	214,099	
2. Measures	E56 to N56	Total net debt	364,702	414,778	522,629	638,040	722,539	770,767	838,279	916,830	1,067,350	1,200,598	
2. Measures	E57 to N57	Operating revenue	113,765	122,727	137,532	137,000	157,346	172,190	188,742	198,663	223,799	250,850	
2. Measures	E58 to N58	Debt to Revenue Ratio	321%	338%	380%	466%	459%	448%	444%	462%	477%	479%	
2. Measures	E65 to N65	Debt headroom	92,896	87,171	152,584	5,436	61,642	104,834	92,909	22,274	28,100	72,469	
2. Measures	E75 to N75	FFO to debt ratio	10.0%	9.7%	10.3%	8.1%	8.7%	9.1%	8.9%	8.2%	8.2%	8.5%	
2. Measures	E94 to N94	Cash interest coverage(Gross	2.2	2.0	2.4	1.9	2.0	2.0	1.9	1.7	1.8	1.8	
Input	-1*C74 to L74	Revenue removed from model				16,000,000	17,000,000	26,500,000	19,500,000	23,000,000	25,000,000	24,000,000	151,000,000

Tab Ref	Cell Ref	Description	2025 (LTP)	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
						8,000,000	10,000,000	8,500,000	7,500,000	4,000,000	5,000,000	6,000,000	
		Combined Amended Debt = 3 waters				2,380,148	2,689,908	2,844,011	3,018,006	3,210,565	3,490,410	3,749,468	
		Combined Amended Debt = SW in house				2,372,148	2,671,908	2,817,511	2,984,006	3,172,565	3,447,410	3,700,468	
		Combined Revenue = 3 waters				676,230	732,874	779,439	820,700	871,523	945,803	1,013,529	
		Combined Revenue = SW in house				701,433	760,381	806,166	846,733	894,630	970,266	1,039,350	
		Combined Debt to Revenue Ratio = 3 waters				352%	367%	365%	368%	368%	369%	370%	
		Combined Debt to Revenue Ratio = SW in house				338%	351%	349%	352%	355%	355%	356%	



**ATTACHMENT 3**  
All data used below, has been sourced from DIA approved Water Services Delivery Plans  
Not Included: Auckland City Council

Groupings / Approach across NZ Councils:  
Single CCO (3W), Multi CCO (3W), and IBU (3W) totals: 53  
Single CCO (2W), Multi CCO (2W) totals: 14

	Single CCO (3W)	Multi CCO (3W)	Single-CCO (2W) plus IBU (SW)	Multi-CCO (2W) plus IBU (SW)	IBU (3W)	Total Population for Analysis
Population Served	95,405	1,192,466	224,147	555,606	1,246,895	3,314,519
	3%	36%	7%	17%	38%	100%

Council/grouping	Single CCO (3W)	Multi CCO (3W)	Single CCO (2W) plus IBU (SW)	Multi-CCO (2W) plus IBU (SW)	IBU (3W)	Population serviced	Number of Connections	Combined Population	Combined Connections
87	7	31	7	15	27				
Selwyn District Council			Yes			87,600	26,779		
Timaru District Council			Yes			47,547	22,052		
New Plymouth District Council			Yes			89,000	32,253		
Queenstown Lakes DC	Yes					52,900	21,888		
Marlborough District Council	Yes					36,481	17,051		
Wairoa District Council	Yes					6,024	2,224		
Waimakariri District Council					Yes	71,000	19,345		
South Taranaki District Council					Yes	29,600	10,521		
Taupō District Council					Yes	41,400	22,385		
Invercargill City Council					Yes	48,561	22,647		
Ashburton District Council					Yes	36,800	12,414		
Gisborne District Council					Yes	51,135	17,543		
Kāpiti Coast District Council					Yes	59,550	24,449		
Rotorua Lakes Council					Yes	77,100	27,185		
Christchurch City Council					Yes	412,000	165,687		
Kawerau District Council					Yes	7,820	2,917		
Stratford District Council					Yes	10,597	3,125		

	<i>Council/grouping</i>	<i>Single CCO (3W)</i>	<i>Multi CCO (3W)</i>	<i>Single CCO (2W) plus IBU (SW)</i>	<i>Multi-CCO (2W) plus IBU (SW)</i>	<i>IBU (3W)</i>	<i>Population served</i>	<i>Number of Connections</i>	<i>Combined Population</i>	<i>Combined Connections</i>
	60	2	29	2	13	14				
	Whakatāne District Council					Yes	39,665	13,200		
	Ōpōtiki District Council					yes	10,400	2,834		
	Dunedin City Council					Yes	135,700	49,617		
	Thames-Coromandel District Council					Yes	31,463	20,040		
	Waitaki District Council					Yes	24,934	11,726		
	Manawatū District Council					Yes	21,886	12,979		
	Southland District Council					Yes	33,300	8,425		
	Nelson City Council					Yes	56,469	21,952		
	Mackenzie District Council					Yes	5,115	3,182		
	Chatham Islands Council					Yes	612	119		
	Tasman District Council					Yes	33,667	14,017		
	Waimate District Council					Yes	8,121	3,595		
1	Hamilton City Council				Yes		185,300	74,432	222,685	81,599
1	Waikato District Council				Yes		37,385	16,664		
3	Hauraki District Council				Yes		22,100	8,802	132,121	46,764
	Matamata-Piako District Council									
3					Yes		24,387	10,278		
	Ōtorohanga District Council									
3					Yes		6,024	2,607		
	South Waikato District Council									
3					Yes		17,467	7,982		
3	Waipā District Council				Yes		61,144	47,836		
3	Waitomo District Council				Yes		5,599	2,683		
5	Far North District Council				Yes			11,985	200,800	42,354
5	Kaipara District Council				Yes			3,752		
5	Whangārei District Council				Yes			28,677		
	Horowhenua District Council		Yes				29,001	13,995	149,492	54,110
12	Palmerston North District Council		Yes				87,522	33,959		
12	Rangitikei District Council		Yes				12,609	4,666		
2	Hurunui District Council		Yes				11,208	7,532	18,914	11,678
2	Kaikōura District Council		Yes				3,405	2,483		
	Central Otago District Council		Yes				25,800		58,230	23,849
4	Clutha District Council		yes				18,500			
4	Gore District Council		yes				12,400			

	Council/grouping	Single CCO (3W)	Multi CCO (3W)	Single CCO (2W) plus IBU (SW)	Multi-CCO (2W) plus IBU (SW)	IBU (3W)	Population served	Number of Connections	Combined Population	Combined Connections
	19	0	19	0	0	0				
6	Greater Wellington Regional Council		Yes				543,400		432,000	154,725
6	Hutt City Council		Yes				113,200			
6	Porirua City Council		Yes				48,550			
6	Wellington City Council		Yes				210,800			
6	Upper Hutt City Council		Yes				38,400			
7	Central Hawke's Bay DC		Yes				9,967	4,704	143,994	57,570
7	Hastings District Council		Yes				66,537	26,394		
7	Napier City Council		Yes				67,490	26,472		
8	Carterton District Council		Yes				3,092	3,203	70,077	23,220
8	Masterton District Council		Yes				29,100	10,911		
8	South Wairarapa District Council		Yes				11,800	4,935		
8	Tararua District Council		Yes				12,955	5,746		
9	Tauranga City Council		Yes				159,359	63,375	222,850	81,902
9	Western Bay of Plenty District Council		Yes				39,290	18,527		
10	Whanganui District Council		Yes				45,050	20,171	64,208	25,786
10	Ruapehu District Council		Yes				13,115	5,615		
11	Buller District Council		Yes				9,600	4,107	32,701	12,206
11	Grey District Council		Yes				14,200	5,112		
11	Westland District Council		Yes				8,901	2,987		
									3,314,519	

## Attachment 4:

**Scenario of how functions and responsibilities could be managed: The stormwater activity is managed as an In-House Business Unit (IBU) by TCC, and day-to-day services are provided by the Water Organisation.**

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**Assumptions:**

- **Responsibility** for delivering stormwater services is retained in-house business unit (IBU) by TCC. The statutory responsibility sits with TCC as the Water Services Provider (WSP)
- Delivery of stormwater operational services is transferred to the Water Organisation (WO)
- TCC, as the WSP, will be required to ensure that statutory and reporting obligations are being met by the WO.
- TCC, as a WSP, will be required to establish an in-house business unit (IBU) and to develop its own water service delivery plan (WSDP) with financials that are fully ring-fenced from Council, and to establish an independent governance arrangement
- TCC will be required to have adequate processes, arrangements and controls in place to monitor the WO (i.e. review, audit and compliance check the WO) to ensure all the obligations are appropriately met.
- In order to maximise the utilisation of the available expertise / resourcing / functional capability that must be built into the WO delivering Water and Wastewater services, the WO will provide the day-to-day services. It is assumed the following functions will be provided through SLAs between the IBU and the WO:
  - Asset Management Services
  - Day to Day O&M Contract Management
  - Infrastructure Planning
  - Project Management / Capital Works delivery
  - Data capture and management
  - Customer Experience and delivery
- Additional SLAs will also be required with TCC, Regional Council and other agencies, in a similar way that the WO will require to undertake its 2W role.
- To ensure functional alignment and service outputs meet regulatory and community requirements, the IBU will require specific interface resourcing with the WO as well as TCC (e.g. Transportation Roadway Corridor Mgr), Spaces and Places, customer levels of service.)
- Non-financial Impacts: time and efficiency, lost opportunity
- It is acknowledged that there will be some operational duplication of effort regardless of the delivery model.



**Attachment 4:**

The table below demonstrates where duplication of tasks is likely to occur between the Council who is the water services provider (WSP) for stormwater, and the WO who is the WSP for water and wastewater also providing services for stormwater on behalf of Council.

Column A below; sets out responsibilities for TCC as an IBU who is the WSP for Stormwater, identifying what council will be obliged to undertake.

Column B below; sets out Water Organisation (WO) obligations.

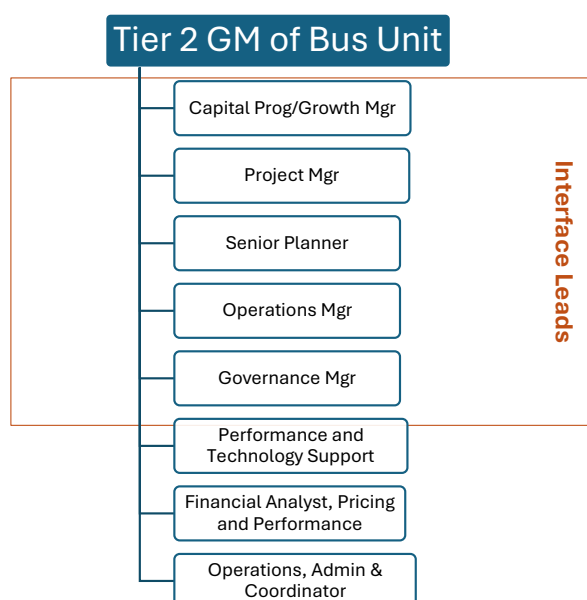
It is recognised that there will be operational duplications between the Council and the WO, regardless of

	<b>Column A</b>	<b>Column B</b>
<b>Functions and Responsibilities</b>	<b>Obligations Council as the WSP</b>	<b>Obligations Water Organisation</b>
WSDP - 3 yearly requirement, including community consultation	✓	✗
Governance reporting, Annual Plan, processes for ring fenced Activity (Taumata Arowai and Commerce Commission, and TCC)	✓	✓
Compliance Monitoring & Reporting Reporting to regn Cnl, Taumata Arowai, Commerce Commission, and TCC	✓	✓
Governance: Independent Chair, Independent Board, New Committee of Council, Committee Secretary	✓	✓
Stormwater Risk Mgmt Plan Develop and managed	✓	✗
Stormwater Policies TCC Consults and reviews policies	✓	✗
Bylaws: TCC consults and reviews bylaw	✓	✗
Growth and Developer Relationships (operational duplications) Development Engineering, Asset Mgmt Planning, DCs	✓	✓
Service Level Agreements (with the WO): Management of spend (\$) and mgmt. of KPIs	✓	✓
Relationships and Interface Roading Corridor Manager, Regional council	✓	✓
Water Organisation Interface: Operations and maintenance, Renewal programme, development engineers, overflow monitoring, pollution prevention	✓	✓
Water Organisation: (operational duplications) Capital programme delivery	✓	✓
Customer Interactions Operations and maintenance, escalations, complaint management, LOS,	✓	✓
Emergency Management (operational duplications) Incident response planning, and response management, emergency management planning and response.	✓	✓
Technology and business systems Technology interfaces, database management, Financial business systems, integration between databases, customer mgmt	✓	✓
Customer Interactions	✓	✓

## Attachment 4:

	Column A	Column B
Functions and Responsibilities	Obligations Council as the WSP	Obligations Water Organisation
Maintaining separate databases (billing, service requests) Additional billing requirements to ring fence SW		
Asset Management	✓	✓
AM services, AM planning, AM systems, work order mgmt		
Financial Management & Accounting Practices	✓	✓
Business and Financial Auditing (Ring-Fenced Activities)	✓	✓
Pricing, Charging and Billing	✓	✓
WSP Additional Responsibility	✓	✓
Maintenance of assets on private land (overland flow paths etc)		

## Types of roles required for an IBU with high level estimate of costs:



## Estimated salary costs for staff requirements:

- \$1.45 million (salary and associated costs)  
Plus
  - allowance of \$300K for Board, and Chair, and committee costs
- (overheads of office, vehicles, digital etc are not included in numbers)

## Result:

**\$1.75 million - IBU annual costs.**

## 11.2 Submission on Planning Bill and Natural Environment Bill

**File Number:** A19671732

**Author:** Janine Speedy, Team Leader: City Planning

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

### PURPOSE OF THE REPORT

1. The purpose of this report is to seek endorsement of the key submission points for Tauranga City Council (Council) to make a submission to the Select Committee regarding the Planning Bill and Natural Environment Bill which will replace the Resource Management Act.

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### RECOMMENDATIONS

That the Council:

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

### EXECUTIVE SUMMARY

2. On 9 December 2025, central Government introduced the Planning Bill and Natural Environment Bill. The Planning Bill and Natural Environment Bill is proposed to replace the Resource Management Act 1991 (RMA) and provide a new planning system which will directly affect how council delivers growth, infrastructure, natural environmental management, consenting and long-term planning.
3. Submissions on the Planning Bill and Natural Environment Bill close at 4.30pm on 13 February, and it is intended that the legislation is passed into law by mid-2026.
4. Staff are preparing a detailed submission, which generally supports the new planning system. The submission also sets out where it is considered that provisions are unworkable, confusing or amendments can be made to improve efficiency and effectiveness. Due to the time constraints to prepare the submission, only the key submission points to be included in the detailed submission are included in Attachment 1 for endorsement.

### BACKGROUND

5. The Government has set out three phases of resource management reform. Phase 3 is the replacement of the RMA with two new laws, the Planning Bill and Natural Environment Bill.
6. A major change in the new system is the shift to two separate Acts proposed through the two Bills:
  - A Planning Bill that establishes a framework for planning and regulating the use, development and enjoyment of land.
  - A Natural Environment Bill that establishes a framework for the use, protection and enhancement of the natural environment.

The new planning system is based on a blueprint developed by the Expert Advisory Group on Resource Management Reform.

7. Central Government expected outcomes of the new legislation include:
  - Enhanced property rights through regulations that focus on only controlling impacts on the environment and other people. There will also be greater availability of relief if property rights are infringed.
  - A simpler, faster and more cost-effective system for users and councils with fewer consents, more direction from government, and clear, fair rules.
  - Future-ready planning that meets housing and infrastructure needs, while managing and reducing risks from natural hazards.
  - A digitally enabled system providing better access to information, with trusted data driving faster decisions, and better performance monitoring.
  - Māori interests and the Treaty of Waitangi are provided for.
  - Improved environmental outcomes and innovation encouraged by enabling growth and development within environmental limits.
8. The new system approach makes the system more directive from the top, ensuring consistency across the country, and allowing local communities to focus on applying that approach in their area. It will make decision-making more focused at each stage of the planning system. As the process narrows, fewer things would be up for debate, saving time and money. It is also intended to give people greater certainty about what they can and can't do, helping them understand likely outcomes before they begin.
9. The Natural Environment Bill and Planning Bill creates a system that will operate like a funnel, starting with clear goals that narrow what can be considered at the top and each level of the system. The system architecture in the Bill comprises:
  - A set of goals that tightly define the scope of the system:
  - A set of national instruments, comprising:
    - National policy direction (NPD) that particularises the goals:
    - National standards that provide further detailed direction for implementing the NPD and standardised direction for decision-making and plans, nationally standardised rules and zones, and methods to identify matters such as outstanding natural features, indigenous biodiversity, sites of significance to Māori:
  - A single combined plan for each region made up of three integrated components:
    - A regional spatial plan that implements the national instruments to support urban development and infrastructure provision within environmental limits; and
    - A land use plan under that the Planning Bill implements spatial plans by applying nationally standardised zones, rules, and methodologies; and
    - A natural environment plan under the Natural Environment Bill implements spatial plans by applying standardised overlays, rules, and methodologies; and
10. Consents will be issued under the Planning Bill and permits under the Natural Environment Bill.
11. Each instrument must implement the one above it (the land use plans and the natural environment plans operate at the same level of the funnel under each Bill).

12. At the consenting level, councils will manage fewer effects using a higher threshold, reducing the number of consents required. Community engagement is intended to primarily occur during the spatial and land use plan development rather than at the consenting level (as per the RMA).
13. This is intended to make the system simpler and more efficient, reducing re-litigation of matters that have already been decided higher up in the system and reduce the number of consents needed. The levels of the system are outlined in more detail below.

### STATUTORY CONTEXT

5. The Planning Bill and Natural Environment Bill is Phase 3 of the resource management reforms. It is proposed that Council make a submission on the Planning Bill and Natural Environment Bill to the Select Committee as the proposed new system will have a direct impact on resource management processes that Council are responsible for.

### STRATEGIC ALIGNMENT

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

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

7. The Planning Bill and Natural Environment Bill proposes a new resource management system which will directly affect how council delivers growth, infrastructure, natural environmental management, consenting and long-term planning.

### FINANCIAL CONSIDERATIONS

8. There are no financial considerations associated with this report.

### LEGAL IMPLICATIONS / RISKS

9. Legal advice has been obtained to assist staff understand the implications and opportunities of the proposed changes in the Bill. The legal advice has informed the draft submission.

### TE AO MĀORI APPROACH

10. Engagement has been undertaken with the Te Pou Takawaenga team. A number of key submission points relate to tangata whenua is set out in Attachment 1. These submission points were provided to the Te Rangapu Mana Whenua o Tauranga Moana for feedback.

### CLIMATE IMPACT

11. The Planning Bill and Natural Environment Bill considers climate through natural hazards. There is also proposed to be the consideration of adaptation planning through the regional spatial plan process. Submission points support the climate change aspects within the Planning Bill and Natural Environment Bill, however, seek amendments to strengthen these provisions such as proposing a definition for climate change.

### CONSULTATION / ENGAGEMENT

12. In preparing the draft submission and key submission points, the City Planning and Growth team has sought input and feedback from subject matter experts throughout Council. All feedback has been collated and included in the draft submission.

13. In addition, staff have been discussing submission points with the SmartGrowth partners and other councils across the country.

## SIGNIFICANCE

14. 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.
15. In making this assessment, consideration has been given to the likely impact, and likely consequences for:
  - (a) the current and future social, economic, environmental, or cultural well-being of the district or region
  - (b) any persons who are likely to be particularly affected by, or interested in, the matter.
  - (c) the capacity of the local authority to perform its role, and the financial and other costs of doing so.
16. In accordance with the considerations above, criteria and thresholds in the policy, it is considered that the matter is of low significance. This is a submission to be lodged, the decision making sits with central government.

## ENGAGEMENT

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

## NEXT STEPS

18. Following endorsement of the key submission points included as Attachment 1, the detailed submission will be finalised and approved by the Chief Executive. Once approved, the submission will be lodged.
19. We will request the opportunity to speak to the TCC submission.

## ATTACHMENTS

1. **Attachment 1: Key Submission Points on Natural Environment and Planning Bills - A19671723** [!\[\]\(3168ddc4389f6b417dd71f084513be9c\_img.jpg\)](#) 



## **Attachment 1: Key submission points on the Planning Bill and Natural Environment Bill**

1



**High level view of the policy intent**

- Council provides general support to the proposed new resource management system providing greater national direction and national standardisation through the national instruments. This will provide consistency and efficiency in the new system.
- The system relies heavily on secondary legislation through national instruments. It appears that a significant level of detail will be provided through the secondary legislation and it is where conflicts will be resolved. It is critical that these are delivered to avoid the very issue the RMA has been criticised for – that implementation was stymied because the required national direction was not provided at the outset.
- There is a cumulative effect of local government reforms that places pressure on councils. The timeframes to finalise the design of these reforms, including considering the interrelationships between them, and the subsequent implementation need to be carefully considered. The Council supports replacement of the RMA, with subsequent implementation proceeding in parallel with other reform initiatives where it is practical and efficient to do so.
- There are sections that appear to be duplicated and the wording of some sections are confusing or create uncertainty. The TCC submission will propose amendments to improve wording and remove duplication.
- The Bills are designed to address and apply to separate domains. The 'environment' that each Bill considers and the attempt to define distinct subsets of the broader 'environment' is likely to create significant workability issues in practice, and potential for legal challenge. The issue for local government is that it is councils who will have to bear the cost of the litigation that will ensue as the new regime beds in and some of these matters are settled.
- Council provide general support for a planning tribunal in the new resource management system.



**Comments on any shared provisions in the Bills**

Purpose and Goals
<p><b>Summary of Purpose and Goals:</b></p> <p>PB Purpose: To establish a framework for planning and regulating the use, development, and enjoyment of land.</p> <p>NEB Purpose: To establish a framework for the use, protection, and enhancement of the natural environment.</p> <p>The goals in each of the Bills define the outcomes that the planning system (PB) and environmental management system (NEB) is trying to achieve. They will be particularised through National Policy Direction, which directs how the goals must be achieved. All persons exercising or performing functions, duties or powers under each Bill must seek to achieve the goals listed in clause 11 of each Bill.</p> <p>There are nine goals in the PB and six goals in the NEB. The goals cannot be relitigated at lower levels of the system.</p> <p>The PB goals move away from 'sustainable management' and instead reflects matters that emphasise the Government's priorities of enabling housing and business growth and delivering infrastructure. In comparison to the RMA, some 'matters of national importance' from section 6 (RMA) have been included with amendments, while many of the 'other relevant matters' from section 7 (RMA) have been excluded, such as maintenance and enhancement of amenity values, renewable energy and kaitiakitanga.</p> <p>There is no hierarchy between the listed goals, nor is there any hierarchy between the two Bills. This means there is no explicit ranking of one goal over the other. We understand that the reconciliation of tensions between goals is to play out in the national direction.</p> <p>When designing national direction, the Minister must have regard to the following principles:</p> <ul style="list-style-type: none"> <li>• Achieving compatibility between the goals is to be preferred over achieving one goal at the expense of another;</li> <li>• Not all goals need to be achieved in all places at all times; and</li> <li>• Any conflicts within the proposed national instrument should be resolved in that document as far as reasonably practicable.</li> </ul> <p><b>Recommended Council Position:</b></p> <ul style="list-style-type: none"> <li>• Seek that the purpose explicitly provides for current and future generations.</li> <li>• General support for the goals set out the NEB and PB, subject to amendments to improve implementation.</li> <li>• Seek amendment to the vague wording used in the goals where the meaning is unclear. For example, clause (a) "....unreasonably affect others...." and clause (d) "....by making land available...".</li> <li>• Seek that key terms within the goals are defined such as "well-functioning urban and rural areas" and "infrastructure".</li> <li>• Seek that 'soft' infrastructure, such as open space and community facilities, are provided for in the goals.</li> </ul>

3

<ul style="list-style-type: none"> <li>• Seek that a goal includes the benefits to be derived from the use and development of renewable energy.</li> </ul>
<p><b>National Instruments</b></p>
<p><b>Summary of National Instruments:</b></p> <p>The goals of the PB and the NEB are to be implemented through national instruments.</p> <p>National instruments:</p> <ul style="list-style-type: none"> <li>• Will comprise of National Policy Direction and national standards;</li> <li>• Are set by central government and implemented by local government through spatial plans, land use plans and natural environment plans;</li> <li>• Will set out detailed objectives, policies and standardised approaches for addressing national and regional priorities;</li> <li>• Will be publicly notified, allowing for participation in their development.</li> </ul> <p>There will be one National Policy Direction for each Bill. This is intended to be a short document that will provide objectives, policies and directives on the goals of each Bill, including how to manage conflicts between goals.</p> <p>The National Policy Direction will be implemented through national standards (such as standardised planning provisions, rules and methodologies), making sure policies are applied consistently across the country for things like regulating land-use and environmental management. Other kinds of national standards will have direct effect on activities 'on the ground', without having to be first incorporated into the land use plan or natural environment plan.</p> <p>National standards include standardised zones. This will make rules the same across the country where it makes sense. For example, there will be a common approach to residential, commercial or industrial buildings, and rules around height, access to daylight, site coverage, noise and vibration. However, there is the ability to have bespoke provisions in certain situations to respond to local matters.</p> <p>The first set of national instruments will be released in two suites. The first, which includes National Policy Direction and national standards is due in March 2027. The second, which includes standardised zones, is due in December 2027.</p> <p><b>Recommended Council Position:</b></p> <ul style="list-style-type: none"> <li>• General support for clear and timely national instruments, including standardised zones.</li> <li>• Request that certain national standards be released as part of the first suite in March 2027, this is particularly important to inform the development of the Regional Spatial Plan.</li> <li>• Seek greater integration between the PB and NEB when formulating national instruments.</li> </ul>

Treaty Matters
<p><b>Summary of Treaty Matters:</b></p> <p>The PB and NEB largely carry forward the overall approach of the RMA. However, there are several important changes, particularly in how tangata whenua interests and obligations under Te Tiriti o Waitangi / the Treaty of Waitangi are recognised.</p> <p>One key change is a shift in wording. Under the RMA, decision-makers were required to “take into account” the principles of Te Tiriti o Waitangi / the Treaty of Waitangi. The new Bills instead refer to recognising the Crown’s responsibilities in relation to Te Tiriti o Waitangi / the Treaty of Waitangi.</p> <p>The PB and NEB include more explicit requirements for engagement with tangata whenua. One of the goals of the Bills requires Māori “participation”, using a more active term than “engagement”, in the development of national instruments, spatial planning, land use plans and natural environment plans. Tangata whenua must also be consulted at multiple stages by territorial authorities, Spatial Plan Committees, and the Minister. These provisions increase the level of tangata whenua involvement in planning processes. The goals of the PB and NEB further require the identification and protection of sites of significance and Māori land, providing greater certainty than under the RMA.</p> <p><b>Recommended Council Position:</b></p> <ul style="list-style-type: none"> <li>• Seek amendment to section 8 of the NEB and PB, which currently states, “To recognise the Crown’s responsibilities in relation to the Treaty of Waitangi...”. This clause departs from the RMA’s substantive requirement that decision-makers “take into account” the principles of the Treaty of Waitangi, replacing it with a largely descriptive statement of Crown responsibilities. This shift significantly reduces the relevance, consideration, and weight of Treaty principles in resource management decision-making and is likely to result in materially different and weaker planning outcomes compared to those required under the RMA.</li> <li>• Seek amendment to clause 11 of the PB and NEB, which narrows Māori interests to the identification and protection of “sites of significance to Māori”. This departs from section 6(e) of the RMA and risks excluding wider cultural landscapes and relationships, including culturally significant viewshafts between marae and sites of significance such as Mauao. Clarification or broader wording is sought to ensure these relationships can continue to be protected.</li> <li>• Seek amendment to Section 69 of the PB should require the Spatial Plan Committee to include a suitably qualified person with an understanding of, and experience in, tikanga Māori.</li> <li>• Council recognises that Te Tiriti o Waitangi / The Treaty of Waitangi is the founding document of Aotearoa and TCC will continue to uphold the Treaty principles which are important for ongoing relationship between TCC and tangata whenua.</li> </ul>
Functions, Powers, and Responsibilities of Local Authorities
<p><b>Summary of Functions:</b></p> <p>The resource management reform provides a clear separation in functions for territorial authorities and regional councils to avoid duplication and confusing overlapping responsibilities. Under the PB territorial authorities are to prepare the land use plan for planning and regulating the use, development, and enjoyment of land, including subdivision and activities on the surface of water bodies - with a focus on the built environment; while under the NEB regional councils are to prepare the natural environment plan for the use, protection and enhancement of the natural environment within the region.</p> <p>Under the PB, district councils continue with the same RMA responsibilities for land use, subdivision and activities on the surface of water bodies. However, they are no longer required to maintain indigenous biodiversity (as only regional councils must regulate and manage indigenous biodiversity), nor will they be the sole regulator for the control of noise emissions on land, as the responsibility for noise emissions becomes shared between local authorities, national regulators, and individual noise</p>

makers. Territorial authorities are still able to have noise rules in their plan and provide noise mitigation conditions on planning consents; and will continue to monitor noise emission compliance and enforcement, while recognising there is a general duty applying to all "noise makers" to act reasonably.

Under the NEB, regional councils remain responsible for the quality and quantity of water, and geothermal resources, discharges to land, air and water, managing natural resources, and the bed of any water body, soil conservation, and the coastal marine area, as well as controlling effects of aquaculture activities on fishing and fisheries resources. They are, however, no longer specifically responsible for:

- Achieving integrated management of the natural and physical resources of the region (which includes structures as well as the natural resources)
- Managing the use, development, or protection of land which is of regional significance
- Ensuring that there is sufficient development capacity for housing and business land to meet the expected demands of the region
- Addressing the strategic integration of infrastructure with land use.

Under the PB and NEB, there are a number of shared responsibilities for territorial authorities and regional councils, particularly for regulating and managing contaminated land, and natural hazards, as follows:

- Territorial authorities will continue to regulate and manage contaminated land, particularly through consents for subdivision, use and development of land; while regional councils will address soil contamination through natural resource permits;
- Territorial authorities are to manage the effects of natural hazards as they relate to land use through the land use plan; while regional councils are to manage natural hazard risks as they relate to natural resources through the natural environment plan; and

**Recommended Council Position:**

- Support how the territorial authorities (under the PB) address effects on the built environment, while regional councils (under the NEB) address effects on the natural environment.
- General support for the PB functions for territorial authorities and regional council functions under the NEB.
- General support for territorial authorities no longer maintaining indigenous biodiversity, however, seek clarification on the process where indigenous biodiversity is identified for protection when identified through a structure plan process for urban development. There appears to be unintended consequences where a territorial authority seeks to rezone the land through a land use plan, but rely on a regional council to protect identified indigenous biodiversity through a natural environment plan. Seek better alignment of the responsibilities between local authorities where changes to plans are proposed for the purpose of increasing development capacity of land for housing and business and indigenous biodiversity has been identified for protection.
- General support for territorial authorities no longer being the sole regulator for the control of noise emissions on land and surface of water; however, seek clarification on where the functions sit between local authorities and central government.
- Support regional councils no longer addressing integrated management of natural and physical resources, nor the integration of infrastructure with land use, nor ensuring there is sufficient development capacity for housing and business land to meet future demand, nor managing land of regional significance.
- Support the shared responsibilities set out under both Bills with separate requirements for territorial authorities and regional councils to regulate and manage contaminated land, and natural hazards (including climate change) in relation to the built environment and natural environment, respectively.

<ul style="list-style-type: none"> <li>Seek clarity and consistency for certain terms used when referring to the 'environment' in PB and NEB, and for necessary definitions to be provided under PB and NEB, including 'water bodies', 'river' and 'climate change' – in relation to the local authority functions.</li> </ul>
<p><b>Regulatory Relief</b></p> <p><b>Summary of Regulatory Relief:</b></p> <p>The RMA currently includes provision for people to challenge regulatory takings through s85. An application is made to the Environment Court, who makes a direction on whether land has been rendered 'incapable of reasonable use'. The phrase 'incapable of reasonable use' is similar to the proposed wording in the regulatory relief provisions of the PB.</p> <p>The concept of regulatory relief was first introduced as 'regulatory takings' by the Expert Advisory Group in the Blueprint for RMA Reform to further the enjoyment of private property rights. The purpose of regulatory relief is to compensate landowners that cannot develop their land due to planning rules that have a 'significant impact on the reasonable use of land'. Regulatory relief can be sought where land is significantly impacted by rules on the following topics only:</p> <ul style="list-style-type: none"> <li>Outstanding natural features and landscapes.</li> <li>Areas of high character.</li> <li>Sites of significance to Māori.</li> <li>Significant historic heritage.</li> <li>Indigenous biodiversity.</li> </ul> <p>The PB provides for a suite of relief options that council choose from including monetary payment, waiving fees, granting additional development rights, land swaps and giving access to grants and mitigation options.</p> <p>Eligibility for regulatory relief is restricted to a set of criteria which seeks to avoid 'double-dipping' by landowners.</p> <p><b>Recommended Council Position:</b></p> <ul style="list-style-type: none"> <li>Strongly oppose the proposed approach to regulatory relief as currently drafted for the following reasons:             <ul style="list-style-type: none"> <li>The goals and national instruments in the PB and NEB require councils to protect, outstanding natural features, areas of high character, sites of significance to Māori, historic heritage and indigenous biodiversity, yet the regulatory relief provisions place a burden on councils to pay for the cost of those planning rules.</li> <li>The NEB and PB embed tension between the protection of specified topics and the pressure, both legislative and community-based, to reduce rates and council spending.</li> <li>Wider local government reform, particularly rates capping further constrains a council's ability to bear the cost of regulatory relief.</li> <li>The inclusion of sites of significance to Māori in the specified topics could put councils and iwi in a difficult position whereby the protection that iwi seek could result in significant financial impact on local authorities.</li> <li>The eligibility criteria could result in significant re-litigation of specified topics in terms of who is eligible to receive relief under the current planning system.</li> </ul> </li> <li>If retained in the NEB and PB, then Council seek significant amendments, where regulatory relief can only be considered where bespoke provisions apply.</li> </ul>

Transition Requirements
<p><b>Summary of Transitional Requirements:</b></p> <p>The PB sets out the transitional requirements into the new resource management system which are summarised as follows:</p> <ul style="list-style-type: none"> <li>• <b>9 months after Royal assent:</b> the first National Policy Direction under the NEB and PB must be issued and the first set of national standards setting the evidence base supporting combined plans (estimated second quarter 2027).</li> <li>• <b>15 months after Royal assent:</b> a draft Regional Spatial Plan is notified for region (estimated last quarter 2027).</li> <li>• <b>6 months from Regional Spatial Plan notification:</b> a decision must be made on the Regional Spatial Plan (estimated second quarter 2028).</li> <li>• <b>18 months after Royal assent:</b> the second suite of national direction is issued (estimated last quarter 2027).</li> <li>• <b>9 months after a regional spatial plan is decided:</b> each territorial authority must notify a land use plan and natural environment plans (late 2028).</li> </ul> <p>With the prescribed timeframes, it is expected that by late 2028 all of the components of the combined regional plans would have been notified across the country. Should the Minister be satisfied with these plans as notified, the Order in Council will be made to specify a transition date, at which point the 'transition period' is over.</p> <p>For the preparation of the first land use plans and environmental plans, the relevant local authorities must jointly appoint one independent hearing panel for the region.</p> <p>During the transition period, a transitional consenting framework will be used. The framework will allow new national instruments and the proposed changes in scope to apply sooner, while councils go through the process of preparing their plans in the new system. RMA plans will stay in place until the new system takes over (the 'transition period' is over). Ten-year reviews and national planning standards under the RMA will remain on hold during the transition. Changes to RMA plans won't go ahead unless they've been approved to continue.</p> <p><b>Recommended Council Position:</b></p> <ul style="list-style-type: none"> <li>• Support the transitional provisions that require a sequenced approach to implement the new system to ensure that regional spatial plans implement nation instruments and land use plans implement regional spatial plans and national instruments.</li> <li>• Oppose the tight transitional timeframes to implement the new system for the following reasons: <ul style="list-style-type: none"> <li>○ Risk that the timeframes are unworkable and setting the new system up to fail;</li> <li>○ Insufficient capability and capacity of resource management system across the country to prepare the Regional Spatial Plan, land use plans and natural environment all at the same time;</li> <li>○ Insufficient timeframes for councils to give effect to national direction to inform the Regional Spatial Plan and insufficient time to complete each step of the process for the Regional Spatial Plan, land use plans and natural environment plans;</li> <li>○ Inadequate time provided for meaningful engagement, including with iwi authorities, customary marine title groups, infrastructure providers, central government agencies and other key stakeholders;</li> <li>○ A land use plan and natural environment plan can use more up to date information which is highly likely to happen given the lack of time to prepare a spatial plan, which would result in misalignment between the regional spatial plan and land use plan;</li> </ul> </li> </ul>

<ul style="list-style-type: none"> <li>○ Unclear how environmental limits will be prepared for the Regional Spatial Plan and what happens in the absence of environmental limits;</li> <li>○ Lack of time for council to prepare funding to prepare plans (particularly the Regional Spatial Plan) given timing of long term plan processes;</li> <li>○ Lack of integration with timing and implications of other reforms, such as local waters done well and local government reform which will impact the regional spatial plan process.</li> <li>• Seek realistic timeframes to improve plan quality, reduce litigation and increase the chance for the new system to deliver on intended outcomes.</li> <li>• Seek clarification on what national standards will be included in the first and second suit of national instruments.</li> <li>• Oppose the requirement for a joint IHP across a region for the first land use plans and natural environment plan. Hearings for one plan by one council is likely to take weeks so there is risk that months of hearings would be required within a region when the legislation only provides councils with 12 months to complete the land use plan and natural environment plan process.</li> <li>• Seek amendment to the transitional consenting system, where a consent authority must not have regard effects of internal and external layout, effects on landscape, views from properties. These effects are broad and open to interpretation on what rules would apply or not, increasing the risk of litigation.</li> </ul>
<b>Existing Use Rights</b>
<p><b>Summary of Existing Use Rights</b></p> <p>Under the RMA, the Regional Council has the ability to progress a Plan Change to introduce rules which remove existing use rights for natural hazard management. The PB and NEB do not carry this approach forward, meaning existing use rights could persist in high-risk natural hazard areas without a process to remove those existing use rights.</p> <p><b>Recommended Council Position:</b></p> <ul style="list-style-type: none"> <li>• Amend to allow territorial authorities to limit or extinguish existing use rights where hazards pose serious risk, aligning with Goal 11(1)(h) of the PB and ensuring effective hazard management.</li> </ul>

## Comments Specific to the Planning Bill

Regional Spatial Plan
<p><b>Summary of Regional Spatial Plan:</b></p> <p>The PB requires every region to have a Regional Spatial Plan which will set the strategic direction for growth over a 30+ year period. Growth patterns, sequencing, and infrastructure alignment will be provided through the Regional Spatial Plan. The Regional Spatial Plan must implement national instruments and council long-term plans must set out steps to implement or progress Regional Spatial Plan actions. The spatial planning process is intended to support integrated decision making between the PB and NEB.</p> <p>The land use and natural environment plans must implement any relevant provision of the Regional Spatial Plan. The Regional Spatial Plan, the land use plan and the natural environment plan form the combined regional plan.</p> <p>Each region establishes a spatial plan committee. The process allows the Minister to appoint one member to a spatial plan committee, with the ability to appoint additional members if all local authorities in the region agree. Minister-appointed members have full voting rights unless the Minister specifies in writing that they are non-voting or may vote only on specified matters.</p> <p>The spatial plan committee are required to consult with iwi authorities and customary marine title groups in the region in preparing the draft Regional Spatial Plan. The committee must also work with others who have a strong interest in spatial planning for that region, including core infrastructure operators, development and community sector groups, and neighbouring local authorities during preparation. The committee must recommend the draft Regional Spatial Plan to the region's local authorities for approval to notify it for public submissions.</p> <p>Local authorities must establish an independent hearings panel to hear public submissions on the draft spatial plan and make recommended changes. Local authorities must either accept independent hearings panel recommendations or decide an alternative solution that is consistent with the requirements of the PB. The Minister and designating authorities also have a decision-making role in certain circumstances. Points of law appeals, and limited merits appeals are available.</p> <p>The PB includes a disputes resolution process for Regional Spatial Plan's. If the chairperson of the spatial plan committee determines that the committee is unable to achieve a consensus, they must follow the prescribed dispute resolution process. If consensus cannot be reached and the dispute resolution process fails the parties must advise the Minister, who may either review and determine the matter or appoint an independent person to review and determine the matter. The determination is binding.</p> <p><b>Recommended Council Position:</b></p> <ul style="list-style-type: none"> <li>• General support for the requirement to prepare a Regional Spatial Plan and the proposed process, subject to the submission points made below. <ul style="list-style-type: none"> <li>○ Support the weight provided to Regional Spatial Plan's in the PB and that they must be implemented in the land use plan and natural environment plan.</li> <li>○ While the PB provides flexibility for local authorities to collaboratively prepare a Regional Spatial Plan, Council seek that the PB expressly allows for the creation of sub-regional spatial plans, which would be integrated with other sub-regional plans to form part of a Regional Spatial Plan. This would promote efficiency by tailoring planning to sub-regional priorities and key issues affecting local communities.</li> <li>○ Seek the inclusion of a further submission process to ensure people have the ability to support or oppose an original submissions, and respond to new issues or evidence raised through submissions.</li> </ul> </li> </ul>



<ul style="list-style-type: none"> <li>○ Support Ministerial involvement in the Regional Spatial Plan process, given the partnership and investment required from central government to deliver regional outcomes.</li> <li>○ Oppose merit appeal rights to the Environment Court on a decision to reject the independent hearings panel recommendation relating to infrastructure and seek that appeals are limited to Crown entities, infrastructure providers, local authorities and landowners directly affected by a decision.</li> <li>○ Seek to amend the coordination document process to require that local authorities adopt a coordination document rather than just the spatial plan committee. While the coordination document content is not set out in the PB it could bind local authorities to processes, actions and projects that they have not agreed to.</li> </ul>
<p><b>Combined Plan (Land Use Plan)</b></p>
<p><b>Summary of Land Use Plan:</b></p> <p>Land use plans established under the PB will replace district/city plans and retain a similar purpose. Land use plans must implement the regional spatial plan and national instruments and will be limited in its ability to revisit decisions already made in these higher order documents. Land use plans will enable the use and development of land while regulating adverse effects on the 'built environment' that are within scope of the PB. Land use plans will be subject to a public notification and hearing process by an independent hearings panel.</p> <p>The key differences between the proposed land use plans under the PB and the district/city plans under the RMA are:</p> <ul style="list-style-type: none"> <li>• The requirement to use standardised zones that will be created by central government as part of the national instruments. The RMA allowed councils to create their own zones and provisions.</li> <li>• Simplified evaluation and reporting requirements to prepare a land use plan review or change.</li> <li>• The ability to have temporary provisions that are replaced by future provisions once requirements are met, such as infrastructure performance standards, or funding agreements. While similar approaches have been used in plans under the RMA, this approach provides certainty and consistency including it in legislation.</li> <li>• Ability to change the spatial application of zones in the land use plan via planning consent where it involves applying standardised plan provisions (currently a separate private plan change process is required).</li> <li>• Appeal rights are limited when a land use plan includes standardised zones/provisions.</li> </ul> <p><b>Recommended Council Position:</b></p> <ul style="list-style-type: none"> <li>• General support for greater use of standardised zones and provisions for efficient plan-making process.</li> <li>• General support for the ability to create bespoke zones and provisions when it can be justified that a departure from a standardised zone/provisions are necessary.</li> <li>• General support for the ability to use 'temporary' and 'future provisions' to enable change in zoning over time without requiring a full plan change process.</li> <li>• General support for the process to establish land use plans, particularly the requirement to implement regional spatial plans and other national instruments.</li> </ul>

<ul style="list-style-type: none"> <li>• Seek clarity of evaluation report requirements to ensure the plan-making process is based on an appropriate robust evidence base and integrated with plans and policies under other legislation.</li> <li>• Seek amendments to the process for changing the land use plan via consent, to ensure the process relies on a robust evidence base and entry threshold to uphold the strategic outcomes of the land use plan and regional spatial plan.</li> <li>• Seek amendments to ensure appeal rights on merits are available to Environment Court for decisions that include or exclude standardised zone/provisions and bespoke zone/provisions.</li> </ul>
<p><b>Scope of Effects and Threshold of Effects</b></p> <p><b>Summary of Scope of Effects and Threshold of Effects:</b></p> <p>The PB significantly narrows the scope of effects and raises the threshold of effects that can be considered in plan-making and consenting to create a more permissive land use system.</p> <p>The PB proposes to exclude a wide range of effects from being considered in the system based on the economic concept of managing ‘externalities.’ An externality is a cost or benefit resulting from a party’s activity that falls on an uninvolved third party. This approach seeks to remove effects that are borne solely by the party undertaking the activity from the system. The specific matters that are excluded are listed in Section 14 of the PB, including:</p> <ul style="list-style-type: none"> <li>• The internal and external layout of buildings on site (i.e. private outdoor living areas, outlook, views)</li> <li>• Trade competition</li> <li>• Retail distribution (a planning concept that considers the significant effects on public amenity/well-being caused by reductions in the viability or vitality of commercial centres that arise as a consequence of trade competition).</li> <li>• Landscape and visual amenity effects that currently preserve urban/rural character and notable trees are also excluded, except to protect identified outstanding natural landscapes and features, significant historic heritage, sites of significance to Māori, and areas of high natural character within the coastal environment, and wetlands, lakes, rivers and their margins.</li> </ul> <p>The PB prevents decision-makers from considering ‘less than minor’ effects, unless they contribute to a cumulative effect. This raises the threshold of effects compared to the RMA which allowed for ‘less than minor’ effects to be considered and managed.</p> <p>The new system will also:</p> <ul style="list-style-type: none"> <li>• Introduce a meaning of ‘less than minor adverse effect’ into legislation as being ‘acceptable and reasonable in the receiving environment with any change being slight or barely noticeable’.</li> <li>• Allow effects to be avoided, minimised, or remedied where practicable, and offset and compensated for where appropriate.</li> <li>• Enable national instruments to set out how effects should be managed in certain situations.</li> </ul> <p><b>Recommended Council Position:</b></p>

<ul style="list-style-type: none"> <li>• Seek amendments to ensure the system appropriately manages the quality of the built environment and creates well-functioning urban and rural areas by allowing the following matters in Section 14(1) to remain in scope: <ul style="list-style-type: none"> <li>○ (a) the external layout of buildings on a site</li> <li>○ (c) retail distribution effects</li> <li>○ (e) visual amenity of a use, development, or building in relation to its character, appearance, aesthetic qualities, or other physical feature.</li> <li>○ (h) the effect on landscape</li> <li>○ (i) the effect of setting a precedent</li> </ul> </li> <li>• Seek amendments to establish a clear hierarchy for managing effects by only allowing offset and compensation where the effects cannot be appropriately avoided, remedied or minimised.</li> </ul>
<p><b>Consenting</b></p>
<p><b>Summary of Consenting:</b></p> <p>Planning consents are required under the PB for activities that are not expressly permitted by a plan rule or regulation. The requirement for planning consents will be reduced in the new system and is intended to be more streamlined through:</p> <ul style="list-style-type: none"> <li>a) More permitted activities under the standardised land use plan framework, particularly those with less-than-minor adverse effects. This may increase monitoring requirements and require increased resourcing for enforcement.</li> <li>b) Reduction from six to four activity categories, removing controlled and non-complying activities. Permitted, restricted discretionary, discretionary and prohibited activities will remain.</li> <li>c) Limiting the scope of effects that can be considered when making decisions on a planning consent. This means a reduction in the types of effects that Council can consider and subsequently a reduction in the types of reasons why a planning consent may be notified.</li> <li>d) Consent processing timeframes will be a statutory window, rather than a specific number of days, and the ability for local authorities to waive or extend timeframes are narrowed.</li> <li>e) Information requests and the commissioning of expert reports must be justifiable, and the scope of peer reviews are limited.</li> <li>f) The threshold of notification and being identified as an affected person is raised to instances where effects are 'more than minor' instead of 'minor'. Public notification of a planning consent (that is not mandatory) would only occur when all affected parties cannot be identified.</li> <li>g) The increase in the effects threshold to 'minor' effects from 'less than minor' for deemed permitted marginal or temporary activities.</li> <li>h) The intent of notification of a planning consent is focused on gathering information, so consent authorities are better informed about the potential adverse effects of the activity on the built environment and on people directly affected. Any notified consents must be decided by at least one independent commissioner who is not a member of the consent authority (i.e. not staff or an elected member).</li> <li>i) Introduces a new pathway for planning consents to authorise a change to the plan provisions.</li> </ul>

**Recommended Council Position:**

- General support for the intent to simplify and streamline the consenting process to reduce the number of consents required and increase certainty for consent authorities and applicants.
- Oppose the compensation requirements for esplanade reserves when it is wider than the required 20 metres width on an allotment less than 4 hectares. The PB entitles the landowner to compensation for the whole area of land taken for the reserve, instead of only the area in excess of the required 20 metres width. This could potentially have financial implications on Council if compensation is required to be paid for the full width of the reserve.
- Seek clarity on the timeframes prescribed in regulations relating to consent processing timeframes and procedures and how the regulation may impact the timeframes prescribed in the PB. The regulations are currently unknown and without the relevant regulation, it is not clear under what circumstances waivers, extensions and holds to the prescribed timeframes will apply and what the consequences (e.g. financial implications) may be for Council if those timeframes are exceeded. For example, will there be a discount policy for applications processed beyond the prescribed timeframes resulting in not being able to recover full costs.
- Seek amendments to remove gaps in provisions relating to permitted activities, deemed permitted marginal or temporary activities, and certificates of compliance in the new system that could increase administrative costs and could be confusing and inefficient for Council staff and result in increased community frustration.
- Oppose increasing the threshold above effects that are less than minor in relation to deemed permitted activities. The intent of deemed permitted activities is to enable consent authorities to consider genuine 'marginal' or 'temporary' non-compliances and increasing the threshold above effects that are less than minor is not consistent with this intent and is not appropriate.

**Monitoring, Enforcement and Compliance**

**Summary of Monitoring, Enforcement and Compliance:**

The NEB and PB have largely replicated existing RMA provisions, but propose a new suite of enforcement tools:

- Financial assurances – a proactive tool to be imposed as a consent condition or while the activity is being undertaken, through a bond (existing), a form of insurance or other form specified;
- Enforceable undertakings - written commitments from a person to take specific actions to remedy, compensate or avoid adverse effects arising from non-compliance. These can include payment of compensation, or other remedial measures;
- Monetary benefit order – court ordered payment to local authority of monetary benefits acquired by the person, or accrued/accruing to the person, as a result of the commission of the offence;
- Pecuniary penalty regime – civil regime for offending with a lower standard of proof than with criminal proceedings.

While the NEB and PB seek to reduce the number of resource consents by classifying more activities as permitted, a registration process will be required, together with monitoring to ensure that the activity meets the permitted activity requirements.

Additional reporting tools are included in the NEB and PB:

- A publicly accessible summary of the written complaints received in the preceding 5 years on alleged breaches of the Act or a plan and how each complaint was dealt with.

<ul style="list-style-type: none"> <li>Preparation of a compliance and enforcement strategy (detail is to be provided through secondary legislation).</li> </ul> <p><b>Recommended Council Position:</b></p> <ul style="list-style-type: none"> <li>General support for new enforcement tools.</li> <li>Seek clarity on new monitoring requirements for the permitted activity regime, as the Bills lack detail about what type of activities are proposed to be permitted, and when/how monitoring is undertaken. This regime may impose weighty requirements on council's existing monitoring resources.</li> <li>Seek clarity on requirements for the compliance and enforcement strategy.</li> <li>Seek assurances around cost recovery for monitoring activity, to ensure that councils are sufficiently able to recover costs.</li> </ul>
<p><b>Designations</b></p> <p><b>Summary of Designations:</b></p> <p>The designation process in the PB is largely the same as the RMA. In addition, the PB also seeks to enable designations through the Regional Spatial Plan process, if at least one of the following apply:</p> <ul style="list-style-type: none"> <li>The project is nationally or regionally significant;</li> <li>The project will have regionally significant benefits; and</li> <li>The project will cross territorial authority boundaries.</li> </ul> <p><b>Recommended Council Position:</b></p> <ul style="list-style-type: none"> <li>Support the introduction of a proactive pathway, allowing major infrastructure to be designated through the Regional Spatial Plan process to ensure early and strategic alignment between infrastructure and policy planning.</li> <li>Seek definitions in the PB to clearly identify projects that are 'nationally or regionally significant', or have 'regionally significant benefits', or further requirements are added to relevant clauses. This will ensure there is consistent interpretation of what is constituted as 'nationally or regionally significant' and having 'regionally significant benefits'.</li> </ul>

## Comments Specific to the Natural Environment Bill

Natural Resource Permits
<p><b>Summary of Consenting under NEB – Natural Resource Permits:</b></p> <p>The requirements for natural resource permits are set out under Part 4 of the NEB, and the types of permits include:</p> <ul style="list-style-type: none"> <li>• <b>a coastal permit</b> – which is relevant for any TCC structures or discharges (stormwater, treated wastewater) within the CMA / coastal waters – i.e. coastal permits include activities relating to the coastal marine area, coastal water, discharges, dumping and incineration of waste. Note that there are prohibitions under s24 NEB relating to radioactive waste / matter and toxic or hazardous waste in the CMA.</li> <li>• <b>a discharge permit</b> – which is relevant for TCC's wastewater and stormwater runoff management – i.e. for discharges of water / contaminants into water; or to discharge a contaminant from any industrial or trade premises into air or onto or into land.</li> <li>• <b>a land use permit</b> – which is necessary for development and infrastructure related earthworks, geotechnical, and soil related aspects (contamination and conservation); as well as for activities in the bed of a river or lake (which includes TCC's pipelines, stormwater management structures, or maintenance works).</li> <li>• <b>a water permit</b> - which is necessary for TCC's municipal water supply takes, and water permits also cover any works required for damming, diverting, using and taking water, heat and energy.</li> </ul> <p>A natural resource permit may include a wildlife approval – which relates to works affecting protected native wildlife, and are relevant to construction works for housing, roads, and infrastructure, and/or conservation work like pest control.</p> <p>Natural resource permits are not required where an activity is expressly allowed by an instrument under the NEB, which includes a national rule, a rule in a plan and any rule in a proposed plan that has legal effect, or a water services standard; or the activity has existing use rights under s25 NEB.</p> <p>All the information required in application for a natural resource permit is set out in Schedule 2 NEB and requires an assessment of effects on the natural environment against the relevant provisions in the natural environment plan, national rules and any other key instruments identified as necessary. The effects assessed include positive effects, and the effects on natural resources including air, water (freshwater, geothermal and coastal), land and soils, and indigenous biodiversity, as well as addressing the effects of natural hazards associated with the use or protection of natural resources. Effects regulated under the PB must not be considered.</p> <p><b>Recommended Council Position:</b></p> <ul style="list-style-type: none"> <li>• Support the four main types of natural resource permits (coastal, discharge, land use, and water permits) as well as the provision to include wildlife approvals as necessary.</li> <li>• Support in principle the NEB requirements set out for the respective permit applications and assessment of effects on the natural environment.</li> </ul>

### 11.3 Draft submission on Simplifying Local Government proposal

**File Number:** A19488962

**Author:** Anne Payne, Principal Strategic Advisor  
Jeremy Boase, Head of Strategy, Governance & Climate Resilience

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

#### PURPOSE OF THE REPORT

1. To consider and approve Council's draft submission to the Government's Simplifying Local Government draft proposal.

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#### RECOMMENDATIONS

That the Council:

- (a) Receives the report "Draft submission on Simplifying Local Government proposal".
- (b) Approves the draft submission "Tauranga City Council Submission – Simplifying Local Government draft proposal" included as Attachment 1 to this report, with the following amendments:
  - (i) *(to be added during the meeting if necessary).*
- (c) Delegates authority to the General Manager: Strategy, Partnerships & Growth to make minor drafting, typographical, and presentation amendments as required prior to formally lodging the submission ahead of the 20 February 2026 deadline.

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#### EXECUTIVE SUMMARY

2. On 27 November 2025, the Government released a draft proposal on Simplifying Local Government (the proposal), with feedback sought by 20 February and a final proposal signalled for release in March 2026.
3. The proposal aims to address the Government's view that the local government system is not working well by making local government easier to understand, reducing duplication, and delivering better value for ratepayers.
4. The proposed approach is to replace regional councillors with a new governance board comprising all city and district mayors from the region, called a Combined Territories Board (CTB). The CTB would also be required, within a two-year time period, to develop a regional reorganisation plan (RRP). The RRP would require final approval by the Minister of Local Government, with input from the Local Government Commission. The expectation is that regional councils would no longer exist (at governance or organisational level) once the RRP are implemented, and that there is also potential for some structural change for city and district councils within each region.
5. Key points from Council's draft submission on this draft proposal are that we support the Government's intention to improve the local government system, however:
  - We believe the Government should go further in specifying its envisaged local government system
  - Resourcing from the Government to support mayors, the Local Government Commission, and the transition will be essential to success

- We propose an alternative staged approach where regional councillors continue to govern the day-to-day operations until the regional reorganisation plan developed by the combined territories board has been approved, and
  - We believe there is a risk that environmental protection functions may be deprioritised if this proposal proceeds as drafted, depending on the results from the Government's current rapid review of regional council functions.
  - Determining the new arrangements should be progressed at some pace, with implementation in parallel with other reforms where it is practical and efficient to do so.
6. Once the draft submission is approved, the next step is to lodge it with the Department of Internal Affairs by due date of 20 February 2026.

## BACKGROUND

7. On 27 November 2025, the Government released [a draft proposal on Simplifying Local Government](#) (the proposal)<sup>3</sup>, which aims to make local government easier to understand, reduce duplication, and deliver better value for ratepayers. The proposed approach intends to provide a framework for regions to design what works best for them
8. The first part of the proposal is to replace regional councillors with a new governance board comprising all city and district mayors from the region, called a Combined Territories Board (CTB), which may also include an appointed commissioner with or without voting rights. Alongside existing regional council governance responsibilities, the CTB would also be responsible for decision-making required by the concurrent resource management reforms, including the new regional spatial plans and regional natural environment plans. The city and district mayors on the CTB would be responsible for representing all of their constituencies, and no specific regional Māori constituencies are proposed.
9. The proposal notes that central Government is currently undertaking a review of regional council roles and functions to clarify which responsibilities are to remain local and which may be either centralised or discontinued. This review will be completed before CTBs are established.
10. The second part of the proposal is to require the CTB to develop, within two-years, a regional reorganisation plan (RRP) that sets out how councils would work together to deliver services more effectively and efficiently across the region. The RRP would require final approval by the Minister of Local Government, with input from the Local Government Commission.
11. The proposal is that, once the RRP is implemented, regional councils would no longer exist (at governance or organisational level) and the city and district councils would deliver all local government services in a more joined up way, which may include structural change if this is deemed beneficial for their communities.
12. The Government is seeking public feedback on the proposal by 20 February and has signalled that a final proposal will be released in March 2026.

## DISCUSSION

13. Following input from Elected Members, Council's draft submission has been prepared and is included as **Attachment 1** to this report, for consideration and approval. Key points from the draft submission are that:
- The Council supports the aims of the draft proposal to simplify local government to make it easier to understand, reduce duplication, and deliver better value for ratepayers; and the intention for local (regional) solutions to be developed rather than a one-size-fits-all approach being imposed by central government. However, the Council also has several key concerns with this proposal.

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<sup>3</sup> The draft proposal and related information is available from the DIA website: <https://www.dia.govt.nz/simplifying-local-government>



- There is a cumulative effect of local government reforms that places pressure on councils. However, there is a definite benefit in moving with some pace and removing what has been ongoing uncertainty within the sector. The Council supports replacement arrangements developed with some pace with subsequent implement proceeding in parallel with other reform initiatives where it is practical and efficient to do so.
  - The Council believes that the Government should go further in specifying its envisaged local government system, at least at a high level, to reduce duplication of effort and improve efficiency in developing approved regional solutions.
  - Resourcing will be essential to support mayors, the Local Government Commission, and the transition for each region. The Council recommends that funding for additional resourcing in these areas is included within the final proposal.
  - The Council proposes an alternative staged approach to implementation of this draft proposal, to mitigate capacity risks and enable input from regional councillors. The Council proposes that the CTB of city and district mayors for the region is established to focus primarily on developing a way forward for local government through the RRP. During this two-year period, regional councillors would continue to govern the day-to-day business of regional councils, with triggers put in place for bigger issues requiring escalation to the CTB.
14. The turnaround time for submissions to the proposal has been shortened by the Christmas / New Year break, which has made it difficult to seek and incorporate feedback from local Iwi/Hapū through Te Rangapū o Mana Whenua o Tauranga Moana within this timeframe.

## STATUTORY CONTEXT

15. The Government's draft proposal on Simplifying Local Government has the potential to significantly change the current local government system in New Zealand, resulting in changes to legislation that fundamentally affects all councils and communities.
16. Taken together with other local government reforms, both underway and proposed, this proposal signals fundamental change to New Zealand's local governance and local government.

## STRATEGIC ALIGNMENT

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

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

18. The aims of the proposal seek to improve the efficiency and effectiveness of local government, and provide better value for money for local communities. If given effect, these aims would primarily contribute to the council's environmental and urban form and transport outcomes.
19. The Council's draft submission seeks to improve the proposal to provide a greater chance that it would achieve these aims.

## OPTIONS ANALYSIS

20. The Council has three options available to it:
- Approve the submission as written and submit to the Department of Internal Affairs by 20 February 2026
  - Amend the submission and submit to the Department of Internal Affairs by 20 February 2026
  - Do not make a submission on the proposal.
21. Making a submission ensures that the Council's thoughts and opinions on the proposal are clearly communicated to the Government for its consideration.

## TE AO MĀORI APPROACH

22. Given the timeframes for this consultative process, the Council has not sought input or advice from Te Rangapū o Mana Whenua o Tauranga Moana

## CLIMATE IMPACT

23. If the aims of this proposal are achieved, there is likely to be benefit through better coordinated local government research and responses to the impacts of climate change.

## SIGNIFICANCE

24. 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.
25. 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 issue.
  - (c) the capacity of the local authority to perform its role, and the financial and other costs of doing so.
26. In accordance with the considerations above, criteria and thresholds in the policy, it is considered that issue of simplifying local government and this proposal is of high significance, but that the decision to approve a submission on the issue to the Government is of low significance.

## ENGAGEMENT

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

## NEXT STEPS

28. Once direction is received from Council, the submission will be finalised and lodged with the Department of Internal Affairs by the deadline of 20 February 2026.
29. The Government has signalled that a final proposal should be released in March 2026. The Council may wish to provide feedback on the final proposal should that be an option.

## ATTACHMENTS

1. **Draft submission to DIA on draft proposal for simplifying local government - A19688944**  

DRAFT as at: 31 January 2025

Submissions due with DIA by 20 February 2026

Mayoral letterhead

Department of Internal Affairs

Web portal: <https://consultations.digital.govt.nz/simplifying-local-government/proposal/>

## Draft submission to Department of Internal Affairs on draft proposal for simplifying local government

Kia ora

Thank you for the opportunity to provide feedback on the draft proposal for simplifying local government.

For further information about matters covered by his submission, in the first instance please contact Christine Jones, General Manager: Strategy, Partnerships & Growth.

### Overview

We support the Government's intention to improve the local government system to make local government easier to understand, reduce duplication and deliver better value for ratepayers.

However, the following paragraphs highlight several areas of concern with the proposal as drafted.

There is a cumulative effect of local government reforms that places pressure on councils. The timeframes to finalise the design of these reforms, including considering the interrelationships between them, and the subsequent implementation need to be carefully considered.

However, there is a definite benefit in moving at some pace with a view to removing what has been ongoing uncertainty within the sector. The Council supports replacement arrangements developed at pace, with subsequent implementation proceeding in parallel with other reform initiatives where it is practical and efficient to do so.

**The Government should go further in specifying its envisaged local government system** – there is general agreement within local government that change is needed. We believe that it would be much more efficient if the Government went further in determining what regional local government should look like at least at a high level. Currently there is potential for 11 different approaches to be developed across 11 regional areas, with little indication of which, if any, of these would then be approved by the Minister.

*DRAFT as at: 31 January 2025*

**Resourcing to support mayors, the Local Government Commission (LGC), and the transition will be essential** – without additional resourcing it is unlikely that mayors will be able to effectively take on regional council governance *and* develop a comprehensive plan for future local government service delivery across the region, while continuing to deliver their existing roles including the significant reforms already underway (particularly resource management, water services, and rates capping). To mitigate this risk, we recommend that funding for additional resourcing to support mayors is included in the proposal. Likewise, the LGC is proposed to undertake a vital role at least during the two-year regional reorganisation plan (RRP) development phase, so will also require additional resourcing to enable timely and quality outcomes. Once RRP's have been approved, transition support from the Government will be essential for successful implementation.

**Alternative staged approach proposed** – to mitigate district/city councils' capacity risks and enable input from regional councillors. We propose that the CTB of mayors (with or without a commissioner) would be responsible for developing the RRP within two years, while regional councillors would continue in their roles for the same period with a mandate to run the day-to-day business of the regional council. Triggers would be put in place for escalation of bigger issues outside the day-to-day mandate.

**Environmental protection risk** – depending on results from the Government's rapid review of regional council functions, there is a risk that this function is deprioritised with the eventual disestablishment of regional councils.

## Part A: background information

### Q1: Do you agree there is a need to simplify local government?

Yes, simplification of the local government structure would provide an opportunity to create a more efficient system that communities across New Zealand can benefit from. We believe that the system designed 36 years ago can be improved.

With 78 councils nationwide, including seven in the Bay of Plenty, there is inevitably some duplication of resources, systems, processes and expertise, which creates unnecessary complication and adds to overall delivery costs.

There are areas where the current system could be streamlined to improve decision-making and reduce cost. Ratepayers face huge cost pressures, and we need a system that delivers better value.

### Q2: What do you think of the proposed approach overall?

The proposed approach is going in the right direction, but doesn't go far enough to create the long-term, efficient and effective change needed in the local government sector.

We believe that more direction from central government is required. At the very least a framework of minimum expectations for local government structures *and* service delivery approaches should be developed. This would result in consistent structures and service delivery across the regions, where appropriate, while still enabling bespoke solutions for areas of regional differences. This

*DRAFT as at: 31 January 2025*

would also reduce duplication of effort required across each of the regions to develop and implement their own solutions, freeing up resources to focus in the right areas.

Successful achievement of the aims of this proposal will be extremely difficult without better recognition and sequencing of the raft of local government reforms underway. Expectations on councils and their communities to navigate the best pathway forward are unrealistic given the complexity and overlapping timeframes of the reform initiatives underway and in the pipeline. Specifically, the resource management system reform and the simplifying local government proposal have timeframe overlaps and some content overlaps, e.g. the new regional plans required by the resource management system reforms would start to be developed by a committee of the regional council over the next 1-2 years, then would be taken over by a different group of people (the CTB comprising all mayors from the region) to complete alongside the regional reorganisation plan (RRP).

To ensure the greatest chance of success, we recommend that:

- (a) the reform is progressed in a manner such that the future arrangements are determined in a timely manner, removing the ongoing uncertainty which has surrounded the local government sector for many years
- (b) transition to the new structural arrangements for the local government sector proceeds in parallel with other reforms impacting on local government where it is practical and efficient to do so.

## Part B: Simplifying regional governance

### Q3: Do you agree with replacing regional councillors with a CTB?

Not fully, for the reasons outlined under 'Q4: what we like and dislike about the proposal to replace regional councillors with CTBs'.

### Q4: What do you like or dislike about the proposal to replace regional councillors with a CTB?

There will be challenges for mayors in working together as each has different perspectives and has been elected to serve the interests of their own communities. It may be difficult for many mayors to take a regional view as part of the CTB. It is possible that a region such as the Bay of Plenty ends up proposing a unitary authority for each member council, which would achieve little to improve longer-term outcomes for our communities.

We are also concerned about mayors' capacity constraints if adding all regional councillors' governance responsibilities while trying to develop the regional reorganisation

plan (including service delivery assessments for all council activities) to their existing governance roles, at a time where there is already a raft of interrelated local government reform underway.

As an alternative, we propose a staged approach where:

*DRAFT as at: 31 January 2025*

- Regional councillors would be retained for the two-year period with the mandate to run the day-to-day business of the regional council and with triggers in place for escalation of ‘big decisions’ (as per Auckland Council transition legislation<sup>1</sup>, or with a Crown observer/manager to have veto over such issues); AND
- The CTB would be established to focus primarily on developing the regional reorganisation plan, including service delivery assessments for all council functions based on significant input/guidance from central government. Regional councillors, and recent ex-regional councillors, have significant intellectual property and organisational knowledge that would often provide invaluable input to the CTB’s task.

We also propose that local government elections for all affected councils should be halted until after the full reorganisation plan has been implemented, so that communities know what structure they are voting people into. This would exclude Auckland Council and potentially other unitary councils that choose not to participate in a CTB process.

The proposal does not cover how a chair for the CTB would be appointed, and/or whether the chair would have a casting vote for regions where there are an even number of mayors (six for the Bay of Plenty) and where a vote is tied. We recommend that both of these matters are addressed in the final proposal and legislation.

Options for consideration include:

- CTB Chair – the CTB chair could be elected by CTB members, as per current regional council processes. A rotating chair is a less preferred option as it may negatively impact continuity. Where a Government-appointed CTB member is in place, they may automatically take up the chair role.
- Casting vote – once enacted, the standard standing orders contemplated within the System Improvements Bill could apply where a casting vote is required, or each CTB could be responsible for determining its own approach.

#### Q5: What level of Crown participation in regional decision-making do you prefer?

Given the concerns raised above about mayor-only CTBs, a voting commissioner to chair the CTB might be helpful for running the process, and the veto power would potentially avoid sub-optimal outcomes.

#### Q6: Do you agree that mayors on the CTB should have a proportional vote adjusted for effective representation?

Yes, because it better represents the region’s communities and is therefore more appropriate than an equal vote for each mayor or being purely population-based.

We prefer that the LGC is provided with specific legal objectives and criteria to guide its decisions on mayoral voting weights to balance population size with effective representation, i.e. the second

<sup>1</sup> Local Government (Auckland Transitional Provisions) Act 2010:  
<https://www.legislation.govt.nz/act/public/2010/0037/latest/dlm3016607.html>

*DRAFT as at: 31 January 2025*

option proposed. The draft objectives proposed (democratic legitimacy, effective representation, and effective governance) also seem reasonable.

**Q7: What do you like or dislike about the voting proposal for the CTB?**

The voting proposal for the CTB would place considerable additional workload on the LGC, which would need to be appropriately planned for and resourced by the Government to enable success.

Although Ministers' decisions have already been made regarding the CTBs taking over responsibility for development of the regional spatial plan and natural environment plan, we note the significant capacity risks for mayors (and their elected members and supporting staff) if the two sets of legislative changes proceed and are implemented simultaneously as currently signalled. This capacity risk compounds the previously-mentioned risk from changing the decision-making body for the regional spatial plan and natural environment plan part-way through their development; and would likely also negate any benefits gained from our suggestion of staging this (simplifying local government) proposal.

**Q8: What do you think about the ways that communities crossing regional boundaries could be represented?**

We generally prefer the district adoption option (where an isolated population is 'adopted' by a neighbouring district), however this would depend on the size of the isolated population.

Given that both the district adoption and additional representation options will be available, we prefer a combination of the two methods for determining which of these two options is applied to any given isolated population. This would mean that a threshold as proposed (i.e. population of 1,000) is set by legislation and would normally apply, but the LGC would be able to override this and apply the other approach in cases where the LGC deems this would provide more effective representation for a particular isolated population. The LGC would need to consider the relevant isolated populations when determining the voting powers for each CTB.

Additionally, we propose a third option for addressing cross-boundary issues (alongside district adoption or additional representation) which would enable a council to opt in to a different region's CTB if they wished to (e.g. Taupo could opt in to the Bay of Plenty CTB). Considerations would include:

- Whether they would need to boundary a district in the region 'adopting' them (e.g. Matamata-Piako DC boundaries Western Bay of Plenty DC, so would be able to opt in to the Bay of Plenty CTB), or if it would be sufficient to simply be part of a neighbouring region (e.g. Thames-Coromandel DC, which does not share a boundary with a Bay of Plenty council but which is part of the neighbouring Waikato region, could opt in to the Bay of Plenty CTB). There would likely need to be some geographic connection to the region to enable a council to opt in to that region's CTB.
- Suggestion that councils could also keep discussions open with more than one region's CTB, but could only have voting rights in one CTB at any point in time.



DRAFT as at: 31 January 2025

## Part C: Improving local government

### Q9: Do you support the proposal to require CTBs to develop regional reorganisation plans?

Yes, on the basis that sufficient and appropriately skilled resource is made available (through funding or direct appointment at officer level) to enable this work to be delivered to the standard required to produce an accurate, robust, well-evidenced RRP, within the required timeframe.

Please also refer to our previous comments on resource and timing risks created by competing demands to deliver on the raft of local government reforms underway, while continuing to focus on the council's 'day job' including Long-term Plan development and delivery.

To mitigate this, please also refer to our alternative staged approach proposed under 'Q4: *what do you like or dislike about the proposal to replace regional councillors with a CTB?*'. In short, our proposal is to:

- Retain regional councillors for a two-year period, with the mandate to govern only the day-today regional council business. Triggers would be in place for any 'big decisions' required; while
- The CTB would be established to focus primarily on developing the RRP over the same two-year period.

### Q10: What do you think about the criteria proposed for assessing regional reorganisation plans?

We agree with the criteria proposed, with the recommended addition of one further criterion, being 'Efficiency of operating model'.

Local government needs an operating model that delivers services and infrastructure more efficiently, while maintaining strong local governance and representation by and on behalf of communities. Our view is that this proposal provides the opportunity to clarify which functions are best delivered nationally, regionally, or locally.

Our view is that collaboration will be key to ensuring the future form and function of local government is fit-for-purpose, while not compromising local voices or negatively impacting important considerations such as Treaty of Waitangi principles and protecting New Zealand's environment.

## Part D: Treaty of Waitangi and Māori representation

### Q11: What do you think about how the proposal provides for iwi/Māori interests and Treaty arrangements?

We agree that the CTB should comprise only the region's mayors (with central government representation as agreed), and that the city/district mayors represent all constituents within their area.

*DRAFT as at: 31 January 2025*

We note that the proposal references the Bay of Plenty Regional Council's specific Māori representation legislation, and our understanding is that this proposal, if implemented, would render that legislation obsolete.

Our view is that the RRP will be able to address Māori representation in the future state, but we do recognise that this proposal would create a gap between BOPRC councillors' roles being disestablished and the RRP being implemented. Our recommended staged approach to dissolution of the regional councillor roles and development of the RRP would eliminate this gap in specific Māori representation. Alternatively, we recommend that some other transitional provisions for Māori representation are applied during the two-year 'gap' period.

Thank you again for the opportunity to share our collected views on the draft proposal for simplifying local government.

Mayoral sign-off

## 11.4 Rates capping submission

**File Number:** A19694842

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

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

### PURPOSE OF THE REPORT

1. To invite retrospective endorsement of Council's submission on the government's 'rates target model' which was submitted by the deadline of 4 February 2026.

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### RECOMMENDATIONS

That the Council:

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

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### BACKGROUND

2. On 1 December 2025, the government announced that it had 'agreed to progress a rates cap to help councils keep rates increases under control and reduce pressure on household budgets'<sup>4</sup>.
3. As part of that announcement, the government shared its 'rates target model for New Zealand' and opened targeted consultation through the Department of Internal Affairs ("the Department"). That initial targeted consultation did not include all individual councils but was restricted to 'stakeholders'. Those stakeholders are known to have included Auckland Council, Local Government New Zealand, and Taituarā Local Government Professionals Aotearoa.
4. Subsequently, the Department broadened the terms of its targeted consultation to allow direct submissions by all individual councils.

### Consultation material

5. The original targeted consultation material outlined key decisions made by the government<sup>5</sup>:
  - The range will apply to all sources of rates (general rates, targeted rates, uniform annual charges), but excludes water charges and water-related targeted rates, and other non-rates revenue.
  - The range will apply to the price component of rates, not volume growth.
  - Under the rates cap councils will have discretion to spend rates funding as they currently do. This system does not limit spending to certain services or activities. But councils will need to comply with changes made through the Local Government System Improvements Bill.

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<sup>4</sup> Press release, Local Government Minister, 1 December 2025 <https://www.beehive.govt.nz/release/getting-rates-under-control-ratepayers>

<sup>5</sup> Internal Affairs letter to Local Government New Zealand, dated 3 December 2025

- The range will be anchored in long-run economic indicators, such as inflation at the lower end and nominal GDP at the higher end. An additional growth component will be added for some councils.
  - There will be a transition period from 2026 to 2029. During this time, councils will be required to consider the rates target when setting rates, but it will not be mandatory to operate within the range. The Department of Internal Affairs will issue guidance and undertake monitoring of councils during this time.
  - From 1 July 2029, the model will allow for variations in extreme circumstances and a clear process for councils to apply for other temporary adjustments.
6. That consultation material also included initial details on the proposed formula to be used to calculate the 'cap'. The consultation material sought feedback on five questions:
- (1) Do you agree with the proposed economic indicators to be included in a formula for setting a rates target?
  - (2) If not, what economic indicators do you suggest be included and why?
    - (a) Does setting the minimum target in line with inflation ensure that councils can maintain service standards? If not, why not?
  - (3) Does the maximum of the target account for council spending on core services?
  - (4) What council spending will not be able to take place under this target range? Why?
  - (5) Are changes to the target needed to account for variations between regions and councils? What changes do you propose and why?

### **Council's response**

- 7. In mid-December, the Mayor indicated that Council's submission should be focused on question 3 onwards. This is because indications were that a substantial review of the 'model' and the economic indicators to be used was already underway.
- 8. A draft submission was prepared during January for finalisation in early February. This draft submission was shared with the Mayor and all councillors. At the time of writing, feedback has been received from elected members and will be incorporated into the final submission. The submission is on-track to be submitted by the deadline of Wednesday 4 February 2026.
- 9. A copy of the final submission will be circulated to elected members and published in this meeting's papers on the website once it has been approved by the Mayor and submitted.

### **STATUTORY CONTEXT**

- 10. The rates capping legislation has not yet been introduced to Parliament. The Minister's initial announcement indicated that legislation was expected to be enacted in 2026 and be law from 1 January 2027.

### **STRATEGIC ALIGNMENT**

- 11. This submission to a central government process does not directly impact Council's community outcomes. The eventual design and implementation of a rates cap may have some future impact on community outcomes, but they cannot be quantified at this stage and will likely depend on future Council decision-making.

### **OPTIONS ANALYSIS**

- 12. By the time of this meeting, the submission will have already been forwarded to the Department. Council can decide to formally endorse that submission or not. If Council does not endorse the submission and wishes to retract it, staff will communicate with the Department accordingly.

## FINANCIAL CONSIDERATIONS

13. There are no direct financial implications in making, or endorsing, this submission.

## LEGAL IMPLICATIONS / RISKS

14. There are no legal implications or risks in making, or endorsing, this submission.

## TE AO MĀORI APPROACH

15. This is a procedural report. There are no direct impacts on Council's te ao Māori approach associated with making, or endorsing, this submission. Because of the timeframes involved, staff have not had an opportunity to discuss this submission with Te Rangapū Mana Whenua o Tauranga Moana.

## CLIMATE IMPACT

16. This is a procedural report. There are no direct climate impacts in making, or endorsing, this submission.

## SIGNIFICANCE

17. 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.
18. In making this assessment, consideration has been given to the likely impact, and likely consequences for:
- (a) the current and future social, economic, environmental, or cultural well-being of the district or region
  - (b) any persons who are likely to be particularly affected by, or interested in, the matter.
  - (c) the capacity of the local authority to perform its role, and the financial and other costs of doing so.
19. In accordance with the considerations above, criteria and thresholds in the policy, it is considered that the matter of a potential rates cap is of medium significance but that the decision to retrospectively endorse Council's submission is of low significance.

## ENGAGEMENT

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

## NEXT STEPS

21. If the submission is endorsed, as recommended, there is no further action at this stage. If the submission is not endorsed, staff will seek direction as to whether Council seeks the submission which has already been lodged, to be formally withdrawn from the Department's process.

## ATTACHMENTS

Nil

## 11.5 User Fees and Charges Review - Issues and Options

**File Number:** A19438140

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

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

### PURPOSE OF THE REPORT

1. This report presents options to include within the draft 2026/27 User Fees and Charges Schedule. It also provides an option to defer the next stages of the user fees and charges review to the long-term plan process commencing later this calendar year.

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### RECOMMENDATIONS

That the Council:

- (a) Receives the report "User Fees and Charges Review - Issues and Options".

*EITHER:*

- (b) Approves the following options from each attachment to be included in the draft User Fees and Charges 2026/27:

#### **Baycourt (Attachment 1)**

- (i) Option 1: Retain status quo (existing 50% discount on venue hire fees for eligible community events).

#### **Libraries (Attachment 2)**

##### **Room hire:**

- (ii) Option 1: Market comparable commercial hire fees for venue with a 50% discount for eligible community uses.

##### **Fees for book lending:**

- (iii) Option 1: Increase the borrowing fee for Top Title adult fiction and nonfiction from \$3.00 to \$4.00.

#### **Active Reserves (Attachment 3)**

- (iv) Option 1: Charge all junior training and matches at \$4 an hour or match, with seniors at \$8 an hour or match.

#### **Use of Council Land (Attachment 4)**

- (v) Option 1: Retain the status quo and review again through LTP 2027-37, informed by revised land valuation.

#### **Cemetery Parks and Crematorium (Attachment 5)**

- (vi) Option 3: Increases over the next two years to achieve fees reflective of actual cost.

#### **Boat Ramp Parking (Attachment 6)**

- (vii) Option 1: Reintroduce trailer parking fees adjacent to the deepwater boat ramps at \$7 a day, \$70 a year for residents and \$100 a year for non-residents, with exemptions for community organisations.

**Alcohol Licensing (Attachment 7)**

- (viii) Option 4: Increase the current fees to reflect a 30% rates / 70% user funded model.

**Animal Services (Attachment 8)**

- (ix) Option 1: Increase Animal Service fees and reduce dog registration fee by \$6.

**Building Services (Attachment 9)**

- (x) Option 2: Increase fees 10% plus CPI.

**Trade Waste (Attachment 10)**

- (xi) Option 1: Align fee structure with changes proposed in bylaw include proposed fee structure.

**AND/OR**

- (c) Notes the work done to date on the user fees and charges review by staff and elected members and agrees to defer further progress on all aspects of the review (or 'all other aspects of the review', if any decisions are made under (b)(i) to (b)(xi) above) until the long-term plan process which will be progressed during 2026.

**EXECUTIVE SUMMARY**

2. Council staff are undertaking a comprehensive review of user fees and charges for the 2026/27 financial year, following community consultation that committed Council to undertaking this work.
3. The review is guided by the principles of the Revenue and Financing Policy, aiming to ensure fees are fair, equitable, simple to administer, consistent across Council, and reflective of asset value and investment. A core objective is to reduce reliance on general rates by applying a 'user pays' approach wherever a service user can be identified and efficiently charged.
4. Staff assessed all fees and charges activity areas to identify those with the greatest potential for improved cost recovery or financial impact. Council subsequently approved<sup>6</sup> in-depth reviews of nine activity areas: Baycourt, Libraries, Parks and Recreation, Use of Council Land, Cemetery Parks and Crematorium, Alcohol Licensing, Animal Services, Building Services, and Trade Waste. Each detailed review included analysis of cost recovery, historical consultation feedback, service usage, inflation and affordability impacts, market context, and benchmarking against other councils.
5. In addition to these in-depth reviews, staff have completed the standard annual review of all other fees and charges, including proposed new fees. These, along with decisions from this report, will inform a draft User Fees and Charges Schedule and will be reflected in revenue and rates budgets for the draft Annual Plan to be presented to Council on 3 March 2026.
6. Feedback from Elected Members throughout the workshop process has shaped the options presented within the attachments to this report.
7. Recognising that Council is looking to re-prioritise its work programme, a further option has been provided that allows for a temporary pause to the user fees and charges review, with the project being picked up as part of the long-term plan process.
8. A hybrid option is also presented where Council could proceed with an incremental increase of some fees (above inflation) with consideration of any subsequent more significant increases through the LTP. Depending on the scale of these increases' consultation may or may not be required.

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<sup>6</sup> Council meeting, 16 September 2025

**BACKGROUND**

9. User fees and charges are updated by staff on an annual basis with a comprehensive review typically undertaken during the development of the Long-term Plan. Following consultation on the 2025/26 Annual Plan, it was resolved that Council would conduct a comprehensive review during the 2026/27 annual plan process.
10. Council's general approach is to reduce the burden on the ratepayer by utilising a 'user pays' approach. Therefore, where a service user can be identified, and efficiently charged, users will pay for that service through a user fee or charge. This approach requires a greater percentage of the costs of an activity to be recovered from service users.
11. The comprehensive review has been guided by principles in the Revenue and Financing Policy; ensuring fees are fair and equitable, consistent across Council, simple to administer and understand, and reflective of both capital investment and the value of assets and the environment. It also aims to capture non-ratepayer users of Council amenities and enable demand management.
12. Staff undertook a review of all fee and charges activity areas to identify areas that present a strong case for an in-depth review due to financial significance or known opportunities for greater cost recovery. These are areas where staff attention was most likely to result in meaningful improvements.
13. The following activities were approved by Council at a formal Council meeting on the 16 September 2025 for an in-depth review, with subsequent public workshops<sup>7</sup> to share staff analysis and potential options:
  - Baycourt
  - Libraries
  - Parks and Recreation
  - Use of Council Land
  - Cemetery Parks and Crematorium
  - Alcohol Licensing
  - Animal Services
  - Building Services
  - Trade Waste
14. In addition to these detailed reviews, staff have undertaken the standard annual review of all other fees and charges, including the addition of new fees. These proposed changes and the decisions from this report will be included in a draft User Fees and Charges Schedule and is intended to be presented to Council on the 3 March 2026.
15. Each review of the activities above has involved a thorough assessment, including analysis of current cost recovery levels, consideration of community feedback from previous consultations, identification of known issues and opportunities, inflation and affordability impacts, market trends and service usage, and benchmarking against other councils.
16. This information has been prepared in an issues and options report for each of the activities and is attached to this report.
17. For fees where no other adjustments are to be made, a 3% increase will be applied in line with the Consumer Price Index (CPI). This figure is based on the most recent CPI data

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<sup>7</sup> 4 September 2025 (Sports Fields, Cemeteries, and Boat Ramp Parking)

9 October 2025 (Alcohol Licensing, Animal Services, and Libraries)

23 October 2025 (Baycourt)

30 October 2025 (Trade Waste, and Building Services)

27 November 2025 (Sports Fields, Use of Council Land, Cemeteries, and Boat Ramp Parking)



published by Stats NZ (October 2025). The same 3% CPI adjustment has also been incorporated into the financial modelling within the attached Issues and Options reports. Applying CPI ensures that fees reflect inflationary cost pressures and maintain cost recovery without shifting the burden to rates.

18. Feedback provided by Elected Members at the workshops to date, have informed the options provided within this report.
19. Subsequent to the workshops a request was made by Elected Members to provide information on the rates / user fee % mix for activities and presenting this by grouping similar activities showing the range that currently applies, and the range aligned to the emerging direction per the work completed to date. There was insufficient time for staff to complete this work prior to finalising this report. If elected members choose the option to defer the project to the LTP process, then that information will be able to be collated and reported.

### **Option to pause the review project and progress through LTP process**

20. Staff recognise that Council is looking to reprioritise its work programme. Notwithstanding paragraphs 8 to 17 above and the attachments to this report, the user fees and charges review is a discretionary project that can be temporarily paused if Council so determines.
21. If the project is temporarily paused, it can be picked up as part of the long-term plan process that will start shortly. This approach would allow further time to more closely consider the level of user fees and charges across similar activities in a manner which fits with Council's desire to create as much consistency of approach as possible.
22. If the project is temporarily paused the 'standard' updates to user fees and the introduction of select new charges, as described in paragraph 13, will continue. The draft user fees and charges schedule for 2026/27 will be presented to the 3 March 2026 Council meeting for consideration.

### **Hybrid Option – Incremental increase of some fees (above inflation) with consideration of any subsequent more significant increases through the LTP.**

23. Council could increase some fees in an incremental manner which are in the direction of the desired long-term approach. Then Council could consider the specific scale and structure of that longer term approach through the LTP process.
24. This would enable the Council to start to adjust in areas where a change via the LTP is likely, without having to have a full view as to what the final position on the charging arrangement will be.
25. In terms of consultation, as a guide, if the incremental increase is circa less than inflation plus 3%, then consultation is not likely to be required. Each fee would need to be considered in terms of the actual \$ increase and other matters, but this guide may be helpful as a starting point when determining if consultation is required.

### **STATUTORY CONTEXT**

26. Setting fees and charges at the correct level enables the funding of council's activities. These activities help deliver our community outcomes and facilitate improved quality of life, quality of economy and sound city foundations.

### **STRATEGIC ALIGNMENT**

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

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

- We are a city that supports business and education ✓
- We are a vibrant city that embraces events ✓

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

### FINANCIAL CONSIDERATIONS

29. The decisions within this report and attachments have financial implications for the Annual Plan 2026/27. In addition to revenue impacts, the proposed changes aim to improve cost recovery for services, ensuring that fees are fair, transparent, and aligned with Council's financial principles. Consideration has been given to affordability, inflationary pressures, and market comparisons to maintain a balance between financial sustainability and community accessibility to services.
30. Detailed financial analysis for each activity and option is provided in the attachments to this report.

### LEGAL IMPLICATIONS / RISKS

31. The proposed changes to the User Fees and Charges Schedule must comply with the Local Government Act 2002 and any other legislation relevant to specific fees. Council is required to ensure that all fees are lawful, transparent, consistent with its Revenue and Financing Policy, and do not exceed reasonable cost recovery.
32. Significant increases in fees carry the risk of negative community perception and may result in reduced service uptake.

### CONSULTATION / ENGAGEMENT

33. The proposed 2026/27 User Fees and Charges Schedule will be subject to public consultation in accordance with the Local Government Act 2002. This process ensures transparency and provides the community with an opportunity to give feedback on the proposed changes before they are adopted.
34. If required, consultation will be undertaken as part of the Annual Plan process. Key steps include:
- Public notification: The draft schedule will be published on Council's website and made available at Council offices and libraries.
  - Submission period: Community members will have the opportunity to make written submissions during the consultation period.
  - Engagement channels: Information will be shared through Council's digital platforms, social media, and local media to encourage participation.
  - Hearings and deliberations: Submitters who wish to speak to their submission will be heard by Council before final decisions are made.
  - Decision and adoption: Feedback will be considered, and any changes will be incorporated before the final schedule is adopted.
35. Depending on the scale of change in the fee, consultation may not be required. Consultation on User Fees and Charges can occur on a stand alone basis, separate from an Annual Plan process.

### SIGNIFICANCE

36. 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.

37. 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.
38. In accordance with the considerations above, criteria and thresholds in the policy, it is considered that the decision is of high significance if there are significant changes to the current fees and charges proposed. If small to moderate changes, or Council decides to defer the matter to the long term plan, then the significance is low.











## ENGAGEMENT

39. Taking into consideration the above assessment, that the decision is of high significance, officers are of the opinion that consultation is required under sections 82 and 150 of the Local Government Act 2002.

## NEXT STEPS

40. A proposed draft Fees and Charges Schedule, along with the consultation material, will be presented to Council on 3 March 2026 and will incorporate the decisions from this report.
41. A final proposed User Fees and Charges Schedule and, if required, consultation material will be adopted for consultation on 24 March 2026. Consultation, if required, will be undertaken with the community, with hearings (if required) and deliberations meetings to take place and a final adoption of the User Fees and Charges Schedule by the end of June 2026.
42. Finalised fees and charges will come into effect on 1 July 2026.

## ATTACHMENTS

1. **Issues and Options - Baycourt - A19687260** [↓](#) 
2. **Issues and Options - Libraries & Community Hubs - A19687268** [↓](#) 
3. **Issues and Options - Active Reserves - A19687256** [↓](#) 
4. **Issues and Options - Use of Council Land - A19687271** [↓](#) 
5. **Issues and Options - Cemetery Parks and Crematorium - A19687266** [↓](#) 
6. **Issues and Options - Boat Ramp Parking - A19687264** [↓](#) 
7. **Issues and Options - Alcohol Licensing - A19687257** [↓](#) 
8. **Issues and Options - Animal Services - A19687258** [↓](#) 
9. **Issues and Options - Building Services - A19687265** [↓](#) 
10. **Issues and Options - Trade Waste - A19687269** [↓](#) 

**Title: User Fees and Charges Issues and Options – Baycourt Community & Arts Centre****Author:** Reena Snook - Baycourt Community & Arts Centre Manager**Authoriser:** Sarah Omundsen – GM: Regulatory and Community Services**BACKGROUND**

1. Baycourt Community & Arts Centre ('Baycourt') is Tauranga's premier performing arts facility, providing a world-class stage that connects the community with exceptional artistic experiences, from local talent to international performers.
2. Baycourt holds a strong place in the community's identity, stemming from its origins over 40 years ago when almost a third of the funding for its development was raised through community contributions. This legacy has fostered a deep sense of ownership and pride among local users and audiences, which continues to this day.
3. Baycourt is not only a cornerstone of Tauranga's cultural life, it also plays a vital role on the national stage. Recognised as one of New Zealand's leading regional arts centres, Baycourt actively contributes to the national creative ecosystem. Its reputation and influence extend well beyond the region, positioning it as a key voice in national conversations about the performing arts and entertainment.
4. From the outset, Baycourt has operated under a community-driven kaupapa. Over the past three years (post-Covid), an average of 62% of booked days<sup>1</sup> have been generated through community events, with the remainder classified as commercial events. This consistent engagement highlights Baycourt's role as a vital platform for local expression, connection, and cultural development.
5. Over the past three years, Baycourt has achieved an impressive 80% venue utilisation<sup>2</sup> – the highest average recorded for the facility, based on publicly available annual reports. This reflects a strong and sustained demand for Baycourt's spaces across both community and commercial events.
6. Baycourt has a strong and loyal audience base. On average, 62,865 people attended annually in the past three years, equivalent to nearly 4 in 10 Tauranga residents visiting Baycourt each year.

**DISCUSSION AND ANALYSIS**

7. Baycourt operates a two-tier venue hire model, structured by user type (community or commercial booking) and nature of event (performance or non-performance event):
  - **Community hires**<sup>3</sup>
    - Live performance events e.g. ticketed music concerts / dance / musical theatre / drama productions.
  - **Commercial hires**<sup>4</sup>
    - Live performance events.
    - Non-performance events e.g. meetings / conferences / dinners / tradeshow / exhibitions.

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<sup>1</sup> Booked days are calculated as the total number of days Baycourt spaces are hired for events, with multi-day hires counted per day to reflect actual venue usage and occupancy.

<sup>2</sup> Venue utilisation is calculated based on the number of days Baycourt is occupied for events, measured against total days available after excluding closures for necessary equipment maintenance and internal use (e.g. pre-rig days).

<sup>3</sup> Ticketed arts events delivered by local not-for-profit organisations OR by local organisations that showcase/celebrate youth (<25yrs).

<sup>4</sup> All non-Community hires for both arts and non-arts events (e.g. business events).

8. The venue hire fees for Baycourt's primary hireable spaces for the 2025/26 financial year, are as follows:

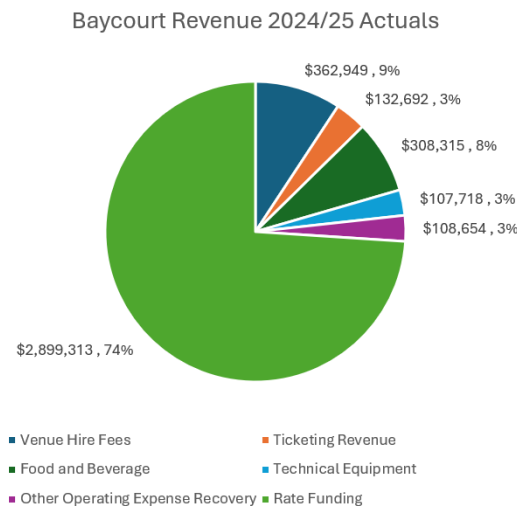
	Addison Theatre	X Space	Full Facility
<b>COMMUNITY</b>			
Live performance (per show)	\$ 1,350.00	\$ 550.00	\$ 2,000.00
<b>COMMERCIAL</b>			
Live performance (per show)	\$ 2,700.00	\$ 1,100.00	\$ 4,000.00
Non-performance (per day)	\$ 3,000.00	\$ 1,200.00	\$ 4,300.00

9. As shown above, eligible community events receive a 50% discount on the commercial hire fees (live performance events only).
10. For live performance events (community or commercial), the hire fees are also subject to a secondary step – the calculation of 12% of total ticket sales revenue (net). If 12% of the total ticket sales revenue is greater than the base fee listed above, then the 12% fee is payable as the hire fee (instead of the base fee). Whilst the percentage varies from venue to venue and there are other nuances, this model is common industry practice globally for ticketed performances.
11. Additionally, non-event days (e.g. pack in days) are charged at 50% of the applicable hire fee. For example, if a community live performance event in the Addison Theatre had one pack in day and one show day, the total hire fee would be \$2,025 + GST, consisting of \$675 for the pack in day and \$1,350 for the show/performance day.
12. Baycourt's two-tiered fee structure has existed for at least the last two decades. While the underlying model has not changed, the specific hire fees have naturally increased over time. The table below provides a summary of Baycourt's annual hire fees over the past five years, including the current year, along with the corresponding percentage increases.

	2021/2022	2022/2023	% increase from previous year	2023/2024	% increase from previous year	2024/2025	% increase from previous year	2025/2026	% increase from previous year
<b>COMMUNITY</b>									
Live performance									
Addison Theatre	\$ 1,036.50	\$ 1,100.00	6.1%	\$ 1,166.50	6.0%	\$ 1,250.00	7.2%	\$ 1,350.00	8.0%
X Space	\$ 378.26	\$ 410.00	8.4%	\$ 438.00	6.8%	\$ 450.00	2.7%	\$ 550.00	22.2%
Full Facility	\$ 1,675.22	\$ 1,750.00	4.5%	\$ 1,855.00	6.0%	\$ 1,900.00	2.4%	\$ 2,000.00	5.3%
<b>COMMERCIAL</b>									
Live performance									
Addison Theatre	\$ 2,073.04	\$ 2,200.00	6.1%	\$ 2,333.00	6.0%	\$ 2,500.00	7.2%	\$ 2,700.00	8.0%
X Space	\$ 756.52	\$ 820.00	8.4%	\$ 870.00	6.1%	\$ 900.00	3.4%	\$ 1,100.00	22.2%
Full Facility	\$ 3,350.43	\$ 3,500.00	4.5%	\$ 3,710.00	6.0%	\$ 3,800.00	2.4%	\$ 4,000.00	5.3%
Non-performance (full day)									
Addison Theatre	\$ 2,143.48	\$ 2,300.00	7.3%	\$ 2,440.00	6.1%	\$ 2,800.00	14.8%	\$ 3,000.00	7.1%
X Space	\$ 771.30	\$ 850.00	10.2%	\$ 901.00	6.0%	\$ 1,000.00	11.0%	\$ 1,200.00	20.0%
Full Facility	\$ 3,463.48	\$ 3,700.00	6.8%	\$ 3,925.00	6.1%	\$ 4,000.00	1.9%	\$ 4,300.00	7.5%
<b>AVERAGE INCREASE PER ANNUM</b>									
			<b>6.9%</b>		<b>6.1%</b>		<b>5.9%</b>		<b>11.7%</b>

13. It is important to note that historically, hire fees for the X Space have been set well below the level required to recover direct operational costs. Over the past four years, strategic percentage increases have been applied to work towards establishing a positive profit margin. While the percentage increase appears high, the actual dollar value remains relatively low.
14. Council's Revenue & Financing Policy 2024 sets user charges at 0-30% and general rates funding at 70%-100% for Baycourt.
15. In 2024/25 Baycourt generated \$1.02m in revenue, with venue hire fees representing the largest portion, contributing 36% or \$362,949. The remaining business-generated revenue was achieved through a combination of food and beverage sales (bar sales and event catering), ticketing income, technical equipment hires and recoverable operational costs such as technical labour and marketing services.

16. As shown in the graph below, Baycourt's rate-funded contribution for 2024/25 was \$2.89 million, which accounted for 74% of the facility's total revenue. Importantly, this represents less than 1% of Council's overall rate income for that year (\$334 million) – a relatively modest investment when weighed against the cultural, economic, and community benefits Baycourt provides. The remaining 26%, or \$1.02 million, was generated through the aforementioned income streams.



17. Ratepayer support is essential for Baycourt's sustainability and continued positive contribution to the community. Specifically:
- Equitable access: Subsidies allow community groups and not-for-profit organisations to use a professional venue regardless of financial constraints.
  - Community wellbeing: Baycourt strengthens social and cultural wellbeing – the arts are essential infrastructure, not a luxury.
  - Financial reality: Limited seating capacity restricts revenue potential, making local government funding critical to keeping the doors open.
  - Public benefit: Regional theatres deliver broad benefits in arts, culture, education, and community wellbeing, which do not always align with commercial profitability.
  - Asset stewardship: Preserving a purpose-built, Council-owned facility reflects responsible management of a significant community asset.
  - Economic impact: Events at Baycourt stimulate local spending, benefiting bars, restaurants, and the wider city centre economy. The more events we host, the more the city centre thrives.

18. In 2024/25, Baycourt's total expenditure was \$3.91m. Of this, 44% or \$1.73m comprised indirect costs, including depreciation and internal allocations. The remaining 56% or \$2.18m represents direct operating costs, which cover the day-to-day running of the facility and delivery of services, as outlined below.

	2024/25 Cost	%	Notes
<b>OPERATING COSTS</b>			
Employee Expenses	\$ 1,418,412	36%	Salaries (~\$1M for 12.625 FTE), casual staff wages (~\$260K), training expenses, uniform costs etc.
Other Operating	\$ 386,284	10%	Power, bar stock, building & event security, cleaning, motor vehicle lease, rates etc.
Repairs & Maintenance	\$ 177,039	5%	R&M on building, plant and wurlitzer organ etc.
Administrative	\$ 153,060	4%	Marketing, printing, travel, training, office supplies etc.
Consultancy	\$ 51,554	1%	Artist fees for 'Baycourt Presents' shows, piano tunes etc.
<b>Sub-total</b>	<b>\$ 2,186,349</b>	<b>56%</b>	

19. Research was undertaken by staff to understand how Baycourt's commercial hire fees compare against a selection of other prominent regional theatres across Aotearoa. Among council-owned/operated facilities in Aotearoa, Baycourt currently ranks as the second most expensive per seat in the country, just behind the Wairarapa Events Centre at \$5.27 per seat. Hire fees for the Waikato Regional Theatre have not been included in the comparison below as it is scheduled to open in mid-January 2026.

City	Venue	Venue hire fee (Commercial)	No. seats	Cost per seat	Council owned / operated
Palmerston North	Regent on Broadway	\$ 1,750.00	1,362	\$ 1.28	✓
Whanganui	Royal Whanganui Opera House	\$ 1,999.00	800	\$ 2.50	✓
Oamaru	Oamaru Opera House	\$ 1,750.00	548	\$ 3.19	✓
Hastings	Toitoe - Opera House	\$ 3,300.00	979	\$ 3.37	✓
Napier	Napier Municipal Theatre	\$ 3,485.22	985	\$ 3.54	✓
New Plymouth	TSB Showplace - Theatre Royal	\$ 2,008.70	527	\$ 3.81	✓
Kerikeri	Turner Centre - John Dalton Auditorium	\$ 1,550.00	400	\$ 3.88	
Kāpiti	Te Raukura ki Kāpiti - Coastlands' Theatre	\$ 1,320.00	331	\$ 3.99	
New Plymouth	TSB Showplace - TSB Theatre	\$ 3,675.00	915	\$ 4.02	✓
Rotorua	Sir Howard Morrison Centre - Sir Owen Glenn	\$ 4,150.00	918	\$ 4.52	✓
Christchurch	Isaac Theatre Royal	\$ 5,900.00	1,292	\$ 4.57	
Tauranga	Baycourt Community & Arts Centre - Addison	\$ 2,700.00	582	\$ 4.64	✓
Tauranga	Holy Trinity Church Auditorium	\$ 4,019.84	859	\$ 4.68	
Tauranga	Baycourt Community & Arts Centre - X Space	\$ 1,100.00	220	\$ 5.00	✓
Wairarapa	Wairarapa Events Centre - Taratahi Auditorium	\$ 1,950.00	370	\$ 5.27	✓
Nelson	Theatre Royal	\$ 1,780.00	337	\$ 5.28	
Hamilton	Clarence St Theatre	\$ 3,330.00	550	\$ 6.05	

20. Baycourt's high per-seat cost reflects its premium positioning and the quality of its facility and resources, but it also creates potential price sensitivity among hirers. This is particularly relevant as new venues, such as the Waikato Regional Theatre, enter the market and offer options that are likely to be more cost-effective. Without strategic adjustments, Baycourt could face increased competitive pressure, which may impact booking volumes and revenue. This reinforces the need for a balanced pricing strategy that considers both financial sustainability and market positioning.
21. Baycourt has long operated with a high proportion of community-based events. While the origins of the 'community discount' are not documented, current staff understand it has been in place for at least 30 of Baycourt's 42-year history, reflecting a longstanding commitment to supporting local organisations.



22. Offering discounted hire rates to community users is common practice across regional theatres in Aotearoa. The table below provides a snapshot of known community discount models at comparable venues nationwide. As shown, Baycourt's 50% discount is among the most generous in the country.

City	Venue	Venue hire community discount	Operating model
Hamilton	Clarence St Theatre	30% discount (on average)	Owned/operated by Charitable Trust
Kerikeri	Turner Centre	30% discount (on average)	Owned by Council, operated by The Centre at Kerikeri Ltd
Nelson	Theatre Royal	30% discount (on average)	Owned/operated by Charitable Trust
New Plymouth	TSB Theatre	40% discount	Owned/operated by Council
Carterton/Wairarapa	Taratahi Auditorium	40% discount (on average)	Owned/operated by Council
Hastings	Toitoti Opera House	50% discount	Owned/operated by Council
Tauranga	Baycourt	50% discount	Owned/operated by Council
Oamaru	Oamaru Opera House	60% discount (on average)	Owned/operated by Council

23. While Baycourt does not currently recover all its direct costs through hire fees, simply increasing those fees is not considered a viable solution in respect to its position in the market. Baycourt already ranks as the second most expensive council-owned venue per seat in Aotearoa (based on commercial hire fees), and further significant fee increases risk pricing the venue out of the market.
24. Baycourt has a unique operating context that requires consideration:
- Limited seating capacity restricts Baycourt's competitiveness for larger commercial events. Promoters of high-profile commercial tours often seek venues with greater capacity to maximise ticket revenue. Baycourt's relatively small seating inventory (582 seats) means that even with premium ticket prices, the overall return may not justify the cost for these promoters. Significantly raising commercial fees could further exacerbate this issue, making Baycourt less attractive for touring productions.
  - The X Space delivers significant community benefit despite its higher per-seat cost, which is a function of its retrofit design and limited seating capacity rather than service quality. Its flexible configuration makes it ideal for intimate performances and niche programming such as Jazz Festival cabaret events and their annual National Youth Jazz Competition. The space also supports other activities within the building, serving as important overflow dressing rooms or rehearsal space for large-scale events in the Addison Theatre. These uses enhance Baycourt's ability to host diverse events and maximise utilisation of the facility.
  - Generating food and beverage income is constrained by the limited physical footprint and layout for bar operations and corporate hosting activities. This restricts Baycourt's ability to maximise ancillary revenue opportunities that are often critical to venue sustainability.
  - Investment in a refresh/refurbishment of Baycourt is critical to future-proof the venue and maintain its relevance in a rapidly evolving arts and events landscape. Upgrades will ensure Baycourt meets the quality and experience expectations set by Te Manawataki o Te Papa, providing a modern, welcoming environment for patrons and hirers. Enhancing front-of-house areas and improving operational functionality will not only elevate the audience experience but also enable more efficient use of spaces, supporting increased programming opportunities across both the Addison Theatre and X Space, as well as driving revenue generation opportunities. This will strengthen Baycourt's competitive position and reinforce its role as a cornerstone of cultural activity in the city centre.
25. In October 2025, as part of the review of Baycourt's fees and charges for the 2026/27 financial year, a variety of fee adjustment options were presented to Council. These included changes to the community discount model, commercial hire fees, and fees for operational services. The options aimed to support Council's 'user pays' directive while preserving Baycourt's community focus. Selected options from that exercise are outlined in the analysis below.
26. Fee adjustments for a range of operational services were presented to Council in October 2025 and are proposed to be implemented from the 2026/27 financial year. Collectively, the changes are estimated to generate approximately \$37,000 per annum in additional revenue to Council.



The adjustments focus on reducing embedded technical labour, introducing more flexible and transparent labour pricing, and applying modest increases to equipment hire rates, while maintaining existing service levels and the quality of service delivered.

27. Whilst not part of the options being considered here, Baycourt's 2026/27 commercial hire fees are proposed to increase by approximately 3%. This adjustment is broadly in line with Council's suggested inflationary benchmark of 2.5%, with minor rounding applied for simplicity. Limiting the increase to ~3% is a strategic step to keep Baycourt competitive in a growing venues market. Currently, Baycourt is the second most expensive Council-owned regional theatre in New Zealand, and with new venues such as the Waikato Regional Theatre and the Sir Howard Morrison Centre offering modern facilities and attractive pricing, it is critical that Baycourt's pricing remains sustainable without deterring hirers. This approach balances financial responsibility with the need to maintain Baycourt's position as an accessible and appealing choice for commercial users.

### OPTIONS ANALYSIS

#### Option 1: Retain status quo (Recommended)

28. Under this option, Council would maintain the existing 50% discount on venue hire fees for eligible<sup>5</sup> community events.

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• Maintaining the current discount ensures stability for long-standing community users, avoiding disruption to established budgets and long-term planning.</li> <li>• Retaining the discount reinforces Baycourt's commitment to enabling affordable access for local groups, fostering inclusivity and cultural participation.</li> <li>• The current discount structure supports strong community engagement and high utilisation, contributing to vibrant local programming and sustained venue activity.</li> <li>• Continued affordability helps ensure that locally produced content remains a core part of Baycourt's offering, strengthening community pride and cultural representation.</li> <li>• Many community groups operate on limited budgets; maintaining the discount reduces the risk of pricing them out of the venue.</li> </ul>	<ul style="list-style-type: none"> <li>• Maintaining the current discount limits opportunities to increase revenue, which is a key directive for improving financial sustainability across the organisation.</li> <li>• The existing discount structure requires ratepayer subsidy to support community access, reducing financial independence.</li> <li>• The current community discount enables high community utilisation which constrains the availability of dates for commercial hirers, which typically deliver a higher return per performance.</li> </ul>

#### Financial impact

29. Status quo.

<sup>5</sup> Ticketed arts events delivered by local not-for-profit organisations OR by local organisations that showcase/celebrate youth (<25yrs).

**Option 2: Reduce the community discount on venue hire fees to 40%.**

30. Under this option, Council would reduce the community discount on venue hire fees from 50% to 40%.

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• A lower discount rate will result in higher income from community bookings, reducing reliance on ratepayer funding.</li> <li>• The adjustment provides a modest decrease in the level of rate funding required to support community access.</li> <li>• A 40% discount is more consistent with the national average for community discounts offered by regional theatres in Aotearoa.</li> <li>• If a decrease in community bookings occurs due to the reduced discount, this may create opportunities to accommodate more commercial bookings, which deliver a higher return per performance.</li> <li>• The change supports a more balanced revenue model, helping maintain the long-term viability of the venue while still offering significant community access.</li> </ul>	<ul style="list-style-type: none"> <li>• Increasing fees marks a shift away from Baycourt's established commitment to affordable community access, which may be perceived negatively by stakeholders.</li> <li>• The change offers only a minor reduction in ratepayer subsidy but the burden on community hirers could be significant. The adjustment is estimated to increase hirer costs by approximately \$270 per performance, which may be prohibitive for budget-constrained groups.</li> <li>• Higher fees could deter local groups from booking, reducing locally produced content and venue utilisation.</li> <li>• A reduction in community bookings will lead to fewer locally driven events, impacting cultural diversity and community engagement. This could also lead to a decrease in Baycourt's loyal audience base attending shows.</li> <li>• Substituting community events with touring or out-of-town programming would require additional investment and may not be viable in the short term, potentially resulting in reduced overall venue utilisation.</li> </ul>

**Financial impact**

31. An additional \$39,690 in revenue per annum to Council. No additional costs to Council to implement decision. Financial model assumes the same mix of bookings as the status quo.

**Option 3: Increase community discount**

32. Under this option, Council would increase the community discount from 50% to 60%.

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• Increased affordability for community groups.</li> <li>• Increased community demand and utilisation as a result.</li> </ul>	<ul style="list-style-type: none"> <li>• Increasing the discount would reduce revenue from community bookings, placing additional strain on Baycourt's operating budget and increasing reliance on ratepayer funding.</li> <li>• The change would require a higher level of rate funding to maintain service levels, which may not align with Council's financial sustainability objectives.</li> <li>• Higher community utilisation would limit availability for commercial hirers who provide a greater return per</li> </ul>

	performance, therefore impacting revenue diversification opportunities.
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**Financial impact**

An additional \$39,690 cost per annum to Council. No additional costs to Council to implement decision. Financial model assumes the same mix of bookings as the status quo.

**Title: User Fees and Charges Issues and Options – Libraries & Community Hubs****Author:** Joanna Thomas - Manager: Libraries & Community Hubs**Authoriser:** Sarah Omundsen – GM: Regulatory and Community Services**BACKGROUND**

1. A review of the Libraires activity fees has been undertaken due to the upcoming opening of the Te Manawataki o Te Papa Library and Community Hub in 2026, which introduces revenue opportunities through room hire and commercial use.
2. Libraries are a hub for community connection by providing accessible educational opportunities that support literacy, encourage lifelong learning, and promote research and innovation. They also preserve and share Tauranga's history and taonga, while delivering programmes, events, and learning experiences that actively engage the community.
3. The private good component of the library activity is recovered through user charges. High levels of user charging will in many cases, restrict accessibility to those who currently benefit the most from the activity. General rates are the appropriate funding source for households as they are easy to administer and recognise the wider public good benefits, and availability of the libraries.
4. The operating model for the library at Te Manawataki o Te Papa will be an integrated hub, which includes meeting rooms, child and youth spaces, a multi-sensory room, technology suite, cafe, Visitor I-site, and Council enquires, as well as traditional library services and a local history centre of excellence.
5. Library and Community Hub services are aligned with Bay Venues and other Council venues through the Community Centres Action and Investment Plan, and the Arts, Culture and Heritage Action and Investment Plan.
6. There are many ways residents use the Library and Community Hubs and a significant number of different touch points where we record these interactions. The table below illustrates key interaction points.

<b>Interactions 2024/25</b>	
In person visits	644,014
Physical book use	1,255,257
Programme attendance	35,159
Virtual visits & archives online	1,117,858
E-book, e-audio use	191,938
Wi-Fi and computer use	182,252
Council & research enquiries	36,944
<b>Total</b>	<b>3,463,422</b>

7. Tauranga City Council's charges for services in libraries are comparable to the rest of New Zealand, in that most of the services provided are free to use with some services requiring membership.

<b>Fee</b>	<b>Tauranga</b>	<b>Wellington</b>	<b>Hamilton</b>	<b>Auckland</b>	<b>Christchurch</b>
<b>Overdue fine</b>	Free	Free	\$0.50 per day	Free	Free
<b>Top title book/DVD</b>	\$3.00	\$4.00	\$5.00	\$3.00	\$3.00
<b>Inter-library loan</b>	\$9.00	\$14.00	\$15.00	\$10.00	\$13.00

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<b>Visitor membership</b>	\$90.00	\$2.00 per item	\$95.00	\$160.00	\$160.00
<b>Resident membership*</b>	Free	Free	Free	Free	Free
<b>Unreturned item</b>	Replacement cost	Replacement cost	Replacement cost	Replacement cost	Replacement + \$21
<b>Book reservation</b>	Free	Free	\$1.50	Free	Free
<b>A4 Black and white print</b>	\$0.30	\$0.20	\$0.20	\$0.20	\$0.20
<b>A4 Colour print</b>	\$1.90	\$1.50	\$1.00	\$1.00	\$1.00
<b>Book delivery by courier</b>	N/A	\$5.00	N/A	N/A	N/A

\* Must be free as required by section 142 of the Local Government Act 2002.

8. In 2023, Tauranga City Council followed most other libraries around the country by removing daily overdue charges.
9. The Revenue and Financing Policy currently sets user charges at 0-30%. The user fees revenue for the 2024/25 year was \$154,000, which is less than 1% of total operating expenses.

### Libraries Actuals and 2026 Revised Budget

excludes Customer Services activity

	\$000					
	2023 Actuals	2024 Actuals	2025 Actuals	2026 Revised Budget	2027 AP draft	2028 AP draft
Rates Funding	15,510	16,537	16,490	13,891	19,640	21,567
User Fees	158	166	149	95	231	231
Grants & Subsidies	-	-	5	-	-	-
Finance Revenue	40	42	24	(44)	(85)	(143)
Overheads	-	-	-	-	-	-
<b>Total Revenue</b>	<b>15,708</b>	<b>16,745</b>	<b>16,668</b>	<b>13,942</b>	<b>19,786</b>	<b>21,655</b>
<b>Employee Related Costs</b>	5,176	6,029	6,923	6,885	7,851	8,352
<b>Depreciation</b>	1,584	1,665	1,860	1,783	1,594	4,653
<b>Finance Costs</b>	541	956	1,800	3,015	4,141	4,142
<b>Other Operating Expense</b>	-	-	-	-	0	-
<i>Consultants</i>	9	2	24	47	41	41
<i>Administration Costs</i>	216	150	491	529	608	731
<i>Grants, Contributions and Sponsorship Expense</i>	-	1	1	-	-	-
<i>Other Operating Expense</i>	2,280	2,267	1,907	1,807	1,439	1,165
<i>Repairs &amp; Maintenance</i>	92	92	49	71	100	100
<i>Utilities &amp; Occupancy Expenses</i>	347	548	607	508	1,066	1,058
<b>Allocations</b>	3,822	3,677	4,423	3,585	3,737	3,872
<b>Total Expenses</b>	<b>14,068</b>	<b>15,386</b>	<b>18,085</b>	<b>18,229</b>	<b>20,577</b>	<b>24,113</b>
<b>Surplus / (Deficit)</b>	<b>1,640</b>	<b>1,359</b>	<b>(1,416)</b>	<b>(4,287)</b>	<b>(791)</b>	<b>(2,458)</b>

### DISCUSSION AND ANALYSIS

10. The new Library and Community Hub was developed through extensive community engagement to ensure its services foster vibrancy, pride, and belonging in the city. As per the Business Case, operating revenue is projected to cover 7% of the Te Manawataki o Te Papa precinct operating cost, with most of this revenue generated by the Museum. For the Library and Community Hub component, an additional \$140,000 is forecast for its first full year of operation and this amount is reflected in the FY26 budget.
11. Following the opening of the Library and Community Hub in late-2026, Staff will continue to look for further revenue streams and, as much as possible, charge for services where appropriate.
12. The facility has been planned with community use as the primary purpose. Commercial hire is a secondary purpose to offset costs by revenue generation. The expected ratio of hire is 80% community to 20% commercial. Operating a two-tier venue hire model based on user type is consistent with this objective, and with the operating models of Baycourt and Bay

Venues' facilities. It ensures that commercial rates are comparable to other commercial venues.

13. The recommended approach is to have a 50% discount for community hire, at a price point that is equivalent to other similar venue hires in Tauranga. Research into other venue pricing is detailed as below.

Venue	Half day	Full day	Seated capacity	Area m <sup>2</sup>	Amenities available
<b>Tauranga Club</b> (Harbour view room)	\$400	\$500	70	80	Wi-Fi, "state of art AV capabilities"
<b>The Atrium C3 Church Otumoetai</b> (Conference room 1)	\$190	\$375	60		Sound system, big screen TV, and whiteboard.
<b>Holy Trinity Tauranga</b> Hall (Jordan Centre)	\$375	\$700	160		Wi-Fi, microphones, sound system, projector, whiteboard
<b>Base Station</b> (Babbage Event Space)	\$100 p/hr - \$150 p/hr after hours		80	100	Projector, AV system, handheld mics, Wi-Fi
<b>Historic Village</b> (Village Hall)	\$502	\$1,003	150		Dual screens, 2x handheld radio microphones, 2x lapel microphones and auxiliary cable for music \$90 per day
<b>Papamoa Community Centre Bay Venues</b> (Tohoroa)	\$190	\$360	100	109	Projector, pull-down screen, whiteboard
<b>Baycourt</b> (Terrace Room)	\$380	\$620	80	143	Wi-Fi, tables, chairs included. No technical equipment provided as part of hire (e.g. projector / screen), all equipment needs on-charged.

## OPTIONS ANALYSIS

### Issue A: Room Hire

#### Option 1: Market comparable commercial hire<sup>1</sup> fees for venue with a 50% discount for eligible community uses (Recommended)

14. Under this option, Council would include fees as stated below that are comparable with the market and provide a 50% discount for community users.

Neighborhood hub facility	Purpose	Capacity seated	Half day	Full day	Per hour	Community rate per hour
Greerton Library Meeting Room	Meeting room and event space	30	\$200.00	\$300.00	\$50.00	\$25.00
<b>Te Manawataki o Te Papa</b>						
Meeting rooms 1-3, 8 Ground floor & Level 2	Meeting room	4	\$120.00	\$180.00	\$30.00	\$15.00
Meeting room 5, 6, Level 1 and Level 2	Meeting room	12	\$200.00	\$300.00	\$50.00	\$25.00

<sup>1</sup> Definition for "commercial = Commercial entities hiring the space for meetings, conferences etc.

Meeting room 7, Level 2	Meeting room	6	\$160.00	\$240.00	\$40.00	\$20.00
Community Hub & Lobby	Event space plus Lobby and Kitchen	110	\$500.00	\$750.00	\$125.00	\$62.50
Community Hub only	Event space	80	\$400.00	\$600.00	\$100.00	\$50.00
Children's Activity Space	Event space no seating	30	\$200.00	\$300.00	\$50.00	\$25.00

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>Charging commercial hire fees creates a revenue stream that helps offset the facility's operating costs and aligns with the objectives outlined in the Business Case.</li> <li>Commercial hire fees are aligned with comparable venues in the city, ensuring the space remains competitive and attractive for business use.</li> <li>The 50% community discount responds to community groups who have expressed that affordability of venues is very important to their ability to host activities and events.</li> <li>An affordable discount for community use supports the purpose of activating the city centre with cultural and community events.</li> <li>As grant funding is becoming harder to access, providing a community discount ensures that community groups are able to host activities and events.</li> <li>Setting reasonable hire fees for both commercial and community users allows time to understand demand and occupancy during the first year of operation. Starting too high could deter enquiries and result in revenue targets not being met.</li> </ul>	<ul style="list-style-type: none"> <li>Offering significant discounts for community hire reduces availability for commercial bookings, which could otherwise generate higher revenue if the balance shifted toward more commercial use.</li> <li>Even with a 50% discount, some community groups may still find fees prohibitive, limiting inclusivity.</li> </ul>

#### Financial Impact:

15. This option is projected to generate approximately \$51,000 in venue hire revenue; the amount budgeted in the draft FY26 Annual Plan. This calculation is based on a ratio of commercial-to-community bookings of 17:83.

#### Option 2 - Increase fees and reduce community discount

16. Under this option, market comparable commercial rate fees are increased by 20% compared to Option 1 and the community discount set at 40%.

Neighborhood hub facility	Purpose	Capacity seated	Half day	Full day	Per hour	Community rate per hour
Greerton Library Meeting Room	Meeting room and event space	30	\$240	\$360	\$60.00	\$36.00
Meeting rooms 1-3,8 Ground floor & Level 2	Meeting room	4	144	216	\$36.00	\$21.60
Meeting room 5, 6, Level 1 and Level 2	Meeting room	12	240	360	\$60.00	\$36.00
Meeting room 7, Level 2	Meeting room	6	192	288	\$48.00	\$28.80
Community Hub & Lobby	Event space plus Lobby and Kitchen	110	600	900	\$150.00	\$90.00
Community Hub only	Event space	80	480	720	\$120.00	\$72.00
Children's Activity Space	Event space no seating	30	240	360	\$60.00	\$36.00

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>Providing commercial hire of the venue is a potential revenue stream. The Te Manawataki o Te Papa Library and Community Hub is a high-quality building with modern technology.</li> <li>Setting hire rates at the top of the range for commercial venues may generate more revenue, if there are less community hires and more commercial hires.</li> </ul>	<ul style="list-style-type: none"> <li>Integration with library services and opening hours means that business customers may not find the venue as suited to their needs as other venues in the city, resulting in less commercial customers.</li> <li>Higher rates will be less affordable for community groups and may result in pricing them out of the venue.</li> <li>The facility will not meet its primary purpose as a community facility if the venue is not used by community groups.</li> <li>If fees are introduced too early or set too high, occupancy rates may remain low, impacting both revenue and community outcomes.</li> </ul>

**Financial impact:**

17. This option is projected to generate approximately \$70,500 in venue hire revenue, an increase of \$20,000 on the amount budgeted in the FY26 Annual Plan. This calculation is based on reduced booked hours, compared to Option 1 and a ratio of commercial-to-community bookings of 20:80.

**Issue B: Fees for book lending****Option 1 – Increase the borrowing fee for Top Title adult fiction and nonfiction from \$3.00 to \$4.00. (Recommended)**

18. This option increases the borrowing fee for Top Title adult fiction and nonfiction from \$3.00 to \$4.00. By also (modestly) increasing the number of items in these collections, a 50% increase in revenue can be achieved.



Advantages	Disadvantages
<ul style="list-style-type: none"> <li>Library users are accustomed to charges on the most popular books (Top Titles).</li> <li>By increasing the fee by a modest amount, and also modestly increasing the number of titles that are charged for, this change is likely to be acceptable to current library users.</li> <li>Potential increase in revenue if the price increase is accepted by library users.</li> <li>As this fee is already in place, no additional administrative costs or system changes will be required.</li> </ul>	<ul style="list-style-type: none"> <li>Less equitable access to library services with some books having higher charges for borrowing. Many existing customers choose not to borrow books that have a fee.</li> <li>Potential for revenue to drop, or usage to decrease, if the change is not accepted by library users.</li> </ul>

**Financial impact:**

19. This option has the potential to make additional revenue of ~\$18,500.

**Option 2 - Charge for all adult books**

20. Under this option, Council would charge \$3 for all adult books.

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>Potential increase in revenue if the price increase is accepted by library users (unlikely).</li> </ul>	<ul style="list-style-type: none"> <li>Less equitable access to library services with adult books having charges for borrowing. Many existing customers choose not to borrow books that have a fee. Residents are accustomed to free library borrowing in other towns and cities.</li> <li>Community disengagement with the libraries, resulting in reduced use of all library services including children's activities and children's borrowing.</li> <li>Severely impacts visitor numbers to the new Te Manawataki o Te Papa Library and Community Hub.</li> <li>Some unknown costs for system and signage changes.</li> <li>There is a risk that charges for adult books will disengage the community and decrease revenue from other sources, such as room hire and printing.</li> </ul>

**Financial impact:**

21. Based on charging for all adult book issues (fiction and nonfiction) at a charge of \$3.00 per issue. Current issues of free adult books are approximately 600,000 per year with potential revenue of up to \$1,800,000. The reality of the impact of charging is issue rates would drop drastically, with many people unable or unwilling to pay charges to borrow books. The revenue is more likely to be \$300,000 to \$600,000. Other options such as charging \$1.00 per book would potentially be similar to current revenue.

**Title: User Fees and Charges Issues and options – Active Reserves****Author:** Ross Hudson, Manager, Strategic Planning & Partnerships, Spaces & Places**Authoriser:** Reneke van Soest, GM Operations & Infrastructure**BACKGROUND**

1. Fees for organised sport bookings of sports fields were introduced through the LTP 2024-34. The draft LTP proposed a seasonal senior training fee based on use in an average week, using \$225 (+gst) as the rate per hour. A club booking 2 fields for 2 hours, 2 days a week would pay  $8 \times \$225 = \$1,800$  (+gst) for the season. It also proposed a fee of \$225 per senior match. Extensive feedback was received from clubs and codes, through dialogue and LTP consultation responses, expressing concerns around affordability, equity and club sustainability. The match fee was then removed in the final LTP.
2. Our review of the fees as they are currently structured has identified three issues that warrant making adjustments to improve revenue and equity outcomes, while retaining affordability and administrative simplicity. These are –
  - a. A lack of 'capture' of booked hours – senior training only accounts for about 20% of booked hours. Senior training is effectively charged at \$11.25 per hour (+gst), based on a 20-week season, with the average cost recovery per hour based on all use being only \$2.25 per hour (+gst). Because matches are not charged for, significant users such as Touch Rugby who only play matches are not charged, and junior sport is not charged at all.
  - b. Revenue is low relative to the costs associated with maintaining sports fields. Projected revenue from an assumed 50,000 booked hours is \$112.5k per annum, only about 6% of the costs that are 'directly attributable to organised sport bookings'. That annual operational cost is currently about \$1.95m per annum, or \$27k per field, or \$39 per booked hour.
  - c. Cost recovery for indoor court users is proportionately much higher. Bay Venues' cost recovery (from Basketball, for example) equates to an average of \$42 per hour, about 54% of opex. Although note that operational costs are about three times those of sports fields at \$85k per court per annum.
3. Our analysis considers introducing a fee for all booked hours. This could be applied as a flat fee or differentiated by user type (e.g., a lower rate for juniors). The options assessed aim to increase revenue and improve equity both among field users and between field and indoor court users.
4. Council will need to consider the balance between revenue, equity across user groups and affordability/participation. Our recommended option – \$4 per hour or match for juniors and \$8 for seniors – introduces a fee for juniors for the first time, captures all booked hours and incrementally increases the overall cost recovery. Other options – a flat fee and/or higher fee per hour would alter the balance of impact and revenue generated.

**DISCUSSION AND ANALYSIS**

5. Our options model uses 50,000 hours as the assumed total booked hours per annum. It then explores the revenue created and example club impacts at different flat fees and an option of a lower fee for juniors.
6. A flat fee is a simple and transparent way to recover a proportion of costs and if the fee is kept relatively low it can remain equitable and affordable across the sports field user base. The same fee could be charged for seasonal and occasional use. This could then be translated to a per player fee, however this would add some administrative complexity and may lose the visible correlation between the field use and its associated costs. Clubs will translate our fees into per player fees anyway.

7. We also propose to charge all matches as if they were one hour long at this stage. Whilst Cricket matches tend to be longer, their outfield impact is relatively low. Other Summer matches such as five-a-side football or Touch Rugby that use smaller field spaces would be charged proportionate to the space used as is the case now (e.g. a half field game is charged half the fee).
8. At this stage, we have not considered different fees for different sports. This is because our initial view, having reviewed the cost allocations, is that these are broadly similar for each sport. For example, Cricket makes a high-cost use of a small area (the wicket) with a low impact on the outfield, Rugby has a relatively high impact use across a wide playing area but generally requires a lower level of service, with Football being somewhere in between. Some Councils, such as Hamilton City have more bespoke charges. This adds complexity but could be considered if feedback is significant from some codes or through future reviews.
9. Other differential fees could be considered in future. These include fees for training lights or for a higher level of service for cricket (grass wickets at a higher rate than artificials). This is not proposed to be considered at this stage as our capacity to track use is currently limited and thus, we do not have good data on which to model options. It is also not proposed to introduce a different fee for use of the artificial turf at Links Ave Reserve at this stage. Whilst the turf provides a higher level of service, we would propose consideration of a differential fee once we understand use patterns and users have been encouraged to familiarise themselves with it over its first year or two of availability.
10. Where a club desires a higher level of service, such as additional line marking, we propose simply charging that on a cost recovery basis.
11. As with when the current fees were introduced, clubs will need lead-in time to be able to cashflow effectively. As such, we propose that changes to the fees agreed through the Annual Plan 2026/27 come into effect for summer sports in the 2026 season and for winter sports in the 2027 season.

#### **Options & Impacts**

12. A flat fee of \$5 an hour, at a conservative 50,000 booked hours, equates to \$250k revenue per annum (double the current expected revenue), which is 13% of costs that are considered 'directly attributable to organised sport bookings'. For comparison, Hamilton City Council estimates that they recover about 12%. This would mean that, on average, each player is asked to pay about \$21 per season.
13. With the costs of maintaining a sports field being about 1/3 of the costs of maintaining an indoor court, an alternative to a \$5 an hour fee could be to charge for a proportionately equivalent cost recovery, which would equate to \$13.40 an hour. This would make the average per player seasonal fee about \$55, closer to the average of \$66 paid by Basketball players. This is not recommended at this stage in the evolution of the fee structure as it is highly likely to impact participation and to be very negatively received due to the leap up from the current state. Note that field sports tend to have other costs associated with club facilities that are not part of the indoor court user set up.
14. A lower junior fee could be considered, noting there is no charge currently, on the basis that some families may struggle to pay and that juniors are traditionally charged lower fees as non-earners. Junior training constitutes about 75% of all training. Our data on matches does not currently differentiate by age group, but it is reasonable to assume a similar distribution. To achieve \$250k per annum in revenue (per point 11 above), we could charge \$4 an hour for junior training and matches and \$8 an hour for seniors. These rates could be stepped up over time as clubs and participants adjust to the fees.
15. The table below shows the indicative impact of hourly fees at different levels on an example set of clubs (\$/Mbr is the seasonal impact per member).

Club	Members	Booked hrs	Current fees	\$ / Mbr	\$5 / hour	\$ / Mbr	\$7.50 / hour	\$ / Mbr	\$13.40 / hour	\$ / Mbr
Papamoa FC	887	1,955	\$4,050	\$5	\$ 9,775	\$11	\$14,663	\$17	\$26,197	\$30
Tauranga City AFC	632	3,435	\$4,050	\$6	\$17,175	\$27	\$25,763	\$41	\$46,029	\$73
Otumoetai FC	1200	4,999	\$2,025	\$2	\$24,995	\$21	\$37,493	\$31	\$66,987	\$56
Mount Cricket	210	1,218	\$1,554	\$7	\$ 6,090	\$29	\$ 9,135	\$44	\$16,321	\$78
Greerton Cricket	200	615	\$777	\$4	\$ 3,075	\$15	\$ 4,613	\$23	\$8,241	\$41
Papamoa Cricket	180	720	\$1,036	\$6	\$ 3,600	\$20	\$ 5,400	\$30	\$9,648	\$54
<b>Average</b>				<b>\$5</b>		<b>\$21</b>		<b>\$31</b>		<b>\$55</b>

### OPTIONS ANALYSIS

**Option 1: Charge all junior training and matches at \$4 an hour or match, with seniors at \$8 an hour or match. (Recommended)**

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>Increases cost recovery.</li> <li>Improves equity across users and between sports field users and indoor court users.</li> <li>Transparent and simple to administer for clubs and council staff.</li> <li>Likely to remain affordable and maintains a discount for juniors.</li> </ul>	<ul style="list-style-type: none"> <li>Does not account for nuances of use.</li> <li>Cost recovery remains proportionately relatively low.</li> </ul>

#### Financial impact:

16. Projected revenue of \$250k per annum (13% cost recovery), up from a projected \$112k per annum.

**Option 2: Charge a flat fee of \$5 an hour or match for all bookings.**

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>Increases cost recovery</li> <li>Improves equity across users and between sports field users and indoor court users</li> <li>Transparent and simple to administer for clubs and council staff</li> <li>Likely to remain affordable</li> </ul>	<ul style="list-style-type: none"> <li>Does not account for nuances of use</li> <li>Cost recovery remains proportionately relatively low</li> </ul>

#### Financial impact:

17. Projected revenue of \$250k per annum (13% cost recovery), up from a projected \$112k per annum.

**Option 3: Charge a flat fee of \$7.50 an hour or match for all bookings (or \$11 for seniors, \$5 for juniors).**

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>Increases cost recovery</li> <li>Improves equity across users and between sports field users and indoor court users</li> <li>Transparent and simple to administer for clubs and council staff</li> </ul>	<ul style="list-style-type: none"> <li>Does not account for nuances of use</li> <li>May meet some resistance with concerns on affordability</li> </ul>

**Financial impact:**

18. Projected revenue of \$375k per annum (19% cost recovery), up from a projected \$112k per annum.

**Option 4: Charge a flat fee of \$13.40 for all bookings (or \$21 for seniors, \$11 for juniors)**

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>Increases cost recovery</li> <li>Brings proportionate cost recovery closer to indoor court users</li> <li>Transparent and simple to administer for clubs and council staff</li> </ul>	<ul style="list-style-type: none"> <li>Does not account for nuances of use</li> <li>Unlikely to be affordable and significant uplift from current fees.</li> </ul>

**Financial impact:**

19. Projected revenue of \$675k per annum (34% cost recovery), up from a projected \$112k per annum.

**Option 5: Retain the status quo**

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>Keeps relatively new fee structure without early changes.</li> <li>Keeps costs low or zero for some field users.</li> </ul>	<ul style="list-style-type: none"> <li>Inequitable across sports player base.</li> <li>Low capture and low revenue.</li> </ul>

**Financial impact:**

20. Projected revenue of \$112k per annum (6% cost recovery).

**Title: User Fees and Charges Issues and options – (Use of Council Land – Community Leases)****Author:** Ross Hudson, Manager, Strategic Planning & Partnerships, Spaces & Places**Authoriser:** Reneke van Soest, GM Operations & Infrastructure**BACKGROUND**

1. Council leases reserve land to community organisations. There are currently 103 leases on reserves, of which 85 are revenue generating community leases (others are to Bay Venues, community gardens or night shelters which are not currently charged or are commercial leases). The general approach is to charge on a per square meter basis, with the rent being a percentage discount of the assessed average reserve land value across the city. So, Council is effectively subsidising the community outcomes these organisations are aiming to achieve across sport, recreation, education and community services.
2. For the Long-term Plan (LTP) 2024-34, the average land value was assessed at \$12.10/m<sup>2</sup>. Prior to the LTP, the average rent was circa \$1.50/m<sup>2</sup>. The Crown Commission proposed through the draft LTP that rent should be 50% of the average reserve land value. After consultation, where multiple organisations raised affordability concerns, this was reduced to 25% or \$3/m<sup>2</sup> (+GST) for the first 1,000m<sup>2</sup>; then \$0/m<sup>2</sup> for next 9,000m<sup>2</sup> and \$0.30/m<sup>2</sup> for next 50,000m<sup>2</sup>.
3. There are also nine community organisations that lease Council-owned buildings. Prior to the LTP, rent averaged \$9/m<sup>2</sup>. The draft LTP proposed a significant change to \$33/m<sup>2</sup> (+GST) and \$50/m<sup>2</sup> +GST for rates, utilities, maintenance. After consultation this was reduced to a \$25/m<sup>2</sup> flat fee (with building specific opex costs).
4. Prior to the LTP, revenue from these community leases was circa \$145k per annum. Post LTP it is projected at \$277k per annum. Some leases have annual rent reviews; others have longer review periods. Where rents are already higher than the User Fees and Charges Schedule, the prior rent level is retained. The land valuation will be reviewed prior to the upcoming LTP. Commercial leases are charged separately at commercial rates.
5. The organisations can be split into four categories – sports clubs, recreational groups, community organisations, educational organisations. In terms of the size of the land areas leased most are simply leasing space for a building and small outside space. However, 34 have land areas greater than 1,000m<sup>2</sup>, of which the tennis clubs, bowls clubs, hockey and netball centres, BMX club, golf courses and racecourse (a cohort of 20 organisations) have leased areas from 2,000m<sup>2</sup> up to circa 500,000m<sup>2</sup>. Charging these organisations at the same per square meter rate as the small leaseholders would be unaffordable.
6. The variation between lots of small leases and a few much larger ones informed the final LTP charging structure and sought also to acknowledge that these large land area leaseholder organisations are providing significant community benefits and are effectively managing land that Council would otherwise have to maintain. For example, Otumoetai Golf Club would otherwise be a stormwater and passive recreation reserve. These spaces are often fully or partially publicly accessible and are providing community sport and recreational opportunities that Council might otherwise be asked to provide. For comparison, we spend about \$1.32 per square meter to maintain large recreational open spaces such as Bayfair reserve. So hypothetically, to maintain the circa 50ha of Tauranga Golf Course as a public open space could cost Council about \$673k per annum and for the 35 lease areas over 1,000m<sup>2</sup> in total would cost circa \$3.5m per annum.
7. The table below shows the distribution of community leases by area –

Leased area	Number of community leaseholders
Under 1,000m <sup>2</sup>	51
1,000m <sup>2</sup> – 2,000m <sup>2</sup>	14

2,000m <sup>2</sup> – 509,000m <sup>2</sup>	20
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8. The distribution of leased areas and the community outcomes and land and facility management provided by the larger sports clubs makes a 'one size fits all' approach challenging. At this stage, given the current fee structure is fairly new, no change, or incremental changes are considered suitable. Options are discussed below that consider amendments to discounts for larger land area leases based on the extent of public access or a simple \$1/m<sup>2</sup> for land between 1,000m<sup>2</sup> and 50,000m<sup>2</sup>. The nominal revenue opportunity associated with reducing the discount levels will need to be balanced against the value these organisations provide. No engagement has yet been undertaken with these organisations in respect of these options.

#### OPTIONS ANALYSIS

9. The rent structure is fairly new with significant percentage increases for most community organisations post LTP. So, significant structural changes or rent increases might best be considered through the next LTP, allowing time for early engagement. However, Council could consider some smaller amendments to the rent levels or overall structure that might increase revenue or give greater emphasis to public access, organisational purpose or land area. It is assumed that these would focus on those large land area leaseholders as this is where the predominant effects of changes would be felt.
10. Note that each of the options below retains the current rent cap at 50,000m<sup>2</sup>. This could be adjusted upwards, but note that the Racing Tauranga and Tauranga Golf Course leases are also subject to the Racecourse Reserve status of the crown land they occupy, which requires that all rent is spent within the site, whilst the Omanu and Otumoetai Golf Club leases are currently on 'share of revenue' arrangements, so there would in fact be no short-term impact.
11. An option would be to adjust rent discount levels based on the extent of public access. In the table below, we have classified the leased land as either fully, partially or not publicly accessible and have applied discounts of 95% to the (\$3/m<sup>2</sup> + GST) rent level for the portion of land over 1,000m<sup>2</sup> that is fully accessible (e.g. the land around the model railway in Memorial Park), 90% for land that is partially accessible (e.g. tennis clubs where pay-to-play is possible) and 80% for land that is not accessible (e.g. bowls clubs that tend to be member only). This could incentivise greater accessibility but could penalise clubs that need to maintain security to ensure playing surfaces are not damaged (hockey, tennis, bowls). Clubs may also argue with the category they have been placed in. Projected revenue gains under this option (at these discount rates) are \$32k per annum.
12. A further option could be to provide additional discounts for organisations that are providing an explicit community development or community safety function such as community centres or surf lifesaving organisations. Note though that these organisations are already receiving significant effective subsidies and can make applications to charitable funders for rent support. Options along these lines have not been modelled.
13. Alternatively, Council could adjust the discounts related to land area. For example, the zero charge for the portion of land between 1,000m<sup>2</sup> and 10,000m<sup>2</sup> could be removed or amended. This was included in the LTP as a result of significant concerns raised by tennis and bowls clubs in particular, who would have seen sudden and even more significant rent changes that, it was argued, would have had major impacts on participation and club viability. For example, the Mount Tennis Club rent would have jumped from circa \$1,200 pre-LTP to circa \$20,000 post LTP.
14. A \$1/m<sup>2</sup> charge for land between 1,000m<sup>2</sup> and 50,000m<sup>2</sup> could generate in the region of \$200k extra per annum, depending on rent review periods and assuming participation and club viability are not compromised. However, this would impact a small cohort of clubs and may not be equitable or consistent with broader objectives around participation.
15. However, at this stage, our staff view is that the fee structure, whilst imperfect, represents a reasonable balance between revenue (including the offsetting of Council land management

costs), affordability and equity and that any amendments are better considered through future LTP processes to allow time for organisations to adjust to the increases since the last LTP.

16. The table below shows the 35 leaseholders with land areas over 1,000m<sup>2</sup>, changes in rent over the last LTP and the option for a 'public accessibility' related discount.

Tenant Name	Total Lease Area (m2)	Annual Rent \$ (gross) prior to LTP 2024	Annual Rent \$ (gross) post LTP 2024	\$3/m2 +GST (no further discount)	public access	Yes 5%, Partial 10%, No 20% (of \$3.45 charge, beyond 1,000m2), capped at 50,000m2	change (\$ per annum)	note
Tauranga Golf Club	509,714	18,480	20,700	1,758,513	partial	20,700	-	public can walk through + pay to play
Omanu Golf Club	451,376	19,624	19,624	1,557,247	partial	20,700	n/a	public can walk through + pay to play [current lease is % of revenue]
Racing Tauranga	349,956	12,688	20,700	1,207,348	partial	20,700	-	public can walk through track areas
Otumoetai Golf Club	114,830	8,767	8,767	396,164	partial	20,700	n/a	public can walk through + pay to play [current lease is % of revenue]
Tauranga Hockey	34,000	1,670	11,731	117,300	partial	14,835	3,104	when open but not used
Papamoa Mount Pony Club	26,200	639	9,040	n/a	yes			will be booking not lease shortly
Tauranga BMX Club	16,880	542	5,824	58,237	yes	8,929	3,104	expecting to change lease area to be building and surrounds only
Tauranga Netball Centre	13,812	1,569	4,766	n/a	yes			new terms at Baypark
Papamoa Tennis Club	11,150	669	3,847	38,468	partial	7,297	3,449	pay to play available
Tauranga Model Train Club	9,700	602	3,450	33,465	yes	4,955	1,505	
Otumoetai Tennis Club	7,988	763	3,450	27,559	partial	5,861	2,411	pay to play available
Bowls Matua	7,297	1,851	3,450	25,174	no	7,795	4,345	
Tauranga Lawn Tennis Club	6,100	971	3,450	21,045	partial	5,210	1,760	pay to play available
Mount Maunganui Tennis Club	5,800	1,253	3,450	20,010	partial	5,106	1,656	pay to play available



Tauranga Bowling Club	5,040	675	3,450	17,388	no	6,238	2,788	
Gate Pa Tennis Club	5,025	867	3,450	17,338	partial	4,839	1,389	pay to play available
Crown Street Reserve (Bluehaven)	3,605	290	3,450	12,437	yes	3,899	449	
Mount Greens Sports	3,424	1,406	3,450	11,813	no	5,123	1,673	
Papamoa Bowls	2,969	783	3,450	10,243	no	5,499	2,530	
Inspired Kindergartens	2,152	1,640	3,450	7,424	partial	3,847	397	changing lease boundary around play area
Papamoa Community Rescue	1,600	1,323	3,450	5,520	partial	3,657	207	access to outdoor spaces
Otumoetai Railway Gardens	1,536	350	3,450	-	yes	3,542	92	
Papamoa Playcentre	1,497	211	3,450	5,165	partial	3,536	86	
Inspired Kindergartens	1,408	1,640	3,450	4,858	no	3,732	282	
Eastern Regional Lifesaving Centre	1,359	1,679	3,450	4,689	no	3,698	248	
Waiapu Anglican Social Services	1,356	2,850	3,450	4,678	no	3,696	246	
Greerton Marist Sports Club	1,282	-	3,450	4,425	no	3,645	195	
Inspired Kindergartens	1,231	1,640	3,450	4,247	no	3,609	159	
Inspired Kindergartens	1,195	1,640	3,450	4,123	no	3,585	135	
Scout Association NZ	1,108	731	3,450	3,822	no	3,525	75	
Legion Of Frontiersmen	1,080	1,345	3,450	3,726	no	3,505	55	
Inspired Kindergartens	1,040	1,640	3,450	3,588	no	3,478	28	
Inspired Kindergartens	1,027	1,640	3,450	3,543	no	3,469	19	
Tauranga Yoga Centre	1,007	2,133	3,450	3,474	no	3,455	5	
<b>Total</b>	<b>1,604,745</b>	<b>94,572</b>	<b>191,249</b>	<b>5,393,029</b>		<b>222,360</b>	<b>32,389</b>	

**Option 1: Retain the status quo and review again through LTP 2027-37, informed by revised land valuation (Recommended)**

<b>Advantages</b>	<b>Disadvantages</b>
<ul style="list-style-type: none"> <li>Maintains approach that seeks to balance a range of factors</li> </ul>	<ul style="list-style-type: none"> <li>Potentially misses additional revenue opportunities</li> </ul>

<ul style="list-style-type: none"> <li>Allows organisations time to adjust to previous LTP changes</li> </ul>	
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**Financial impact:**

17. No change. Projected revenue of \$277k from community leases + CPI. Land revaluation may adjust rent levels upwards.

**Option 2: Adjust rent discount levels based on the extent of public access – e.g. for the land area beyond the first 1,000m<sup>2</sup> and up to 50,000m<sup>2</sup>, discount the rate by 95% for fully publicly accessible; 90% for partially; 80% for not accessible.**

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>May incentivise more public access to privately managed sports clubs.</li> <li>Increased revenue.</li> </ul>	<ul style="list-style-type: none"> <li>Higher costs for certain sports clubs that have leases and generally.</li> </ul>

**Financial impact:**

18. Under this example, the additional revenue would be circa \$32k, assuming the base rent (for the first 1,000m<sup>2</sup> remains at \$3/m<sup>2</sup> +GST). This would increase depending on the percentage of discounts from the land value.

**Option 3: Adjust discounts related to land area (irrespective of public access).**

For example, an additional \$1/m<sup>2</sup> charge for land between 1,001m<sup>2</sup> and 50,000m<sup>2</sup>.

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>Increased revenue.</li> </ul>	<ul style="list-style-type: none"> <li>Would put significant additional financial pressure on a small cohort of sports clubs.</li> </ul>

**Financial impact:**

19. Potential additional revenue of circa \$200k per annum, depending on rent reviews and club viability.

**Title: User Fees and Charges Issues and options – Cemeteries****Author:** Amy Taylor, Team Leader, Spaces and Places Planning**Authoriser:** Reneke van Soest, General manager Operations and Infrastructure**BACKGROUND**

1. As a local authority, Council must meet statutory requirements of the Burials and Cremations Act 1964 which includes providing for and maintaining cemeteries and land to bury people.
2. Council's Revenue and Financing Policy currently does not allow for rates funding of the cemeteries, so requires user fee increases each year, which are already relatively high compared to other councils. Cremations make up much of the cemetery revenue and our cremation prices are ~30% higher than other nearby providers' prices.
3. Deaths and population growth put pressure on capital development with 140-170 burials annually. It is forecasted that current burial plot land will be full by 2031 (depending on demand) and capital development is required in prior years to prepare land for future burials.
4. The current cemetery business model requires user fees and charges to cover operations, maintenance and the capital programme. When user fees don't cover these costs, the operating deficit is added to debt, further exacerbating the need to increase user fees and charges.

**DISCUSSION AND ANALYSIS**

5. Financial modelling determined Council costs are greater than revenue for casket burials, ash burials and chapel/tui lounge services, resulting in an operational deficit that is added to debt. This also determined that the cremation price is more than the cost of cremations.
6. The 2024-2034 LTP has \$21.2million associated with it for the cemeteries. An initial review of the capital programme showed this can be reduced by \$7.5million without impacting levels of service, reducing the financial burden on user fees and charges. The capital programme includes building the new crematorium, carpark, the loop road and earthworks for burials, and associated landscaping.
7. In the November 2025 Council user fees and charges workshop, scenarios were tested to visualise changes to the capital programme, funding through rates and true costs.
8. The following options provide a variety of scenarios:
  - (a) Funding the reserve portion of cemeteries partially or fully through rates (resulting from workshop discussion).
  - (b) Users paying closer to, or full cost.
  - (c) Whether the Council continues to provide the chapel and Tui Lounge as a service.

**OPTIONS ANALYSIS****Option 1: Include general rates funding of activity and fees amended to greater reflect true cost**

9. Under this option, the operating model of the cemetery would mean general rates cover the reserve component of the cemeteries (maintaining the cemeteries as if they were a park), and users pay closer to the true cost for services.
10. In light of the incoming rates cap, Council staff do not recommend this option, even though it was supported during the elected member workshop. Including general rates would run

counter to the intent of the new legislation, which encourages councils to recover costs directly from users rather than subsidising services through rates.

11. Consult the community about the value of the chapel/tui lounge and the future of these assets, and consequently the impact on the capital programme is determined later.

Service	Proposed	Status quo
Adult casket burial	\$6,343	\$4,256
Adult cremation	\$720	\$979
Rose garden ash burial	\$2,236	\$1,500
1hr chapel service	\$532	\$357

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• Users pay closer to the true costs of services.</li> <li>• With cremation price closer to other providers there is potential to increase cremation demand.</li> <li>• The community will have input into the future of the chapel.</li> </ul>	<ul style="list-style-type: none"> <li>• Requires general rates funding, which is counter to the intent of the new rates capping legislation.</li> <li>• Unknown effect of price increases on demand.</li> <li>• Substantial increase in burial prices targets communities who bury or prefer to bury.</li> <li>• A Revenue and Finance Policy change through public consultation will be required to enable rates funding.</li> </ul>

#### Financial impact:

12. To maintain the reserves as if they were a park is \$520,226 p.a equating to ~\$5.45 per rates bill annually. Please note average additional cost per residential ratepayer assumes 65% residential impact. This would require an amendment of the Revenue and Finance Policy.
13. Cremations are set closer to other providers at \$720, and other prices move proportionally (at the same percentage increase on the current pricing) to offset reduction in cremation revenue, and ensure a zero-operating deficit. Rates funding is split proportionally across services based on expenses. Capital programme is reduced by \$7.5 million.

#### Option 2: Fees are reflective of actual costs and moves to a user pays with a zero operating deficit approach

14. Under this option, Council would move to a full user pays approach and each service is treated as its own entity, independent of each other to create a zero-operating deficit for each service with no cross-subsidising.
15. Consult with the community about the value of the chapel/tui lounge and the future of these assets, and consequently the impact on the capital programme is determined later.

Service	Proposed	Status quo
Adult casket burial	\$6,355	\$4,256
Adult cremation	\$773	\$979
Rose garden ash burial	\$4,834	\$1,500
1hr chapel service	\$2,274	\$357

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• No rates impact.</li> </ul>	<ul style="list-style-type: none"> <li>• Unknown effects on demand for services.</li> </ul>

<ul style="list-style-type: none"> <li>User pays approach and provides equality of charging.</li> <li>If demand stays the same, Council will achieve a zero-operating deficit.</li> <li>The community will have input into the future of the chapel.</li> </ul>	<ul style="list-style-type: none"> <li>Significant chapel hire user fee may reduce demand.</li> <li>Substantial increase in burial prices may impact communities who bury or prefer to bury.</li> <li>Puts pressure on families in a cost-of-living crisis.</li> </ul>
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**Financial impact:**

16. No impact on general rates. All prices are moved to 100% full cost recovery on each service. The capital programme is reduced by \$7.5million.

**Option 3: Increases over the next two years to achieve fees reflective of actual cost**  
(Recommended)

17. Under this option, Council would move to a full user pays approach by 2027/28 and each service is treated as its own entity, independent of each other to create a zero-operating deficit for each service with no cross-subsidising by FY28.
18. Consult with the community about the value of the chapel/tui lounge and the future of these assets, and consequently the impact on the capital programme is determined later.

**Year 1 (2026/27)**

Service	Proposed*	Status quo
Adult casket burial	\$5,305	\$4,256
Adult cremation	\$773	\$979
Rose garden ash burial	\$3,167	\$1,500
1hr chapel service	\$1,315	\$357

\* 50% of year 1 breakeven prices.

**Year 2 (2027/28)** LTP pricing options to reach a user pays approach will need to be recalculated during the LTP process as interest and depreciation in FY28 increase due to the capital program timing.

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>No rates impact.</li> <li>Moving towards a user pays approach and provides equality of charging.</li> <li>Potential for increasing volume of cremations.</li> <li>Potential for decreased land use.</li> <li>If demand stays the same, a zero-operating deficit by 2028.</li> <li>The community will have input into the future of the chapel.</li> <li>Increases are introduced over the next two years.</li> </ul>	<ul style="list-style-type: none"> <li>Unknown effects on demand for services.</li> <li>Significant chapel hire user fee may reduce demand to zero.</li> <li>Substantial increase in burial prices may impact communities who bury or prefer to bury.</li> <li>Puts pressure on families in a cost-of-living crisis.</li> <li>FY27 will have an operating deficit of approximately \$240k</li> </ul>

**Financial impact:**

19. No impact on general rates. All prices are moved to 100% full cost recovery on each service by FY28 (50% increase in FY27 on year one breakeven prices). Deficit in FY27 would be funded by debt. The capital programme is reduced by \$7.5million.
20. Council may also wish to consider retaining the cremation fee at its existing fee and look to reduce this fee during the LTP.

**Title: User Fees and Charges Issues and options – Boat Ramp Parking****Author:** Ross Hudson, Manager, Strategic Planning & Partnerships, Spaces & Places**Authoriser:** Reneke van Soest, General Manager, Operations & Infrastructure**BACKGROUND**

1. Boat Ramp Parking fees were introduced through Long Term Plan (LTP) 2024-34 for the parking areas adjacent to the three 'deepwater' ramps at Marine Park, Whareroa and Pilot Bay (Waikorire). Those fees were then removed by this Council on 26 August 2024, citing concerns raised by the community around affordability, equity and insufficient consultation.
2. Specific community requests also included -
  - (a) an annual pass to be available to non-residents
  - (b) a pass to be per property so as not to charge for multiple trailers at the same address
  - (c) a discount for groups or organisations less able to pay
3. In the context of this Council's principle that 'everybody pays a fair share', staff have reviewed the previous fee structure and developed options that are intended to enable fees to be reintroduced at a lower level and to account for a percentage of operational cost recovery that is more similar to other sport and recreation activities, whilst aiming to minimise ongoing administrative costs.

**DISCUSSION AND ANALYSIS**

4. Using data on user numbers from cameras at Marine Park and previous annual and daily pass purchases, we have modelled options based on the following assumptions -
  - (a) 25,200 launches / parked trailers per annum
  - (b) 15 launches per annual pass
  - (c) 30% of launches by annual pass holders
  - (d) 15% non-collection (exemptions, non-compliance, reduced parking due to fee)
  - (e) Average annual opex (including depreciation) of \$269k.
  - (f) Set up costs of \$25k assuming we provide an 'App only' service without meters (with meters this set up cost rises to \$60k total plus an additional \$10k per annum for four meters).
5. The fees introduced through the LTP were \$20 per day, or \$200 per annum for a Tauranga resident annual pass. Projected revenue was \$335k, or 125% of the annual opex.
6. The table below summarises options that have been modelled. On balance, considering revenue, affordability, the proportion of cost recovery in comparison with other sport and recreational fees, and the fact that the LTP fee levels met some resistance, our recommendation is to reintroduce fees per option (e) in the table.
7. Per initial direction from Council at the recent workshop, we also propose an exemption from the annual pass fee for applications from community organisations with appropriate registered status and that each residence or business unit should only be charged for one annual pass.

	Option	Projected revenue (net of GST)	% of average annual opex
a	<b>LTP 2024</b> \$20/day \$200/year	\$335k ((\$126k received from Jul to Aug 2024 and then paid back).	125%
b	\$10/day \$100/year	\$168k	62%
c	As option (b) but non-resident pass at \$150 (5% of passes)	\$180k	67%
d	\$7/day \$70/year	\$117k	44%
e	As option (d) but non-resident pass at \$100 (5% of passes)	\$125k	46%

### OPTIONS ANALYSIS

**Option 1 (e in table above): Reintroduce trailer parking fees adjacent to the deepwater boat ramps at \$7 a day, \$70 a year for residents and \$100 a year for non-residents, with exemptions for community organisations. (Recommended)**

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>Provides for a proportion of cost recovery that is more equitable than the LTP 2024-34 level.</li> <li>Some incentive to make efficient use of the available parking.</li> </ul>	<ul style="list-style-type: none"> <li>May disincentivise some recreational or kai gathering boat trips.</li> </ul>

#### Financial impact:

8. Additional revenue of ~\$125k per annum.

**Option 2: As option 1 above, but with a \$10 a day, \$100 a year charge for residents and \$150 a year for non-residents.**

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>More revenue to offset rates funding of maintenance.</li> </ul>	<ul style="list-style-type: none"> <li>May disincentivise some recreational or kai gathering boat trips and may meet some resistance.</li> </ul>

#### Financial impact:

9. Additional revenue of ~\$180k per annum.

**Option 3: Retain the status quo**



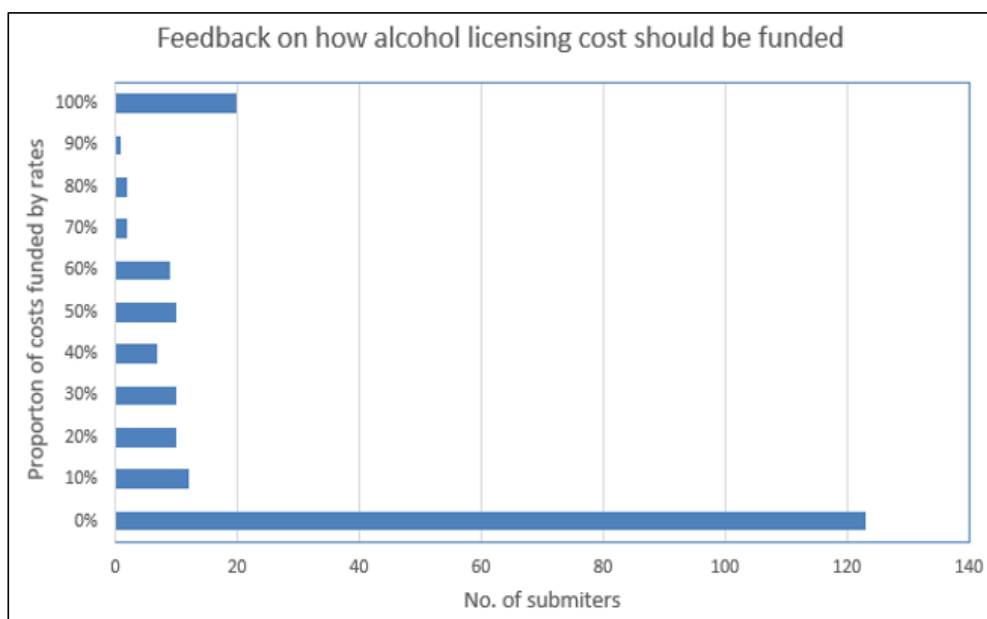
Advantages	Disadvantages
<ul style="list-style-type: none"><li>• No upfront costs.</li><li>• Free boat ramp access for residents and non-residents.</li></ul>	<ul style="list-style-type: none"><li>• Rates funding required for boat ramp maintenance.</li><li>• Less equitable across sport and recreational facility user groups.</li></ul>

**Financial impact:**

10. Boat ramp repairs, maintenance and depreciation costs averaging \$269k per annum remain paid for through general rates.

**Title: User Fees and Charges Issues and Options – Alcohol Licensing****Author:** Nigel McGlone, Manager Compliance Services**Authoriser:** Sarah Omundsen, GM Regulatory and Community**BACKGROUND**

1. Current application and annual fees for alcohol licences are prescribed in legislation (Sale and Supply of Alcohol (Fees) Regulations 2013) and have remained unchanged since their inception.
2. Legislation enables territorial authorities to set their own fee structures through a bylaw. Tauranga City Council adopted the Alcohol Fees Bylaw in April 2025; however, decisions on the actual fee levels are still yet to be made. Several other councils across New Zealand have also implemented similar bylaws and established their own fees. It is important to note that fees for manager certificate applications which are the highest volume of applications, cannot be increased under a bylaw.
3. These fees were set to ensure that, so far as is practicable, the costs incurred by territorial authorities and the Alcohol Regulatory and Licensing Authority (ARLA) relating to licensing and other matters under the Sale and Supply of Alcohol Act 2012 (the Act) are recovered.
4. 'Costs' in this respect involve the administration, compliance monitoring/enforcement, application enquiry, funding District Licensing Committee (DLC) functions (determinations and hearings), and payment of fees to ARLA for each application.
5. Legislation sets 'risk categories', ranging from 'very low to very high' for on, off and club licences, and for Class 1-3 special licences. The risk categories consider factors such as the type of venue, the hours of trade, and the size of an event to determine the risk category. The higher the risk category, the more expensive the application fee.
6. The Council currently funds alcohol licensing activities through a mix of rates and user fees. The existing model for 2027 AP allocates approximately 55% of costs to ratepayers (Rates) and 45% to licensees (User).
7. Through community consultation, 78% of submitters supported the alcohol fees bylaw to provide Council with the ability to set fees, 57% strongly supporting and 21% indicating their support. 19% of submitters did not support the proposal with 14% stating that they strongly do not support the bylaw.
8. Most submitters (60) thought that alcohol licensing costs should not be funded through rates at all. An additional 16% supported a rates contribution of 10-30%. 13% believed rates funding should contribute between 40-60%, while 10% thought the costs should be fully funded through rates.



#### DISCUSSION AND ANALYSIS

9. On the 9 October 2025, a workshop was presented to the Mayor and Elected Members outlining the costs incurred by the Alcohol Licensing Team to provide services related to application processing, compliance monitoring, and enforcement. Under the current model, ratepayers subsidise a significant portion of these costs, which has raised concerns about equity and financial sustainability.
10. Moving toward a user pays model ensures that those who benefit commercially from the service bear a fair share of the cost. The following options outline potential approaches to achieving this objective.
11. Consideration could be given to a staggered/phased implementation if it was decided that fees should be increased. This might be seen as an option to mitigate the impact on businesses but would delay the benefit to the ratepayers who continue to contribute to this activity.
12. A 'new licence' (required when a completely new business starts up, or when an existing premise is sold and the new owner requires a licence) is issued for a period of twelve (12) months. Before those 12 months runs out, a licensee is required to apply for a renewal of the licence and if issued, the licence then exists for a 3-year period. Application fees are the same cost whether for a one year or three-year licence; therefore, some licensees will be impacted immediately and others not for some time.
13. The Act states, in relation to the renewal of premise licences (Section 127) and for special licences (Section 137), that any application must be made at least 20 working days before the expiry of the licence, and/or before the day the event concerned begins. Where this does not occur, the Act makes allowance under Section 208 for a 'waiver' to be applied for (and it may be subsequently granted or refused).
14. This waiver process, which is not currently charged, entails administrative staff preparing documentation to be forwarded to the DLC for determination, and obviously incurs costs associated with the DLC Chair's time to make such determination. It is considered that this

actual cost, of staff and DLC time equates to being \$150 per waiver applied for, should be borne by the applicant.

## OPTIONS ANALYSIS

### Application and Annual Fees

15. The fees listed below are an example of the status quo (Option 1) and possible options (Options 2-4) if the percentage ratio of 'rates funded' vs. 'user funded' are maintained or changed.

TYPE OF FEE	FEE CATEGORY	Option 1	Option 2	Option 3	Option 4
		55% rates / 45% user (Status quo)	50% rates / 50% user (17% increase)	40% rates / 60% user (54% increase)	30% rates / 70% user (89% increase)
<b>Application Fee</b>	Very Low (0-2)	\$320.00	\$375.00	\$490.00	\$605.00
	Low (3-5)	\$530.00	\$620.00	\$811.00	\$1002.00
	Medium (6-15)	\$710.00	\$831.00	\$1,087.00	\$1342.00
	High (16-25)	\$890.00	\$1042.00	\$1,362.00	\$1683.00
	Very High (26+)	\$1,050.00	\$1229.00	\$1,607.00	\$1985.00
<b>Annual Fee</b>	Very Low	\$140.00	\$164.00	\$214.00	\$265.00
	Low	\$340.00	\$398.00	\$520.00	\$643.00
	Medium	\$550.00	\$644.00	\$842.00	\$1040.00
	High	\$900.00	\$1053.00	\$1,377.00	\$1702.00
	Very High	\$1,250.00	\$1463.00	\$1,913.00	\$2363.00
<b>Special Licence</b>	Class 1	\$500.00	\$585.00	\$275.00	\$945.00
	Class 2	\$180.00	\$211.00	\$765.00	\$340.00
	Class 3	\$55.00	\$64.00	\$275.00	\$104.00
<b>Temporary Authority</b>		\$258.00	\$302.00	\$84.00	\$488.00
<b>Temporary Licence</b>		\$258.00	\$302.00	\$395.00	\$488.00

Note: All fees are exclusive of GST.

Excludes managers certificates as this fee is set by legislation.

16. In order to provide guidance on what increase in revenue might be experienced year on year using the table above, 2025 actual volumes have been assumed for the 2026/27 FY and are usually consistent year on year.

### Issue 1 – Application and annual fees

#### Option 1: Retain the status quo – 55% rates / 45% user funded

17. Under this option, Council would retain the current fees for alcohol licensing and funding model of 55% rates funded, 45% user fees.

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>No change for licensees; maintains affordability for businesses.</li> <li>Simple to administer as current system remains unchanged.</li> </ul>	<ul style="list-style-type: none"> <li>Ratepayers continue to subsidise approximately 55% of costs of the licensing system, which conflicts with public feedback.</li> <li>Does not address funding gap or improve cost recovery.</li> </ul>

**Financial Impact:**

18. This option maintains the current funding model, meaning no immediate financial impact on licensees. It is administratively simple and avoids disruption for businesses. Current rates funding required is \$578,634, with no increases to fees this number would be expected to increase each year due to rising costs.

**Option 2: Increase the current fees to reflect a 50% rates / 50% user funded model**

19. Under this option, Council would increase the current fees to reflect a 50% rates / 50% user funded model.

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>Greater cost recovery.</li> <li>Less financial shock for licensees compared to Option 3.</li> </ul>	<ul style="list-style-type: none"> <li>Only partially addresses funding gap; ratepayers still cover some costs.</li> <li>Additional cost for businesses.</li> </ul>

**Financial Impact:**

20. This option represents a moderate shift toward user-pays, reducing the burden on ratepayers while limiting the financial shock for licensees. It partially aligns with policy objectives and public sentiment but still maintains a significant ratepayer contribution.
21. Fees will increase by 17% and it is expected that user fees revenue will increase by \$50,139, reducing the rates funding by the equivalent amount.

**Option 3: Increase the current fees to reflect a 40% rates / 60% user funded model**

22. Under this option, Council would increase the current fees to reflect a 40% rates / 60% user funded model.

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>Greater cost recovery.</li> <li>Less financial shock for licensees compared to Option 4.</li> </ul>	<ul style="list-style-type: none"> <li>Only partially addresses funding gap; ratepayers still cover 40% of the cost.</li> <li>May require further increases later, creating uncertainty for businesses.</li> </ul>

**Financial Impact:**

23. This option represents a moderate shift toward user-pays, reducing the burden on ratepayers while limiting the financial shock for licensees. It partially aligns with policy objectives and public sentiment but still maintains a significant ratepayer contribution.
24. Fees will increase by 53% and it is expected that user fees revenue will increase by \$155,945, reducing the rates funding by the equivalent amount.

**Option 4: Increase the current fees to reflect a 30% rates / 70% user funded model**

(Recommended)

25. Under this option, Council would increase the current fees to reflect a 30% rates / 70% user funded model (the maximum user charge under the Revenue and Financing policy in the current LTP).

Advantages	Disadvantages
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<ul style="list-style-type: none"> <li>• Significantly reduces ratepayer subsidy, aligning strongly with public consultation (78% support for user-pays).</li> <li>• Falls within the Revenue &amp; Financing Policy target band (30–70%).</li> <li>• Creates a more sustainable funding model for alcohol licensing services.</li> </ul>	<ul style="list-style-type: none"> <li>• Significant cost increase for licensees, which may impact smaller businesses.</li> <li>• Potential for pushback from industry stakeholders.</li> </ul>
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**Financial Impact:**

26. This option delivers the most significant alignment with a user pays approach and public consultation, which indicated strong support for shifting costs to applicants. It substantially reduces ratepayer subsidy compared to the current model.
27. Fees would increase by 89% and it is expected that revenue will increase by \$261,968, reducing the rates funding by the equivalent amount.

**Title: User Fees and Charges Issues and options – Animal Services****Author:** Oscar Glossop, Team Leader: Animal Services**Authoriser:** Sarah Omundsen, General Manager: Regulatory and Community Services**BACKGROUND**

1. At a Council workshop held on 9 October 2025, staff presented information to Elected Members regarding fees and charges that could be considered for the 2026/27 year. The focus of that workshop was on the concept of what has been referred to as a 'Responsible Dog Owner' (RDO) scheme, whereby a discount on dog registrations might be applied to dog owners who satisfy certain criteria in respect of their dogs.
2. The Dog Control Act 1996 makes it compulsory for all dogs over three months old to be registered annually with their local council by July 1st, requiring microchipping for identification and tracking, with fees set by councils to fund dog control services, helping ensure owner responsibility and public safety by tracking dogs, owners, and managing nuisance or dangerous behaviour through fines and potential impoundment for non-compliance.
3. Information from local registrations is uploaded to the National Dog Database (NDD) to help authorities track owners and identify lost or problem dogs across the country.
4. Some New Zealand councils offer a Responsible Dog Owner (RDO) or Selected Dog Owner status that grants a discount on annual registration fees. These programs reward owners who maintain high standards of care and control.
5. As presented at the 9 October 2025 workshop, it is noted that the Dog Control Act 1996 (DCA) requires that all income generated is to be spent on dog control matters and that there is limited opportunity to recover fees from 'non dog activity' (i.e. other animal/stock related matters that the team deal with).
6. The Dog Control Act requires all dog owners to be a good dog owner, and it makes specific provision that every owner must ensure:
  - Their dog is registered.
  - The dog is kept under control at all times.
  - The dog doesn't cause nuisance by loud or persistent barking.
  - The dog does not cause nuisance or danger to any person or animal.
  - The dog does not cause damage or endanger any property.
7. The Act also provides that when setting dog registration fees, Council may set different fees for:
  - Neutered dogs.
  - Working dogs.
  - Dogs under 12 months of age.
  - Owners that can demonstrate that they have a specified level of competency in terms of responsible ownership.
  - Fix a penalty fee for late registration payment after 31 July of the registration year.

**DISCUSSION AND ANALYSIS**

8. Tauranga Council had an RDO scheme several years ago, which was abandoned due to the administrative costs to manage it, and the lack of cooperation from dog owners when investigating complaints where the owner felt anything they said may impact on their status as an RDO. More owners also objected to any action such as classifications if they thought it would affect their RDO status, which required additional staff time and resource.
9. Other councils surveyed could not confirm whether their RDO scheme made any difference to the level of offending in their district.
10. On average ~70% of infringements that are issued are to owners of unregistered dogs. The reason their dog isn't registered is often that owners are struggling financially, and/or they have no intention of registering their dog unless it is impounded.

**Move from Ozone to SAP platform**

11. In early November 2025, a digital project was launched to migrate the Animal Management functionality from the ageing 'Ozone' system to the more modern SAP platform. This is a significant project for all involved and whilst improvements are expected over time, there are identified risks with attempting to make too many changes to the current fee regime at one time, especially in relation to dog registration fees and the possible implementation of an 'RDO Scheme'. The project is very much in its 'discovery phase' and at present is focussed on ensuring that current 'Ozone' functionality is brought across to 'SAP' in a seamless manner.
12. The timing of this digital change is also crucial to and somewhat exacerbated by the annual dog registration regime which is centred around the June-July period when all dogs (except for 'service and working dogs') should be registered.
13. All dogs are legally required to be properly registered with the local territorial authority from 1 July each year. TCC opens registration from 1 June each year, giving dog owners a month to ensure they have paid the current standard fee of \$129 before the registration year starts on 1 July.
14. When registration fees were increased from \$100 to \$125 in the 2024/25 registration year, there was a marked increase in the number of dogs that were notified to Animal Services as having died since the previous year. Whilst it is accepted that dogs do pass away during a year, the increase from previous years was significant (some 1,500 more dogs than normally reported as deceased) and gave rise to the possibility that dog owners were using this as an out for registering their dogs.
15. Council have taken the principles of the DCA into account for many years and determined that all dog owners should be considered good dog owners unless the contrary is apparent through their actions or inactions in relation to their dogs. This is seen as taking a parity stance and also ensures that dog owners are held responsible for their dogs (legally and financially) in circumstances where Animal Services intervention is required.
16. Any discount that might be applied requires the shortfall from any standard registration fee to be made up from other sources – namely an increase in the rates contribution (currently 10%) OR an increase in the standard registration fee (and subsequent late fee). Such fee increases have shown to do little to achieve compliance, when an additional financial burden is placed on dog owners who are not inclined to register their dogs in a timely manner.
17. Council staff looked into differential fees for working dogs as raised by Te Rangapu policy subcommittee [CO/25/26/3]. Whilst this is possible under the Act, the ability to prove a dog is a hunting/kai gathering dog is complex. Similar to other licencing schemes, the discount would add administrative cost. This cost could be recovered by a licencing fee, which could negate the discount. Alternatively, the cost could be recovered through other registration payers or rate payers. There is no evidence that hunting/kai gathering dogs utilise Animal Services less overall.



18. Many of the other fees and charges for Animal Services have been established for a long time and with only inflationary adjustments been made over time. Analysis of the cost recovery for these fees and charges has found that many of them are lacking in terms of the actual cost recovery. Options to bring these fees closer to actual cost has been included below.
19. With an aim to minimise dog registration subsidy, the following fees and charges are recommended for adjustment and are included below.
20. The calculations of actual cost look to employ a charge rate that
  - (a) is costed at a scale rate for the primary staff involved;
  - (b) includes overheads; and
  - (c) is based on the average time to complete the activity to the nearest 15 minutes.
21. Changes to animal service fees proposed:

Service	Existing Fee (2025/26)	Proposed Fee (2026/27)	% Change	Projected Revenue Increase 26/27 (excl GST)	Reason for Movement
Microchip Fee – Voluntary	\$33.00	\$55.00	66.70%	\$268	Encourage voluntary microchipping; aim for 50/50 split over future years.
Microchip Fee – Impounded Dog	\$33.00	\$113.00	242.40%	\$12,383	Reflects actual cost: \$6.66 microchip + \$106.50 charge-out.
Kennel Licences – New application or renewal (incl. address changes)	\$100.00	\$396.00	296.00%	\$1,544	Covers staff time for inspection and admin costs (approx. 2 hrs @ \$198/hr).
Kennel Licences – Variation (adding or removing a dog)	\$50.00	\$99.00	98.00%	\$170	Reflects reinspection and admin (approx. 0.5 hr @ \$198/hr).
Impounding – First impounding – Non-Registered	\$107.00	\$248.00	131.80%	\$33,104	Disincentive pricing; covers actual cost (\$251.24/dog incl. overheads).
Impounding – First impounding – Registered	\$72.00	\$124.00	72.20%	\$995	Tiered split for fairness and cost recovery.
Impounding – Second impounding	\$153.00	\$372.00	143.10%	\$10,664	Increased penalty for repeat offense.
Impounding – Third impounding	\$221.00	\$496.00	124.40%	\$2,391	Further deterrent for repeated incidents.
Impounding – Fourth & subsequent impounding	\$307.00	\$744.00	142.30%	\$6,080	Strong disincentive for chronic non-compliance.
Impounding – Sustenance fee (per day or part of)	\$14.00	\$18.00	28.60%	\$4,410	Reflects actual cost of food, care, and enrichment.

Impounding – Dogs released after hours	\$70.00	\$297.00	324.30%	\$0	Based on 2 hrs @ \$198/hr × 1.5 (after-hours rate).
Other Dog Fees – Surrender fee	\$115.00	\$752.00	553.90%	\$0	Includes euthanasia, sustenance, and staff time (approx. 2 hrs @ \$198/hr).
Other Dog Fees – Seizure fee	\$115.00	\$594.00	416.50%	\$18,327	Reflects 3 hrs staff time @ \$198/hr.
				<b>Total \$90,337</b>	

### OPTIONS ANALYSIS

22. Considering the planned transition of the Animal Services functionality from Ozone to SAP (as outlined in Paragraph 11 above), and despite previous considerations of various discounts and schemes, an RDO Scheme has not been included as an option in this paper.
23. The peak registration period (June–July) coincides with the new SAP system going live. Introducing discounts and other schemes now would add complexity and risk to a critical transition.
24. The focus of both the Animal Services and the Digital teams during this transition is, at the very least, to be able to administer the critical registration process for the coming 2026/27 year. This will be a complicated process, and it is believed that the inclusion of any form of discount regime being tested and implemented on top of 'the basic process', would be an added stressor to the project.
25. The Digital team is now aware of the need to future-proof the new system and to make allowance in their planning and construction of the system for the prospect of having some time and/or condition-based registration fees available in the future.
26. At the time of writing this paper, the Digital team were still working through providing some cost analysis in respect of those parameters. There are also time and financial costs to be considered in respect of any Web-based changes, along with liaison with the external customer who provides services relating to printing invoices (based on data and pricing provided to them by Animal Services). These would be added factors that could increase complications of the transition for 2026/27.

### Option 1: Increase Animal Service fees and reduce dog registration fee by \$6 (Recommended)

27. Under this option, Council would increase animal services fees as included in paragraph 21 above and reduce dog registration fee by \$6 to \$123.

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>Provides some cost relief to dog owners when Council cannot provide RDO scheme at this time.</li> <li>Provides some cost relief to dog owners who register their dog and uses a more 'user pays' approach as cost is recovered by those who require services.</li> <li>New fees reflect actual cost.</li> <li>Covers staff time and admin costs.</li> <li>Encourages voluntary/better compliance from non-compliant dog owners.</li> </ul>	<ul style="list-style-type: none"> <li>Fee increases seen as substantial by non-compliant dog owners.</li> <li>Discount may not be seen as enough relief.</li> </ul>

<ul style="list-style-type: none"> <li>• Tiered splits across impounding fees provides a graduated fees model.</li> <li>• Recognises the 'hidden costs' (euthanasia, sustenance, staff time) that have gone uncharged or unchanged for many years.</li> <li>• No risk of increase of 'dead' dogs due to reduction of registration fee.</li> </ul>	
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**Financial impact:**

28. Change in animal service fees as listed in paragraph 21 and reduction in dog registration fees would result in a ~\$77,000 surplus for the activity. No impact on general rates contribution.

**Option 2: Increase Animal Service fees and reduce dog registration fee by \$12**

29. Under this option, Council would increase animal services fees as included in paragraph 21 above and reduce dog registration fee by \$12 to \$117.

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• Provides cost relief to dog owners when Council cannot provide RDO scheme at this time.</li> <li>• Provides cost relief to dog owners who register their dog and uses a more 'user pays' approach as cost is recovered by those who require services.</li> <li>• New fees reflect actual cost.</li> <li>• Covers staff time and admin costs.</li> <li>• Encourages voluntary/better compliance from non-compliant dog owners.</li> <li>• Tiered splits across impounding fees provides a graduated fees model.</li> <li>• Recognises the 'hidden costs' (euthanasia, sustenance, staff time) that have gone uncharged or unchanged for many years.</li> <li>• No risk of increase of 'dead' dogs due to reduction of registration fee.</li> </ul>	<ul style="list-style-type: none"> <li>• Fee increases seen as substantial by non-compliant dog owners.</li> </ul>

**Financial impact:**

30. Change in animal service fees as listed in paragraph 21 and reduction in dog registration fees would result in a zero surplus/deficit in activity. No impact on general rates contribution.
31. However, there would be more of a shift to a 'user pays' approach as those who use our services would pay closer to true cost with less subsidisation from dog registration.

**Option 3: Retain the status quo**

32. Under this option, Council would retain the dog registration fee of \$129 and add CPI to other animal service fees.

33. Council would consider implementing an RDO scheme in the future once the transition from Ozone to SAP was completed successfully.

Advantages	Disadvantages
<ul style="list-style-type: none"><li>• Clear and predictable fees for dog owners.</li><li>• Reduced confusion for dog owners during system change – provides a stable experience.</li><li>• Focus for Animal Services/Digital teams on the testing/success of a crucial system without added factors to complicate matters during the transition.</li><li>• Lower risk of system failure and better assurance of operational stability.</li><li>• Simpler staff training at a critical business time of the year.</li><li>• Predictable revenue based on previous registration data.</li></ul>	<ul style="list-style-type: none"><li>• No financial gain/incentive for customers to register dogs (especially those who don't).</li><li>• Minor trust aspect if discounts were anticipated.</li><li>• No revenue increase meaning team will need to maintain costs at existing levels.</li></ul>

**Financial impact:**

34. With projected volumes and fees based on most up to date data, the projected surplus is ~\$68,227.

**Title: User Fees and Charges Issues and options – Building Services****Author:** Steve Pearce – Head of Building Services**Authoriser:** Sarah Omundsen – GM: Regulatory and Community Services**BACKGROUND**

1. Building services ensure compliance with the Building Act 2004, meeting safety, durability, and performance standards to support safe, sustainable development and protect community wellbeing.
2. No immediate legislative changes are expected to materially impact fee setting or budgets; however, reform of building consenting is underway and may lead to reduced consent volumes over time.
3. Consent volumes have declined significantly since the LTP was drafted, however this has slowed or even stopped. Timeliness of processing is improving, and external contractor usage is decreasing.
4. The Revenue and Financing Policy sets a funding band of 70–100% user charges, with user fees currently accounting for approximately 92% of total revenue.
5. User charges reflect that the demand for building services is driven by individuals undertaking building work, which must be certified as legally compliant.
6. This report reflects the detail discussed in the public workshop held on 30 October 2025.

**DISCUSSION AND ANALYSIS**

7. The revenue for Building Services in 24/25 was \$11.9 million.
8. User fees charged through building consents make up the vast majority (~87%) of revenue generated for Building Services. The size of this revenue item is driven by the volume of building consent applications received.
9. A small portion (~5%) of Building Services' revenue is earned through other chargeable building functions, such as pool inspections and the Building Warrant of Fitness System.
10. The only aspect of Building Services revenue that is rate funded is the other (non-chargeable) building functions, such as complaint investigations (~8%).
11. The expenditure for Building Services in 24/25 was \$16.4 million.
12. Approximately two-thirds of that expenditure is on staff and associated costs, including contractors utilised where volumes are above our in-house capacity. Corporate overheads and other operational costs are the remaining third.
13. The Building Services user fees were reviewed in 2022 and were compared with other cities and local Territorial Authorities. Many of the fees were reduced at that point (effective July 2023) as they were significantly higher than other councils.
14. However, subsequent analysis as part of the 2024-34 LTP showed a shortfall between budgeted revenue and actual delivery costs. This is largely due to reduced consent volumes compared with those used in the 2022 modelling. Through the LTP process, it was agreed that user fees would be increased 5% plus CPI per year.
15. The predicted deficit for the current year is \$3.565 million. This is based on a deficit of \$4.445 million last year, with 8% increase in revenue due to the 8% increase in user fees applied in this current year.
16. The table below sets out the options as discussed in the 30 October 2025 workshop.

Option	Modelled impact	Operational Confidence	Overall impact on Budget	User Impact	Recommendation
Increased cost recovery / productivity	+ \$600k	High	Moderate	Low	Underway
Increase fees significantly	+ \$3.57mil	High	High	High	Not recommended
Increase fees 10%	+ \$1.85mil	High	Moderate	Moderate	Recommended
Increase fees 5%	+ 1.2mil	High	Moderate	Low	Consider
Rate funding as per R&F policy	+ \$500k	Moderate	Low	Low	Not recommended
Decrease timeliness	- \$1mil	Low	Moderate	Moderate	Not recommended
Reduce contractor spend	- \$450k	Moderate	Low	Low	Underway
Reduce employee costs	- \$500k	Low	Low	High	Not recommended

17. The Building Services team are already committed to two of the options discussed; increased cost recovery/productivity and reducing contractor spending.
18. Options for changes to user fees and charges specifically are included in the options analysis below.

#### OPTIONS ANALYSIS

##### Option 1: Increase fees significantly to cover full deficit (approx. 30% increase)

19. Under this option, Council would increase fees by 30% to fully cover the existing deficit.

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>Will ensure no deficit from FY27.</li> <li>Does not rely on Building Services to achieve the other savings underway.</li> </ul>	<ul style="list-style-type: none"> <li>The increase will likely make TCC the most expensive consenting authority.</li> <li>Likely to receive more negative feedback from the industry about the cost of consenting than other options.</li> </ul>

##### Financial impact:

20. Increasing the fees and charges by 30% would cover the predicted \$3.565 million deficit.

##### Option 2: Increase fees 10% plus CPI (Recommended)

21. Under this option, Council would increase fees by 10% in addition to CPI increase of 3%.

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>Will reduce the deficit in FY27.</li> </ul>	<ul style="list-style-type: none"> <li>Will likely make TCC one of the most expensive consenting authorities.</li> <li>Relies on other options to increase revenue and decrease expenditure to completely remove the deficit.</li> </ul>

**Financial impact:**

22. Increasing fees by 10% (plus CPI) is expected to increase revenue and reduce the predicted deficit by \$1.25mil. The remaining deficit will be funded by other options underway in paragraph 16 to increase revenue and decrease expenditure and is expected to reduce the modelled deficit to \$633k.

**Option 3: Increase fees 5% plus CPI (status quo)**

23. Under this option, Council would increase fees by 5% plus CPI of 3% which is in line with what was agreed during the LTP to slowly reduce the deficit.

<b>Advantages</b>	<b>Disadvantages</b>
<ul style="list-style-type: none"><li>Will likely receive the least amount of negative feedback from the industry about the cost of consenting compared with the other options.</li></ul>	<ul style="list-style-type: none"><li>Will not reduce the deficit to zero, even with all of the other options available.</li><li>Will result in additional debt funding, which in turn increases interest costs</li></ul>

**Financial impact**

24. Increasing fees by 5% (plus CPI) is expected to increase revenue and reduce the predicted deficit by \$1.2mil. The remaining deficit will be funded by other options underway in paragraph 16 and is expected to have a modelled deficit of \$2.3mil.

**Title: User Fees and Charges Issues and options – Trade Waste****Author:** Radleigh Cairns – Manager: Drainage Services**Authoriser:** Wally Potts – Head of City Waters**BACKGROUND**

1. Trade waste refers to liquid waste from commercial or industrial premises discharged into the public wastewater system (excludes domestic sewage from households). Examples include wastewater from food processing, manufacturing, laundries, and commercial disposal of septic tank waste.
2. Without proper management, trade waste can damage infrastructure, harm treatment plant processes, and pose environmental or health risks. For this reason, councils monitor trade waste discharges and have the power to regulate trade waste through their trade waste bylaws which set discharge conditions (e.g., volume limits, pollutant thresholds, and pre-treatment requirements) and a framework for discharge consents.
3. Councils' powers to regulate trade waste through bylaws have recently been updated as the Local Government (Water Services) Act 2025 (**Act**), which came into effect on 27 August 2025. The Act requires that Tauranga City Council undertake a review of the bylaw.
4. Current revenue from trade waste service is mainly gathered through unit rates which are charged to dischargers of higher risk or higher volumes of trade waste. The unit rates are charged for Flow, Suspended Solids and Chemical Oxygen Demand and monitoring is undertaken to measure those discharges and calculate the charges.
5. Application and Renewal of permit costs make up a small percentage of revenue however they are not currently an accurate reflection of actual costs.
6. Conditional permits require detailed discussions of potential discharges and contaminants within along with normal and peak flow rates. A site visit to assess the private wastewater network and potential monitoring equipment needed are also essential.
7. One-year permits enable flexibility for businesses that need time to work towards requirements of a three-year permit. For example, this could include installing monitoring equipment that requires time to purchase and install within the private network along with monitoring of the discharge to acquire significant base data.
8. The review of the Trade Waste Bylaw underway has identified a number of changes that will improve Council staff's ability to manage trade waste discharges to the network and recover costs for the increased impact of these discharges over and above normal residential flows.
9. Options to change the types of permits and their associated fee have been included within this report and are consistent with the changes that are being proposed within the bylaw review.

**DISCUSSION AND ANALYSIS**

10. Currently, only the largest contributors to trade waste pay fees, resulting in domestic users subsidising business waste processing and trade waste officer's time. To address this, changes are proposed for the Trade Waste Bylaw to introduce a new "controlled discharges" category of trade waste discharges, requiring businesses with pre-treatment or higher volumes of permitted trade waste to obtain permits and pay fees that better reflect the costs of processing and administration. These changes are part of a broader Trade Waste Bylaw Review, which is scheduled for public consultation ahead of the user fees and charges in early 2026.



Cost of Wastewater Treatment	2024 Actuals	2025 Actuals	2026 Forecast	2027 Proposed
Pumping Stations & Storage	2,011,615	2,765,055	3,979,293	4,456,844
Compliance & Monitoring	899,842	1,530,699	929,131	860,460
Chapel St Treatment Plant	3,310,075	4,246,823	3,897,066	4,389,728
Te Maunga Treatment Plant	12,943,507	4,366,133	6,369,714	7,342,556
Te Maunga Outfall	215,103	226,146	946,108	977,740
Wastewater General (Depreciation)	37,754,334	45,221,373	42,145,663	45,148,792
<b>Total cost of wastewater treatment</b>	<b>57,134,477</b>	<b>58,356,229</b>	<b>58,266,975</b>	<b>63,176,120</b>

#### Rationale for bylaw and fee changes

11. Processing trade waste through the wastewater network and treatment plants incurs significantly higher costs than domestic waste. Under the current bylaw, only businesses producing the highest volumes and loads of trade waste pay fees, leading to an inequitable cost distribution where domestic users subsidise business waste processing and trade waste officers time.
12. The proposed bylaw and fees seek to promote fairer cost allocation by introducing a “controlled discharges” category. Businesses with pre-treatment or higher volumes of permitted trade waste will be required to obtain permits and pay associated fees, helping to recover the costs of processing and administration. This change is expected to generate additional revenue from controlled discharge permits. However, it will also have a financial impact on smaller businesses that currently do not contribute to these costs.

#### Trade waste costs and revenue

13. An increase in the unit rates is proposed in line with the percentage increase in commercial wastewater charges laid out in Water Services Delivery Plan.
14. The introduction of the controlled permit enables capture of those businesses that have pre-treatment but don't currently trigger a conditional consent. These businesses require assessment and monitoring that maintenance is occurring but do not get charged flow or loading charges.
15. Any site visits, monitoring or compliance visits required over and above that included in new application or renewal fees would be charged using the staff hourly rate.

#### Key proposed changes

16. The key proposed changes are:
  - (a) Updated terminology and permit process: The bylaw aligns terminology with the new Act, replacing “consents” with “permits” and introducing provisions for permit administration, including applications, renewals, and transitions.
  - (b) Classification of discharges: The draft bylaw moves from a three-category consent process to a four-category permit process, with clearer distinctions between allowed, controlled, conditional, and prohibited discharges.
  - (c) Cost recovery and fee structure: The new fee structure provides a more equitable, graduated user-pays approach, ensuring that those placing higher demands on the wastewater network contribute proportionally to the costs.
  - (d) Alignment with best practice: The bylaw incorporates industry best practice for trade waste management and encourages businesses to use clean processes to minimise their trade waste discharges.
17. Proposed fee changes:

Current Fee Descriptions	Current Fees 2025/26	Proposed fees 2026/27	% change
Flow (m3)	\$2.26	\$2.41	6.6%
Suspended solids (ng/l)	\$2.88	\$3.07	6.6%
Chemical oxygen demand (mg/l)	\$1.10	\$1.17	6.6%
Trade waste applications (new <del>consent with conditions - conditional permit</del> - three-year term)	\$1,086.45	\$1,782.40	64.1%
Trade waste applications (new <del>consent with conditions - conditional permit</del> - one year term)	\$370.80	\$1,336.80	360.5%
Trade waste applications (renewal of <del>consent with conditions - conditional permit</del> - three-year term)	\$823.60	\$891.20	8.2%
Trade waste applications (renewal of <del>consent with conditions - one year term</del> )	<del>\$283.25</del>	N/A	
Trade waste applications <del>permitted activity (new - three-year term)</del>	<del>\$1,091.12</del>	N/A	
Trade waste applications <del>permitted activity controlled permit (new - one year term)</del>	\$370.80	\$334.20	-9.9%
Trade waste applications <del>permitted activity (renewal of permitted consent - three-year term)</del>	<del>\$587.62</del>	N/A	
Trade waste applications <del>permitted activity controlled permit (renewal of permitted consent - one year term)</del>	\$206.00	\$222.80	8.2%
Trade waste monitoring/inspection fee (non-compliance)	<del>\$164.72</del>	N/A	
Trade waste officer	\$216.30	\$222.80	3%
Trade waste administrator	\$144.20	\$148.55	3%
Laboratory Fees	At cost	At cost	

18. There are currently 600 businesses already identified as being captured by the new controlled activity through work undertaken by staff. It is estimated there could be in the region of 1200 business in total that would fall into this activity.
19. The Te Maunga treatment plant has increased energy costs for Nitrogen removal that are currently not charged for within the unit rates. Staff will be looking to model the impact of this and develop unit rate charges for this in the future, with an anticipated introduction in FY2028.
20. The proposed changes will improve cost recovery for managing trade waste but will increase costs for businesses, particularly smaller ones not previously subject to fees. The new fee structure is more equitable by providing a user-pays approach. Extra revenue expected from controlled activity permits in 2027 is \$130,000, rising to \$210,000 in 2028 and \$300,000 in 2029. This growth reflects the addition of businesses required to obtain a controlled activity permit, as well as increased unit charges for conditional permit holders and a more realistic charge in administering and monitoring permits.
21. The total cost of wastewater treatment is forecast to rise from \$58.3M in 2025 to \$63.2M in 2027. Application and renewal of permit costs make up a small percentage of revenue, but they are not currently an accurate reflection of actual costs. Conditional activity applications are complex and time-consuming. One-year permits enable flexibility for businesses that need time to work towards requirements of three-year permits.
22. Table below shows revenue actuals and forecasts if recommended proposal is implemented.

Summary based on proposal				
Revenue	2024 Actuals	2025 Actuals	2026 Forecast	2027 Proposed
30100- Revenue -Trade Waste Fees	1,556,782	1,353,539	1,502,428	1,814,743
33620- Revenue - Recoveries	4,338	35,378		
<b>Total Revenue</b>	<b>1,561,120</b>	<b>1,388,917</b>	<b>1,502,428</b>	<b>1,814,743</b>
Employee costs	245,351	257,839	191,368	263,240
Other administration costs	64,942	18,078	22,854	26,864
<b>Contribution to wastewater treatment</b>	<b>1,250,828</b>	<b>1,113,000</b>	<b>1,288,206</b>	<b>1,524,639</b>

## OPTIONS ANALYSIS

**Option 1: Align fee structure with changes proposed in bylaw and include the proposed fee structure (Recommended)**

23. Under this option, Council would include the proposed fee structure in paragraph 17.

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>Fee structure better aligns with the revised bylaw and actual costs.</li> <li>Fairer cost allocation by providing a user pays approach.</li> </ul>	<ul style="list-style-type: none"> <li>Administrative complexity.</li> <li>Additional cost impacts on smaller business requiring permits.</li> </ul>

<ul style="list-style-type: none"> <li>Incentivises compliance and best practice.</li> </ul>	
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**Financial impact:**

24. The proposed changes will improve cost recovery for managing trade waste but may increase costs for businesses, particularly smaller ones not previously subject to fees.
25. The new fee structure is more equitable by providing a user-pays approach. Extra revenue expected from controlled activity permits in 2027 is \$130,000, rising to \$210,000 in 2028 and \$300,000 in 2029.

**Option 2: Include the proposed fee structure and provide a 50% discount for businesses that apply for a controlled permit in the first three years.**

26. Under this option, Council would include the proposed fee structure in paragraph 17 and provide a 50% (or other) discount to businesses that require the new controlled permit if they obtain their permit in the first three years from the introduction of the permit. Permits acquired after the first 3 years, and subsequent permits, would be at the full fee.

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>Provides a transition option to lessen the financial impact on businesses that have not previously required a permit.</li> <li>Provides an incentive for businesses to apply for the new controlled permits sooner, encouraging compliance and best practice.</li> <li>Fee structure better aligns with the revised bylaw and actual costs.</li> <li>Fairer cost allocation by providing a user pays approach.</li> </ul>	<ul style="list-style-type: none"> <li>Administratively more difficult to implement.</li> <li>Delays the effectiveness of implementing the user pays approach.</li> <li>May appear to not be fair to some businesses.</li> </ul>

**Financial impact:**

27. Providing a 50% discount for businesses that obtain their controlled permit within the first three years will reduce potential revenue compared with full fee implementation. The scale of the impact will depend on the number of businesses that apply during the discounted period. While this option creates an initial short-term reduction in income, it may encourage early uptake, improve compliance and reduce administrative follow-up costs over time.

**Option 3: Retain the status quo**

28. Under this option, Council would retain the existing fees and charges that would not align with the proposed changes within the bylaw.

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>Administrative simplicity.</li> <li>No immediate financial impact on businesses.</li> </ul>	<ul style="list-style-type: none"> <li>Continued subsidisation by ratepayers.</li> <li>Doesn't provide financial incentives for best practice.</li> <li>Polluter pays principle is missing</li> </ul>

**Financial impact:**

29. The cost of pumping waste and the operation of treatment plants continues to rise. Without proportionally increasing revenue from the commercial sector from trade waste fees, those

increasing costs fall to the residential ratepayers. The estimated increase between 2025/26 and 2026/27 is 8%, \$4.9m.

## 11.6 Transport Resolutions Report No.59

**File Number:** A19513270

**Author:** Karen Hay, Team Leader: Engineering Services  
Mike Seabourne, Head of Transport  
Will Hyde, Senior Transport Engineer

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

### PURPOSE OF THE REPORT

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

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### RECOMMENDATIONS

That the Council:

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

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### EXECUTIVE SUMMARY

2. As the city grows and changes, the demands on the road network also change. Often there can be conflict between the need to keep traffic lanes clear to enable an efficient network, the need to provide on-street parking and loading zones to support nearby activities, restrict parking to improve access and the need for vulnerable road users such as pedestrians and cyclists to move around the city safely.
3. Attachment A sets out changes for general access, parking, safety and operational reasons. Some of these are requests from the public or other stakeholders for numerous changes to parking controls which have been assessed to be appropriate.
4. Amendments include changes to the following attachments to the Traffic & Parking Bylaw (2023):
  - (a) Attachment 7.1: No Parking Behind Kerb
    - (i) A new part-time restriction relating to vehicles parking on the berm close to an intersection and cycle access ramp, creating safety issues by blocking sight lines.
  - (b) Attachment 7.2: Prohibited Stopping and Standing of Vehicles
    - (i) Extending or removing broken yellow lines to improve safety, enhance access, or increase parking capacity.
  - (c) Attachment 7.7: Mobility Parking
    - (i) Retrospective resolutions required for existing mobility spaces.
  - (d) Attachment 7.8: Motorcycle Parking
    - (i) Retrospective resolutions required for an existing motorcycle space.

- (e) Attachment 7.9: Parking Time Restrictions
  - (i) Retrospective resolutions required for existing time restrictions implemented as part of Cameron Road project.
- (f) Attachment 7.16: Loading Zones with Time Restrictions
  - (i) Retrospective resolution required for an existing loading space in a service lane.
- (g) Attachment 7.21: Passenger Service and Other Vehicle Stands (Stopping Places for Buses)
  - (i) Retrospective resolutions for existing bus stops.
- (h) Attachment 7.25 Passenger Service and Other Vehicle Stands (Police Vehicles)
  - (i) Increasing the number of spaces outside the police station reserved for police operations.

## BACKGROUND

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

## STATUTORY CONTEXT

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

## STRATEGIC ALIGNMENT

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

	Contributes
We are an inclusive city	✓
We value, protect and enhance the environment	<input type="checkbox"/>
We are a well-planned city	✓
We can move around our city easily	✓
We are a city that supports business and education	✓

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

## OPTIONS ANALYSIS

13. The proposed changes relate to general operations. The reasons for each proposal are described in Appendix A. In each case the problem identified is expected to continue if the proposed amendment is not adopted.

14. The proposals are independent of each other, and Council may resolve to adopt some, all or none of them.

### **FINANCIAL CONSIDERATIONS**

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

### **LEGAL IMPLICATIONS / RISKS**

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

### **TE AO MĀORI APPROACH**

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

### **CLIMATE IMPACT**

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

### **CONSULTATION / ENGAGEMENT**

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

### **SIGNIFICANCE**

20. The Local Government Act 2002 requires an assessment of the significance of matters, issues, proposals and decisions in this report against Council's Significance and Engagement Policy. Council acknowledges that in some instances a matter, issue, proposal or decision may have a high degree of importance to individuals, groups, or agencies affected by the report.
21. In making this assessment, consideration has been given to the likely impact, and likely consequences for:
  - (a) the current and future social, economic, environmental, or cultural well-being of the district or region
  - (b) any persons who are likely to be particularly affected by, or interested in, the decision.
  - (c) the capacity of the local authority to perform its role, and the financial and other costs of doing so.
22. In accordance with the considerations above, criteria and thresholds in the policy, it is considered that the decision is of low significance.
23. For the changes which are retrospective, these are likely to have a low public interest as these were previously consulted upon or responded to requests from adjacent landowners.

### **ENGAGEMENT**

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

**NEXT STEPS**

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

**ATTACHMENTS**

1. **Appendix A - Transport Resolutions Report 59 Proposals - A19548311**  

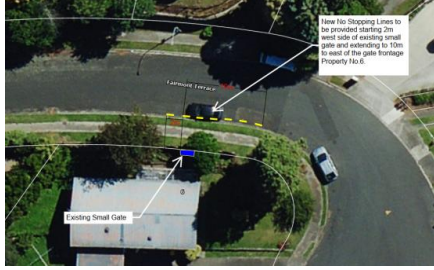



### Appendix A: Details of Proposals for Transport Resolution Report No.59



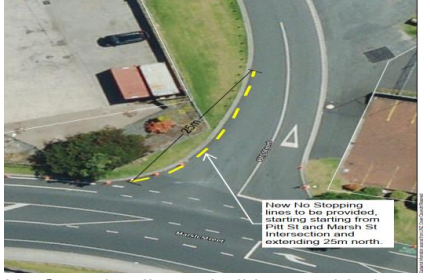
#### Attachment 7.1: No Parking Behind Kerb

Location	Details	Reason for implementing and Image
Maunganui Road East side	Along the frontage of No.413 to 417.	Vehicles parked on berm are obstructing sight lines of people using the cycle off ramp. Neighbouring properties have been notified with no feedback received.

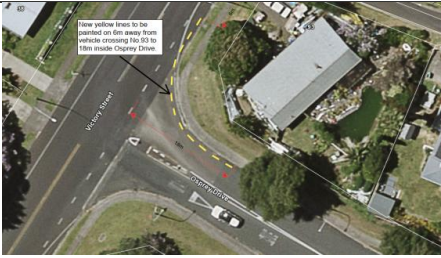


#### Attachment 7.2: Prohibited Stopping and Standing of Vehicles

Location	Details	Reason for implementing and image
Fairmont Terrace South side	Commencing 13 metres east of the western boundary of No.6 and extends 12 metres eastwards.	 <p>At the request of Bay of Plenty Health, No Stopping Lines to be installed to support access. Issues with vehicles parking are impacting their ability to attend to patients. No further consultation is required, as prior approval was obtained from the adjacent property owner.</p>
Grey Street Service Lane (Elizabeth St to Grey St) West side	From the boundary between No.108 and 134 Durham St, southwards for 16m	<p>New accessway from Durham St to Grey St is being blocked by parked vehicles. Minimum practical restriction is proposed to enable pedestrians to cross the service lane safely. No directly affected parties, no consultation required.</p>
Grey Street Service Lane (Elizabeth St to Grey St) East side	The centre 6m of the west boundary of No.79 Grey Street	




## Appendix A: Details of Proposals for Transport Resolution Report No.59

Lydbrook Place Southern side	Commencing 27 m North of the southern boundary of No.46 and extending 20 m towards the end of cul de sac.	 <p>At the request of the adjacent property owner, No Stopping Lines will be installed to address sightline concerns at the bend, where parked vehicles are obstructing visibility and hindering safe traffic movement. No consultation with other parties was undertaken.</p>
Lydbrook Place Southern side	A length of 8 metres centred on the centre of the vehicle crossing of No.46.	 <p>Allowing safe manoeuvring of vehicles from the driveway. Only related to property owner so not consulted.</p>
Pitt St West side	Commencing at the extension of the northern kerb line of Marsh St on western side and extending 25m to the north.	 <p>No Stopping lines shall be provided to facilitate the safe passage of heavy vehicles and to prevent obstruction to two-way traffic. No consultation required.</p>

## Appendix A: Details of Proposals for Transport Resolution Report No.59




Osprey Dr North side	Commencing 19 m west of the eastern boundary of No.93 Victory Street extending westwards to Victory Street	 <p>Parking near the intersection causing the visibility issue while existing Osprey Drive. No consultation needed.</p>
Victory St East side	Commencing 9.5m south from the northern boundary of No. 93 and extending southwards to Osprey Drive	 <p>Parking near the intersection causing the visibility issue while existing Osprey Drive. No consultation needed.</p>
Topaz Drive East side	Commencing 3m north from the southern boundary of No.25 extending 7m to the north.	<p>No Stopping lines are to be provided to ensure sufficient space to prevent driveways from being obstructed while maintaining one parking space between two driveways. No consultation required as it was requested by the neighbouring property owner.</p> 

## Appendix A: Details of Proposals for Transport Resolution Report No.59

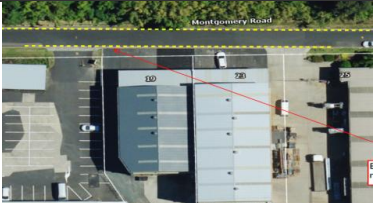
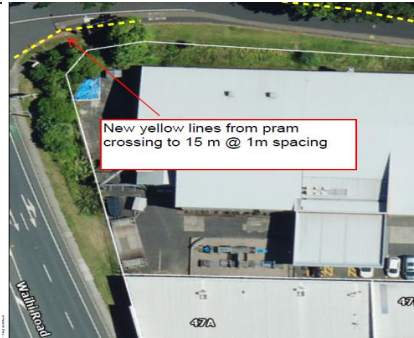
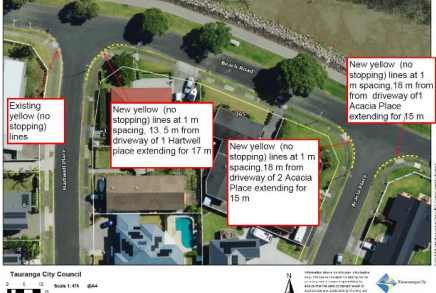
Ngatai Road South side	Commencing 2 metres west from the eastern boundary of 182 Ngatai Road and extending for 3 metres west.	 <p>New yellow lines for 2 m (not to scale on plan)</p> <p>To ease manoeuvring and maintain sightlines. No consultation required as it was requested by the neighbouring property owner.</p>
Crown Street Both sides	Commencing 10 metres north from the southern boundary of 2 Lion Place extending north to the end of Crown Street.	 <p>New yellow lines as shown at 1 m spacing</p> <p>Consultation was not undertaken as the location is at a corner intersection and presents a general safety concern due to obstructed sightlines. There are no individuals directly affected.</p>
Te Okuroa Drive South side	Commencing 12 metres east from the eastern boundary of No.4 Lion Place, extending 71m east, excluding marked Bus Stop.	 <p>New yellow lines as shown at 1 m spacing</p> <p>Consultation was not undertaken as the location is at a corner intersection and presents a general safety concern due to obstructed sightlines. There are no individuals directly affected.</p>



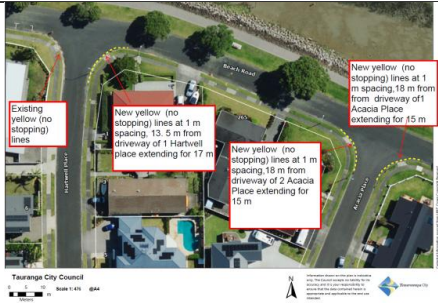

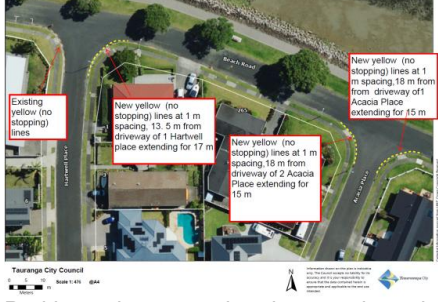
## Appendix A: Details of Proposals for Transport Resolution Report No.59

Cameron Road East side	Commencing 18m south of the southern boundary of No.1150 extending 118m to the north.	 <p>Requested by adjacent property owners due to safety concerns relating to visibility when vehicles are exiting driveways. Consultation was also undertaken with shop owners on the opposite side of Cameron Road, and there is support for the proposed change.</p>
Wharf Street Eastern end	All parts of the roadway east of The Strand, except for marked spaces.	 <p>Existing restriction that is not currently listed in the attachments. No consultation required.</p>
Rita Street West side	Commencing from the southern boundary of No.20 and extending 6 metres north.	 <p>No-stopping lines are proposed to ensure safe vehicle access. The existing space between the two vehicle crossings is insufficient for a vehicle to park. Consultation is not required as the request was made by the adjacent property owner</p>


**Appendix A: Details of Proposals for Transport Resolution Report No.59**

Montgomery Road East side	Starting from 11m north of the southern boundary of 25 Montgomery Road and extending south for 69 m.	 <p>Formalising existing broken yellow lines which were not previously listed. No consultation required.</p>
Montgomery Road East side	Starting from 130 m south of the southern boundary of No.19 and extending southwards to Waihi Road	 <p>The improvement aims to enhance access at the intersection and prevent queuing onto Waihi Road. Consultation was not undertaken as the location is at a corner intersection, presenting a general safety concern, and there are no individuals directly affected.</p>
Beach Road Southern side	A length of 30m centred on the centre line of Acacia Place	 <p>Parking close to the intersection during sporting events is causing visibility and access issues. Consultation has been carried out with nearby properties.</p>

## Appendix A: Details of Proposals for Transport Resolution Report No.59

Beach Road Southern side	A length of 32m centred on the centre line of Hartwell Place	 <p>Parking close to the intersection during sporting events is causing visibility and access issues. Consultation has been carried out with nearby properties.</p>
Hartwell Place Both sides	Starting at 21m north of the southern boundary of No.1 and extending northwards to Beach Road	 <p>Parking close to the intersection during sporting events is causing visibility and access issues. Consultation has been carried out with nearby properties.</p>
Acacia Place Both sides	Starting at 27 m from southern boundary of No.2 and extending to north to Beach Road.	 <p>Parking close to the intersection during sporting events is causing visibility and access issues. Consultation has been carried out with nearby properties.</p>

**Appendix A: Details of Proposals for Transport Resolution Report No.59**

Elizabeth Street East of Devonport Road	All of the southern side and eastern end of the road, except marked parking spaces.	Existing broken yellow line restriction not currently listed in the bylaw attachments. No consultation required.
Elizabeth Street East of Devonport Road	All around the central median island, except for marked spaces.	
Marine Parade North side	From a point 35m east of the prolongation of the east boundary of Commons Ave, eastwards for 11m	Existing yellow lines not currently listed in the bylaw attachment. No consultation required.
The Strand extension West side	From a point 9m south of the southern boundary of No.72 Devonport Road (Devonport Towers) northwards for 130m.	Existing restriction not previously resolved. No consultation required.

**Attachment 7.7 Mobility Parking**

Mobility parking		Reason for implementing
Marine Parade South side	One space outside No.6	An existing space not currently listed in the appendices. No consultation required.
Elizabeth Street North side	The marked space outside the south side of No.14 Devonport Rd/19 Elizabeth Street.	An existing space not currently listed in the appendices. No consultation required.
Memorial Park	Two spaces at the north end of the roadway which extends	Existing spaces not currently listed in the attachments. No consultation required.



**Appendix A: Details of Proposals for Transport Resolution Report No.59**

	northwards from the end of Fraser Street.	
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**Attachment 7.8 Motorcycle Parking**

<b>Motorcycle parking</b>		<b>Reason for implementing</b>
Elizabeth Street North side	The easternmost parking space outside No.1	An existing space not previously resolved.

**Attachment 7.9 Parking Time Restrictions**

<b>Parking Time Restrictions: 30 minute parking</b>		<b>Reason for implementing</b>
Cameron Road West side	All marked spaces between Ninth and Tenth Avenues	Existing parking restriction, not previously resolved.

<b>Parking Time Restrictions: 60 minute parking</b>		<b>Reason for implementing</b>
Cameron Road West side	All marked spaces between Fourteenth and Fifteenth Avenues	Existing parking restriction, not previously resolved.
Terrace Avenue North side	Two marked spaces outside No.3	Installed as part of Maunganui Road Improvements project. Consultation carried out as part of project.
Terrace Avenue South side	Two marked spaces outside No.2B	Installed as part of Maunganui Road Improvements project. Consultation carried out as part of project.

**Attachment 7.16: Loading Zones with Time Restriction**

<b>Loading Zones with Time Restriction</b>		<b>Reason for implementing</b>
Elizabeth Street North side 5 minute restriction	The west side of the service lane, along the eastern wall of No.41 Elizabeth Street	This is an existing parking restriction (although faded and missing signs – to be reinstated), not previously resolved by council. No consultation required as this is expected usage within a service lane.

**Attachment 7.21: Passenger Service and Other Vehicle Stands (Stopping Places for Buses)**

<b>Location</b>	<b>Details</b>	<b>Reason for implementing and Image</b>
Te Okuroa Drive North side	Fronting No.1 Serrata Close	Existing bus stops not currently listed in the bylaw attachments.
Te Okuroa Drive North side	Fronting No.185	

**Appendix A: Details of Proposals for Transport Resolution Report No.59**

Te Okuroa Drive North side	Fronting No.42 Piata Street	
Te Okuroa Drive South side	Fronting Nos.143-145 Pallida Crescent	
Te Okuroa Drive South side	Fronting Nos.180-182 Royal Crescent	
Te Okuroa Drive South side	Fronting Nos.7-9 Anchor Crescent	

**Attachment 7.25: Passenger Service and Other Vehicle Stands (Police Vehicles)**

Amendment

Location	Details	Reason for implementing
Monmouth Street North side	<p><b>From:</b> Five angle spaces in front of the main doors to the police station.</p> <p><b>To:</b> Ten angle spaces in front of the police station.</p>	Additional spaces requested by NZ Police to facilitate police operations.

## 11.7 Bay of Plenty Mayoral Forum Triennial Agreement 2025-2028

**File Number:** A19693312

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

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

### PURPOSE OF THE REPORT

1. To seek Council endorsement of the Bay of Plenty Mayoral Forum Triennial Agreement for the 2025-2028 triennium.

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### RECOMMENDATIONS

That the Council:

- (a) Receives the report "Bay of Plenty Mayoral Forum Triennial Agreement 2025-2028".
- (b) Endorses the draft Bay of Plenty Mayoral Forum Triennial Agreement 2025-2028, included as Attachment 1.
- (c) Endorses the draft Bay of Plenty Mayoral Forum Terms of Reference, included as Attachment 2.
- (d) Authorises the Mayor to sign the Triennial Agreement on behalf of Tauranga City Council.
- (e) Supports a review of the Triennial Agreement commencing no later than six months after it is signed to ensure that it remains relevant given ongoing government reforms of the local government sector, and requests that the Mayor formally communicate this to the other signatories.

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### EXECUTIVE SUMMARY

2. All councils in a region must enter into a Triennial Agreement.
3. The Bay of Plenty Regional Council has led a process to prepare a draft Triennial Agreement for the 2025 to 2028 triennium. The changes from the 2022-2025 Triennial Agreement are relatively minor.
4. There are no direct financial implications or specific risks in endorsing the draft Triennial Agreement.
5. If Council does not endorse the draft Triennial Agreement, the existing Triennial Agreement will remain in place and discussions with partner councils will need to continue until consensus is reached.

### BACKGROUND

6. The Local Government Act 2002 ("LGA") requires all local authorities within each region to enter into a Triennial Agreement by 1 March in the year following triennial elections. The Bay of Plenty Regional Council leads the process to facilitate this. A copy of the draft Triennial Agreement is included as **Attachment 1** to this report.
7. Each Council in the Bay of Plenty region will separately consider whether to endorse the draft Triennial Agreement before 1 March 2026.
8. The last Triennial Agreement was approved by the Commission at its meeting of 7 February 2023 and was signed by the Commission Chair shortly afterwards.

**Proposed changes**

9. The draft 2025-2028 Triennial Agreement has the following changes from the signed 2022-2025 version:
- (a) The statement of intent (section 2) has been amended to more closely reflect the soon-to-be-revised LGA. It now states that councils will *'work collaboratively, and to maximise effectiveness and efficiency while delivering our core and statutory services and activities to our communities'*.
- The 2022-2025 version included working collaboratively and maximising effectiveness and efficiency, and also added *'and to:*
- *Promote the social, cultural, economic and environmental wellbeing of the Bay of Plenty communities now and in the future;*
  - *Promote an agreed consultation process for preparation and review of the Regional Policy Statement.'*
- (b) Under general protocols (section 5), the first paragraph is new. It outlines the regional Mayoral Forum and introduces the Terms of Reference of that committee. A copy of those terms of reference are included as **Attachment 2** to this report. As this is a formal committee of all member councils, consideration and endorsement of the Terms of Reference is recommended.
- (c) Under policies and plans (section 8), the final two sentences are new. These simply recognise that the existing Protocol for Bay of Plenty RMA Policy and Plans, a regional council document, may need to be updated during the triennium in response to government reforms of the resource management system.
- (d) Section 10, covering local government reform, is new.

**Sector reform**

10. The government is leading a large range of projects to implement reform on the local government sector. The sector's understanding of the potential consequences of these reforms is evolving as the details of those reforms are being shared by the government.
11. To ensure the Triennial Agreement remains fit-for-purpose through the triennium, a formal review process could be initiated between Bay of Plenty councils. Such an approach is included in the options below and is recommended.

**STATUTORY CONTEXT**

12. Section 15 of the LGA requires local authorities in a region to adopt a Triennial Agreement that includes:
- (a) protocols for communication and co-ordination among the local authorities
- (b) the process by which the local authorities will consider proposals for new regional council activities
- (c) processes and protocols through which all local authorities can participate in identifying, delivering, and funding facilities and services of significance to more than 1 district.
13. The proposed Triennial Agreement meets the requirements of the LGA.

**STRATEGIC ALIGNMENT**

14. The Triennial Agreement could be considered to contribute to all of Council's strategic community outcomes through strengthened collaboration and effectiveness.
15. Council's Strategic Framework aligns its strategies and plans to its community outcomes, interwoven with our three Council approaches i.e., how we do things. This Triennial Agreement is consistent with the approach of Working Beyond Tauranga. Council commits to working collaboratively, building constructive partnerships with our key stakeholders and

considering the impacts of what we do, and don't do, on not just our city but also our region and country. We acknowledge our role as the largest city in the Bay of Plenty region and the connections we have beyond the city boundaries.

### OPTIONS ANALYSIS

16. In essence, Council has two main options: to endorse the draft Triennial Agreement and terms of reference, or to not. A third option is presented relating to a formal review process.

#### **Option 1 – Endorse the draft Triennial Agreement and associated terms of reference (Recommended)**

17. Council endorses the agreement.

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• Subject to other councils' decisions, meets the statutory requirement for a Triennial Agreement to be in place by 1 March 2026.</li> <li>• Tauranga City Council demonstrates its commitment to working efficiently and effectively with other local authorities in the Bay of Plenty region.</li> <li>• Minor amendments from the last agreement are incorporated and become effective.</li> </ul>	<ul style="list-style-type: none"> <li>• Should changes be sought, Council would need to request a review of the Triennial Agreement and agreement of the other parties.</li> </ul>

#### **Option 2 – Propose amendments to the draft Triennial Agreement and associated terms of reference**

18. Council do not endorse the agreement and instead proposes amendments.

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• Appropriate if the Council believes major amendments are needed to ensure that effective relationships are maintained with the other councils in the region.</li> </ul>	<ul style="list-style-type: none"> <li>• Any changes proposed will need to gain the agreement of the other councils in the region.</li> <li>• This option is likely to miss the 1 March 2026 statutory requirement to have an agreement in place. However, the current agreement continues in place until a new one is approved by all councils.</li> </ul>

#### **Option 3 – Support a formal review of the Triennial Agreement within six months of adoption (also Recommended)**

19. Under this option, Council approves (option 1) or amends (option 2) the draft agreement today but also seeks a formal review of it within six months.
20. Such a review would allow the partner councils to consider any further information about, and understanding of, the various government reforms of the local government sector that are underway, and to determine whether the Triennial Agreement as adopted remains fit-for-purpose or requires amendment.
21. At the first review, the councils and Mayoral Forum may decide to conduct regular reviews of the agreement as the triennium continues.

22. Section 15(4) of the LGA provides that “*An agreement under this section may be varied by agreement between all the local authorities within the region.*”

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• If supported by the other councils, provides the councils and the Mayoral Forum a formal opportunity to revisit the Triennial Agreement on a timely basis.</li> <li>• Ensures the Triennial Agreement remains fit-for-purpose through what is likely to be a triennium of significant change for the local government sector.</li> </ul>	

## FINANCIAL CONSIDERATIONS

23. There are no direct financial consequences in entering into the Triennial Agreement.

## TE AO MĀORI APPROACH

24. This is a procedural report. There are no direct implications to council’s te ao Māori approach.

## CLIMATE IMPACT

25. This is a procedural report. There are no direct climate implications.

## SIGNIFICANCE

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

## ENGAGEMENT



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

## NEXT STEPS

30. If Council endorses the Triennial Agreement, this will be communicated to the Bay of Plenty Regional Council and the mayor’s electronic signature will be forwarded. If Council does not endorse the Triennial Agreement, then the Bay of Plenty Regional Council and all other councils in the region will be informed and a further process will be entered into to obtain regional consensus.

31. If Council approves recommended resolution (e), the Mayor will communicate Council's decision to the Chair of Bay of Plenty Regional Council and the other mayors in the region.

## ATTACHMENTS

1. **2026-01-29 Draft Bay of Plenty Mayoral Forum Triennial Agreement 2025-2028 - A19693196** [↓](#) 
2. **2026-01-29 Draft Terms of Reference - Bay of Plenty Mayoral Forum 2025-2028 - A19693220** [↓](#) 

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**BAY OF PLENTY MAYORAL FORUM  
TRIENNIAL AGREEMENT**

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For the triennium from October 2025 to October 2028



## **Bay of Plenty Mayoral Forum Triennial Agreement**

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### **1 Parties to this Agreement**

This is an agreement between the following councils of Local Government:

- Bay of Plenty Regional Council
- Kawerau District Council
- Ōpōtiki District Council
- Rotorua Lakes Council
- Taupō District Council
- Tauranga City Council
- Western Bay of Plenty District Council
- Whakatāne District Council

This Agreement does not place any limits on opportunities for neighbouring local authorities, Central Government agencies and non-government organisations to work jointly with Local Government within the Bay of Plenty.

### **2 Statement of Intent**

This Agreement represents the shared desire of Local Government in the Bay of Plenty region to work collaboratively, and to maximise effectiveness and efficiency while delivering our core and statutory services and activities to our communities.

Bay of Plenty Local Authorities will also collaboratively seek to determine what are the high-level strategic regional issues and opportunities over the triennium and beyond.

This Agreement is deemed to meet the requirements of section 15 of the Local Government Act 2002 (“the Act”), included in Appendix 1.

### **3 Introduction**

The Act recognises that individual local authorities are only one player in the achievement of its priorities and desired outcomes, and making efficient use of its resources, and that work to promote its priorities and desired outcomes goes beyond individual local authority boundaries. The Act recognises that local authorities should collaborate and co-operate with one another and a variety of other organisations to find solutions to local issues. The main framework to guide collaboration and co-operation between local authorities within the Bay of Plenty region is the Triennial Agreement.

This Agreement describes why and how councils in the Bay of Plenty region will work together and provides an opportunity for improved communication and co-ordination at all levels of Local Government in our region. This will enable democratic local decision-making and action by and on behalf of communities. It also provides the opportunity to speak with “one consistent message” to Central Government on issues affecting Local Government in our region.

#### 4 Principles of this Agreement

The parties agree to work in good faith together for the good governance of their localities and the region. As signatories to this Agreement each local authority will:

- Continue to promote coordination and application of quality public services, infrastructure and planning for the present and future communities of the Bay of Plenty, by collaborating and cooperating as considered appropriate to achieve priorities and desired outcomes.
- Respect the individual roles and responsibilities of each party to this agreement and the statutory independence and accountability of each council to its own communities and constituencies.
- Recognise that issues and concerns that are shared by some communities and local authorities may be of little relevance to others, and that it is therefore appropriate to have a range of sub-agreements on local issues.
- Acknowledge that collaboration among local authorities is necessary to address increasingly complex governance issues. Many issues cannot be solved by any one organisation acting alone and need joint responses.
- Support the establishment of processes for communication and collaboration at both governance and management levels in ways that will give clear Bay of Plenty perspectives, and enhance the overall performance and reputation of Local Government in the region.
- Recognise that shared services in the region, or joint procurement approaches with joint or separate contracting, can bring efficiencies and savings in terms of planning, administration, consultation and operations; increases in available resources and promotion of cooperative approaches to the allocation of resources.
- Support processes through which all local authorities in the region can participate in identifying, delivering and funding facilities and services of significance to more than one district in the region, in a way that encourages efficiencies to be realised and opportunities to be recognised.
- Recognise the value of undertaking joint processes to engage with communities, Central Government, community organisations and regional and territorial authorities from other regions for issues that cross local authority boundaries.
- Strengthen Local Government collaboration and coordination in the region in ways that enhance relationships with Central Government and other parties that can influence the wellbeing of the region and its communities.
- Ensure a 'no surprises' approach with other parties to this Agreement. This will be given effect by ensuring other parties receive early notification of:
  - (a) Significant proposed decisions that may affect other parties and their communities, and
  - (b) Advice of divergent views on proposed decisions before critical public announcements are made.

## 5 General Protocols

### Mayoral Forum Meetings:

Mayors/Chairs and Chief Executives of each council, party to this Agreement, will endeavour to meet regularly to discuss Regional Priorities, strategic investments and issues, opportunities and Regional Spatial Planning, as per the Terms of Reference and agreed annual schedule of meetings, to give effect to this Agreement.

Any formal public communications from these meetings will be approved by all participating councils prior to their release.

### Significant Decisions:

Where a significant decision or issue affects a particular council, or its community, it should, in partnership with the other councils of the region, have the lead role in formulating the collective response of the region's local authorities to that issue or decision.

Where a council makes a decision that is or is likely to have consequences that are significantly inconsistent with this Agreement they will, as soon as practicable, notify all other councils in the region of:

- (a) the decision
- (b) the inconsistency
- (c) the reasons for the inconsistency, and
- (d) any intention of the local authority to seek an amendment to this Agreement.

## 6 New Regional Council Activities

If the Regional Council or one of its CCOs proposes to undertake a significant new activity, and these activities are already undertaken or proposed to be undertaken by one or more territorial authorities in the region, section 16 of the Act will apply. As such, the Regional Council will, as soon as practicable, inform all territorial authorities within the region of:

- (a) The proposal and the reasons for the proposed activity.
- (b) The nature and scope of the proposed activity and its expected effects on the activities of the other councils in the region.

Any such proposal will be included in the consultation document referred to in section 93A of the Act.

Where section 16 of the Act *does not* apply, but a proposed new activity is significant in terms of the Regional Council's Policy on Significance, and if a special consultative procedure (SCP) is required, the Regional Council will deliver a copy of the statement of proposal, prepared under section 83 of the Act, to all parties to allow them a reasonable opportunity to make submissions during the SCP. The process for mediation between the Regional Council and

the territorial authorities if agreement is not reached at the end of the SCP will be as set out in section 16 of the Act.

Territorial authorities will be given a reasonable period of time, but no less than 20 working days, to respond to any proposal that triggers section 16 of the Act. The Regional Council agrees to fully consider any submissions and representations on the proposals made by territorial authorities within the region. The territorial authorities also acknowledge a reciprocal obligation to consult when they are proposing new activities, or changes in current activities, that may have implications for the Regional Council.

## 7 Significant Facilities and Services

Where there are facilities and services that are considered to be of significance to more than one district, an item will be scheduled for discussion at the next available Mayoral Forum meeting (as noted in the schedule of meetings) or other agreed meeting that includes all likely affected councils.

As soon as practicable, and prior to the meeting, the council(s) that has identified the significant facilities and services will contact the likely affected councils to discuss. In the event that it is not clear which councils will be affected, this can be canvassed at the meeting.

The meeting will facilitate the discussion around the facilities and services including; identifying and confirming the affected area and the process for determining the delivery and funding.

## 8 Policies and Plans

For the purpose of meeting the requirements of clause 3A of Schedule 1 to the Resource Management Act 1991 (Appendix 1), the consultation process to be used by affected local authorities in relation to the Regional Policy Statement is set out in the latest version of the *Protocol for Bay of Plenty RMA Policy and Plans*. The protocol also covers the agreed consultation process on district plans and regional plans.

The protocol describes when and how local authorities in the Bay of Plenty region consult in relation to Resource Management Act policy and plan preparation and changes. There are four stages of interaction and consultation covered in the protocol. They include:

- (a) Scoping;
- (b) Drafting;
- (c) Notifying and submitting;
- (d) Appeals to the Environment Court.

Each of the local authorities in the Bay of Plenty region is a party to this protocol.

Given the imminent Central Government Resource Management System Reform, the *Protocol for Bay of Plenty RMA Policy and Plans* and its requirements, will need to be updated or replaced during this triennium.

The Regional Council will lead the development of any update or replacement, working with Bay of Plenty councils.

## 9 **Resolving Disagreement**

All parties to this Agreement are committed to working strenuously, in good faith, to resolve any disagreements that may arise in relation to its application. Where a party has a significant disagreement with the position of the others, all parties will make every effort to accommodate, acknowledge or at least fairly represent the dissenting view.

Should any disagreement arise, every endeavour will be made to ensure that disagreement is resolved with regard to the broader interests of the regional community and the effectiveness of Local Government in the Bay of Plenty region.

If the affected parties are unable to reach agreement the members may agree by majority decision to either ask Local Government New Zealand (LGNZ) or the New Zealand Law Society (NZLS) to appoint a mediator.

Should such a process be unsuccessful any of the councils directly affected may ask the Minister of Local Government to determine the matter.

## 10 **Local Government Reform**

Local government reform has been widely discussed over the last decade, both nationally and regionally. The structure of Local Government has largely remained unchanged for the last 35 years and reform of Local Government is likely to be part of any future Central Government agenda. The eight Bay of Plenty councils agree it's important to provide proactive regional leadership and ensure that any reform delivers improved outcomes for Bay of Plenty communities.

**11 Signatories to the 2025 to 2028 Triennial Agreement**

The Agreement is effective from the date of signing until such time as it is either amended by the agreement of all parties or is renewed following the next Local Government elections.

In signing this Agreement, the parties:

- (a) recognise that co-operation and collaboration evolve as a result of successful communication and co-ordination;
- (b) are committed to ensuring that this Agreement delivers tangible outcomes for Bay of Plenty communities; and
- (c) intend that the operation of this Agreement should contribute to the strengthening of regional relationships.

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**Chair Matemoana McDonald**  
Bay of Plenty Regional Council

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**Mayor Faylene Tunui**  
Kawerau District Council

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**Mayor David Moore**  
Ōpōtiki District Council

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**Mayor Tania Tapsell**  
Rotorua Lakes Council

---

**Mayor John Funnell**  
Taupō District Council

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**Mayor Mahé Drysdale**  
Tauranga City Council

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**Mayor James Denyer**  
Western Bay of Plenty District Council

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**Mayor Nándor Tánczos**  
Whakatāne District Council

**Dated:** \_\_\_\_\_ **2026**

## **Appendix 1 – Legislative Context**

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### **Local Government Act 2002**

#### **Section 15 states:**

- (1) Not later than 1 March after each triennial general election of members, all local authorities within each region must enter into an agreement under this section covering the period until the next triennial general election of members.
- (2) An agreement under this section must include—
  - a. protocols for communication and co-ordination among the local authorities; and
  - b. a statement of the process by which the local authorities will comply with section 16 in respect of proposals for new regional council activities; and
  - c. processes and protocols through which all local authorities can participate in identifying, delivering, and funding facilities and services of significance to more than 1 district.
- (3) An agreement under this section may also include—
  - a. commitments by local authorities within the region to establish or continue 1 or more joint committees or other joint governance arrangements to give better effect to 1 or more of the matters referred to in subsection (2); and
  - b. the matters to be included in the terms of reference for any such committees or arrangements, including any delegations.
- (4) An agreement under this section may be varied by agreement between all the local authorities within the region.
- (5) An agreement under this section remains in force until it is replaced by another agreement.
- (6) If a decision of a local authority is significantly inconsistent with, or is expected to have consequences that will be significantly inconsistent with, the agreement under this section that is currently in force within the region, the local authority must, when making the decision, clearly identify—
  - a. the inconsistency; and
  - b. the reasons for the inconsistency; and
  - c. any intention of the local authority to seek an amendment to the agreement under subsection (4).
- (7) As soon as practicable after making any decision to which subsection (6) applies, the local authority must give to each of the other local authorities within the region notice of the decision and of the matters specified in that subsection.

### **Resource Management Act 1991**

#### **Schedule 1, Clause 3A- Consultation in relation to policy statements**

- (1) A triennial agreement entered into under section 15(1) of the Local Government Act 2002 must include an agreement on the consultation process to be used by the affected local authorities in the course of:
  - (a) Preparing a proposed policy statement or a variation to a proposed policy statement, and
  - (b) Preparing a change to a policy statement, and
  - (c) Reviewing a policy statement.

## Terms of Reference for Bay of Plenty Mayoral Forum

### Membership

<b>Chairperson(s)</b>	<i>To be appointed</i>
<b>Deputy Chairperson</b>	<i>To be appointed</i>
<b>Members</b>	Noting alternates (Deputy Mayors & Chairs) are also appointed)
Bay of Plenty Regional Council (x1)	Chair Matemoana McDonald
Kawerau District Council (x1)	Mayor Faylene Tunui
Ōpōtiki District Council (x1)	Mayor David Moore
Rotorua Lakes Council (x1)	Mayor Tania Tapsell
Taupō District Council (x1)	Mayor John Funnell
Tauranga City Council (x1)	Mayor Mahé Drysdale
Western Bay of Plenty District Council (x1)	Mayor James Denyer
Whakatāne District Council (x1)	Mayor Nándor Tánczos
<b>External Members with/without voting rights</b>	TBC
<b>Quorum</b>	The Chair and 4 voting members. It is strongly encouraged that all members attend in-person.
<b>Frequency</b>	Quarterly or as required by the need for decisions.

The Bay of Plenty Mayoral Forum is a formal joint committee pursuant to the LGA (Clause 30 and 30A Schedule 7).

### Purpose

For member councils to work together on agreed strategic matters to shape a stronger, more connected Bay of Plenty region, for the benefit of our communities.



## Administering Authority

The Administering Authority for the Bay of Plenty Mayoral Forum is the Bay of Plenty Regional Council.

## Role

The Bay of Plenty Mayoral Forum is a joint committee of all the local authorities in the Bay of Plenty. Functions within the scope of the Forum include, but are not limited to:

- Determining Regional Priorities, strategic issues and opportunities.
- Advocating for strategic investment in the region and promoting the strategic benefits and advantages of the Bay of Plenty.
- Preparing for a Regional Spatial Plan - linked with the Eastern Bay of Plenty Development Joint Committee, Rotorua Development Joint Committee and SmartGrowth Leadership Group.
- Implementing changes following amendments to the Climate Change Responses Act 2002, which will clarify requirements for adaptation plans in priority areas.
- Addressing and improving long-term economic development (e.g. lifting GDP for the BOP).
- Addressing any other strategic matters for the region, as agreed by member councils.
- Developing joint Mayoral Forum submissions and/or advocacy letters/actions particularly to Central Government.
- Developing Regional Deal(s).

For the avoidance of doubt, the Bay of Plenty Mayoral Forum's role does not include:

The Joint Committee does not have the authority to commit Councils to any course of action or expenditure. In accordance with the current legislative requirements, all Councils will retain their decision-making and other statutory responsibilities in relation to their functions and responsibilities under the LGA, RMA and the Land Transport Management Act 2003.

## Committee Procedures

- Membership consists of one representative of each of the member councils. If a member is not available then the alternate would stand in their place.
- At its first meeting, the Bay of Plenty Mayoral Forum will appoint its Chairperson(s) and Deputy Chairperson.
- The Deputy Chairperson shall act in the absence of the Chairperson.
- The Chief Executives, or their respective representatives, of each member Council shall attend meetings and will act as advisors to the Bay of Plenty Mayoral Forum.
- Meetings may be attended by further staff support as considered appropriate by their Chief Executive.
- The Forum will conduct matters in a manner consistent to the responsibilities and provisions under the Bay of Plenty Triennial Agreement 2025-2028.
- In the case of equality of votes, the Chairperson or any person presiding the meeting, does not have a casting vote and the status quo is preserved.

- If matters arise which aren't able to be resolved then a neutral mediator (e.g LGNZ member or lawyer) will be appointed to resolve the matter.
- Meetings will be administered by the Bay of Plenty Regional Council.
- Unless specified additional members have speaking rights only.

## **Power to Act**

To make all decisions necessary to fulfil the role and scope of the Bay of Plenty Mayoral Forum; with relevant powers delegated from the respective Council committees.

Any recommendations that impose financial commitments to any party are to be referred to the respective councils for approval. Any variation to the Forum's terms of reference is by formal agreement by all member councils.

## **Power to Recommend**

The Bay of Plenty Mayoral Forum recommends and reports directly to member councils - Bay of Plenty Regional Council, Kawerau, Opotiki, Taupo, Western Bay of Plenty and Whakatane District Councils, Rotorua Lakes Council and Tauranga City Council. The only exception relates to Regional Spatial Planning.

## **12      DISCUSSION OF LATE ITEMS**

## 13 PUBLIC EXCLUDED SESSION

### Resolution to exclude the public

#### RECOMMENDATIONS

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

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

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
<b>13.1 - Public Excluded Minutes of the Council meeting held on 26 August 2025</b>	<p>s6(b) - The making available of the information would be likely to endanger the safety of any person</p> <p>s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons</p> <p>s7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information</p> <p>s7(2)(g) - The withholding of the information is necessary to maintain legal professional privilege</p> <p>s7(2)(h) - The withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities</p> <p>s7(2)(i) - The withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</p>	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
<b>13.2 - Public Excluded Minutes of the Council meeting held on 16 September 2025</b>	<p>s7(2)(h) - The withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities</p> <p>s7(2)(i) - The withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</p>	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
<b>13.3 - Public Excluded Minutes of the Council meeting held on 29 October</b>	s7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely	s48(1)(a) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure

<b>2025</b>	<p>unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information</p> <p>s7(2)(h) - The withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities</p> <p>s7(2)(i) - The withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</p>	<p>of information for which good reason for withholding would exist under section 6 or section 7</p>
<b>13.4 - Public Excluded Minutes of the Council meeting held on 16 December 2025</b>	<p>s6(b) - The making available of the information would be likely to endanger the safety of any person</p> <p>s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons</p> <p>s7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information</p> <p>s7(2)(d) - The withholding of the information is necessary to avoid prejudice to measures protecting the health or safety of members of the public</p> <p>s7(2)(g) - The withholding of the information is necessary to maintain legal professional privilege</p> <p>s7(2)(h) - The withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities</p> <p>s7(2)(i) - The withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</p>	<p>s48(1)(a) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7</p>
<b>13.5 - Council-Controlled Organisations - Board Appointments beyond 30 June 2026</b>	<p>s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons</p>	<p>s48(1)(a) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7</p>

**14 CLOSING KARAKIA**