



SUPPLEMENTARY AGENDA

**Ordinary Council meeting
Tuesday, 24 March 2026**

Date: Tuesday, 24 March 2026

Time: 9:30 am

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

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

**Marty Grenfell
Chief Executive**

Order of Business

11	Business	4
11.11	Submission to Bay of Plenty Regional Council's Long Term Plan Amendment.....	4

11 BUSINESS

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

File Number: A19923453

Author: Cashy Ball, Principal Advisor to the Executive
Annabel Bayes, Strategic Advisor to the Mayor

Authoriser: Craig Rice, Chief Operating and Financial Officer

PURPOSE OF THE REPORT

1. The purpose of this report is to seek Council approval of Tauranga City Council's submission on the Bay of Plenty Regional Council (BOPRC) Long Term Plan Amendment (LTPA) consultation. The draft submission is included as Attachment 1.

RECOMMENDATIONS

That the Council:

- (a) Receives the report "Submission to Bay of Plenty Regional Council's Long Term Plan Amendment".
- (b) Approves the draft submission "Tauranga City Council Submission to Bay of Plenty District Council's Long Term Plan Amendment 2024-34" included as Attachment 1 to this report, for lodging with the Bay of Plenty Regional Council, with the following amendments:
 - (i) *(to be added during the meeting if necessary).*
- (c) Delegates authority to the Mayor to approve any minor drafting, typographical or presentation amendments as required prior to lodging the submission ahead of the 2 April 2026 deadline.

EXECUTIVE SUMMARY

2. BOPRC is consulting concurrently on its Annual Plan 2026/27 and a proposed Long Term Plan Amendment 2024–2034, with submissions closing 2 April 2026. Consultation seeks feedback on:
 - Proposed structural changes to the governance and management of BOPRC's regional investment portfolio (LTPA).
 - Establishing a one-year Regional Benefit Fund in 2026/27 and feedback on investment in indigenous biodiversity (Annual Plan topics).
3. The attached draft submission focuses on principles relevant to the LTPA, including intergenerational protection of regional investment assets, the need for legislative safeguards, independent investment governance, and the clear separation of investment and distribution roles.
4. Approval is sought to finalise and lodge the submission.

BACKGROUND

5. BOPRC's consultation document outlines its proposal to amend the Long Term Plan to enable a revised structure for managing its investment portfolio, currently valued at over \$3

billion. Feedback is sought on four structural options and associated changes to its Financial Strategy and Significance and Engagement Policy

6. The consultation also seeks community views on:
 - Whether to establish a Regional Benefit Fund for 2026/27, funded through reserves and an increased dividend from Quayside Holdings.
 - The level of investment in indigenous biodiversity, ahead of the development of the Regional Indigenous Biodiversity Strategy.
7. The draft submission proposes a set of principles for long-term protection and governance of the regional fund. These are presented for Council consideration.

SUBMISSION

8. The key themes of the draft submission include:
 - Intergenerational protection of the regional investment fund (capital plus inflation).
 - The importance of legislative ring-fencing to maintain the real value of capital and provide resilience to election cycles.
 - Independent investment governance supported by a professional Statement of Investment Principles and Objectives.
 - A clear separation of investment and distribution functions.
 - Support in principle for transparent and equitable regional benefit funding mechanisms.
 - Acknowledgement of the need for timing caution given wider local government reform.
9. The submission does not respond to each consultation question individually, focusing instead on principles appropriate for TCC advocacy at a regional level.

STATUTORY CONTEXT

10. Under the Local Government Act 2002, councils are required to promote the social, economic, environmental and cultural wellbeing of their communities in the present and for the future (section 10). Preparing a submission to BOPRC’s Long Term Plan Amendment is consistent with this purpose, as the proposal relates to the governance, protection and future use of regional investment assets that affect Tauranga residents.

STRATEGIC ALIGNMENT

11. 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 checked="" type="checkbox"/>
We are a vibrant city that embraces events	<input type="checkbox"/>

12. Stable regional investment governance and transparent funding mechanisms help support long term regional economic development, future infrastructure investment, environmental programmes, biodiversity investments, and improves regional outcomes that underpin Tauranga’s economic base.

FINANCIAL CONSIDERATIONS

13. There are no direct financial implications associated with lodging this submission. The topic of the submission could impact Tauranga ratepayers in the long term.

LEGAL IMPLICATIONS / RISKS

14. Lodging the submission is consistent with Council's functions under the Local Government Act 2002. This report raises no legal risks.

TE AO MĀORI APPROACH

15. The draft submission concerns governance and financial arrangements at a regional level. While it does not include specific tangata whenua-related submission points, it recognises that BOPRC's investment decisions have long-term implications for environmental wellbeing.

CLIMATE IMPACT

16. The submission does not make specific climate-related recommendations. However, the way BOPRC governs and allocates regional investment income has an indirect bearing on climate resilience and environmental funding.

CONSULTATION / ENGAGEMENT

17. The draft submission has been prepared based on direction from the Mayor and internal analysis of BOPRC's consultation material. No additional external engagement has been undertaken due to timeframes.

SIGNIFICANCE

18. 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.
19. 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.
20. In accordance with the considerations above, criteria and thresholds in the policy, it is considered that the matter is of low significance.
21. BOPRC's decision regarding the future of the fund may have significant implications, but that is not a Council decision.

ENGAGEMENT

22. 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

23. Following Council approval:
 - The submission will be finalised and lodged with BOPRC before 2 April 2026.
 - The Mayor may present the submission at hearings in April.

ATTACHMENTS

1. **Draft TCC submission BOPRC Long Term Plan Amendment - A19954701** [↓](#) 

[DATE]

Annual Plan & LTPA Submissions

Bay of Plenty Regional Council - Toi Moana

Freepost 122076

PO Box 364, Whakatāne 3158

Tēnā koutou,

Re: Long Term Plan Amendment (LTPA) - Optimising regional benefits from Council investments

Thank you for the opportunity to provide feedback on the proposal to amend the Long-Term Plan to optimise regional benefits from the Bay of Plenty community's investment portfolio.

Tauranga City Council supports the intent to protect the fund as a regional taonga and to ensure it delivers enduring benefits for current and future generations.

Our submission focuses on principles and outcomes rather than prescribing a particular corporate form.

From our perspective, the fund (through Quayside) does not have a current performance problem that a change of legal vehicle will fix. The central issue is resilience and protection across election cycles. That is why legislative ring-fencing matters most.

Strengthening governance independence, and separating investment decisions from distribution decisions, will achieve stated outcomes more reliably than changing the entity form alone. Locking in the right safeguards so the fund is protected from short-term pressures and able to deliver sustainable returns over time is critical.

1) Intergenerational protection – preserve real value of capital

We support a clear objective to preserve the real value of the capital base (capital protection plus inflation), with distributions set in a way that does not erode the fund for future communities. This principle underpins public trust and intergenerational equity - that today's benefits are not taken at the expense of tomorrow's communities.

2) Legislative ring-fencing - an important safeguard against future raids on capital

The strongest protection against pressure to draw down capital is bespoke legislative ring-fencing, not reliance on a standard CCO or Trust model alone.

Legislation can:

- Embed a statutory obligation to maintain or increase the real value of capital
- Require a super-majority resolution and explicit LTP provision with prior public consultation for any capital-reducing distribution
- Formalise independent governance of investment decisions operating at arm's length from day-to-day political decision making.
- Ensure the fund continues to benefit the regional community even under future local government reorganisation.

The New Plymouth Perpetual Investment Fund was established to ensure long-term protection and income stability from a community investment fund, while insulating its management from short-term political pressures. This protection is reinforced by specific legislation, and the Auckland Future Fund is progressing a Bill which will include similar protection. Such legislative protection can go materially further than structural change alone.

Legislation such as a Local Act can set clear obligations to maintain the real value of capital, require a supermajority before any capital can be reduced, and mandate independent investment governance. In contrast, councils that hold investment funds without legislative safeguards remain exposed to short-term decisions to use capital for debt repayment, rates pressure, or one-off projects. Without legislative ring-fencing, long-term intentions can shift quickly, even when elected members of the day, are well-intended.

Our submission emphasises that targeted legislative protection is the one material change that will truly deliver enduring and intergenerational benefits to communities with resilience to future election cycles. While the choice between a company, hybrid or trust structure is important, it is the rules and protections wrapped around the structure that determine whether the fund is safeguarded for the long term, but possible tax relief options should be considered in any structure efficiency decision.

This approach directly supports the purposes set out in your consultation document — in particular, protecting the investment base (Purpose 1), enabling sustainable funding for regional benefit (Purpose 2), and ensuring responsible long-term stewardship (Purpose 3).

3) Clear separation - investment decisions vs political accountability

We strongly support a clear separation of roles: investment decisions governed independently by a board of qualified experts, without (regional council) elected member interference, operating under a Statement of Investment Principles and Objectives (SIPO). Decisions around the distribution of returns should be made by elected members through LTP and Annual Plan processes.

This approach preserves professional, stable portfolio and investment management while ensuring elected members retain accountability for how returns are applied to the community.

We do not support the fund or regional council directly undertaking development projects. If development-enabling is needed, it should be funded through distributions and managed by a separate entity (such as a CCO), under clear policy settings, but not by changing the fund's overall investment mandate or influencing the fund's investment decisions.

4) Preserve investment flexibility within a strong SIPO

To deliver resilient, diversified returns, the fund should retain flexibility to invest across asset classes, geographies and liquidity profiles, governed by a robust SIPO, with expert independent input as appropriate. We support managing risk through technical risk limits inside the SIPO such as, asset allocation bands, single-issuer/sector caps, liquidity floors and transparent performance and risk reporting, rather than prescriptive policy constraints imposed by political governance. This ensures the portfolio is diversified and professionally-led, while preventing over-concentration and undue risk exposure.

5) Realistic return and distribution settings

Return targets and withdrawal / distribution rules should be benchmarked and realistic using long-run return assumptions and consistent with a capital-plus-inflation preservation mandate. This approach enables community benefit from sustainable income while protecting purchasing power over time.

When comparing other similar fund benchmarks, a distribution of at least 4%-5% or \$120m - \$150m (based on the current fund value) should be achievable, in addition to protecting the real value of the fund.

The Governors of the investment fund should be accountable for performance and meeting benchmarks.

6) Strong checks and balances – board appointments, conflicts and risk safeguards

We support independent, skills-based board appointments (not elected members). The framework should set out clear appointment and renewal processes and take into account robust conflict of interest rules.

Transparent reporting against the SIPO and distribution policy will maintain board accountability. We are agnostic on legal form provided legislative ring-fencing and independent investment governance are secured. Without those protections, any structure remains vulnerable to short-term pressures; with them, the region can have greater confidence in long-term stewardship, sustainable income and preserved capital over time.

We do not support a hybrid model. The investment fund should be kept intact and any direction, mandates of investment restrictions from elected members removed. The investment fund experts should make the investment decisions, and elected members will decide how to spend the distributed returns. Any regional or community outcomes should be made through the decisions relating to the distribution of returns, not through the investment fund.

7) Timing - caution during potential local government reorganisation

Significant structural change during a period of potential local government reorganisation carries risks of re-work or mis-alignment. We support locking in core protections now (legislative ring-fencing, independence, separation of roles) in consultation with LTAs and any further structural refinement considered once future settings are clearer.

8) Regional benefit and transparency - outcomes for communities across the Bay

We support the intent that benefits the region and is community-focused. For transparency and trust, we encourage a published distribution policy explaining baseline funding for environmental programmes and rates relief, how surplus returns will be allocated, and clear, accessible reporting showing how funds and benefits will flow across districts, and how growth pressures will be considered.

We caution against overly constraining future decision-makers through rapid distribution formulas, with a preference for flexibility, transparency, and accountability.

9) Clarity on how legislation would strengthen protection

Given the importance of enduring protection, we request a clear explanation of how proposed legislative settings would materially strengthen protections compared to a standard CCO under the LGA - particularly in relation to statutory preservation of real capital

value; independent authority over investment decisions versus political control of distributions; and the thresholds and processes required for any capital-reducing decisions.

In summary, changing the legal vehicle alone will not deliver stronger protection or more reliable income. What will deliver enduring benefit and better returns without risking the portfolio intent is:

- The right rules – professional, independent investment governance under a robust SIPO that targets sustainable returns while preserving capital value, and
- The right safeguards - legislation that protects the fund across election cycles and sets a high bar (for example, a super-majority with explicit LTP provision and prior public consultation), before capital can be reduced.

This will keep investment decisions independent of short-term pressures, while elected members retain control over how returns are applied and distributed for regional benefit. With the right settings in place, communities across the region can rely on both sustainable income and enduring value for future generations.

Tauranga City Council appreciates the Regional Council's leadership in protecting and growing the region's shared wealth and looks forward to continuing to work together to ensure this regional fund delivers enduring, transparent and region-wide benefits for the communities we collectively serve, both now and for future generations.

We would appreciate the opportunity to speak to our submission.

Ngā mihi nui,

Mayor Mahé Drysdale

Tauranga City