



AGENDA

Council Workshop Thursday, 7 May 2026

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

Date: Thursday, 7 May 2026

Time: 10:00 am LTP

**Location: Tauranga City Council Chambers
Level 1, 90 Devonport Road
Tauranga**

**Marty Grenfell
Chief Executive**

Order of Business

1	Business.....	4
1.1	2027-2037 Long-term Plan - Workshop 1 - Environmental Scan	4

1 BUSINESS

1.1 2027-2037 Long-term Plan - Workshop 1 - Environmental Scan

File Number: A20212845

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

External presenter(s): NA

Workshop information

Purpose of workshop

1. The first 2027-2037 Long-term Plan (LTP) workshop will aim to present some background information of the environment that the LTP will be formed in.
2. The discussion will then ask the mayor and councillors to think about what type of LTP that they want the organisation to deliver for them.
3. The two key areas which staff wish to focus the discussion on will be:
 - The financial strategy for developing the LTP
 - What do the mayor and councillors want to achieve in this LTP

Executive summary

4. The Long-term Plan (LTP) is the most significant planning and decision-making process for the mayor and councillors for their term of council. It sets out what Tauranga City Council will do over the next 10 years and how we'll pay for it. This includes everything from major infrastructure projects to the services we provide every day.
5. A new LTP is developed and adopted every three years by the mayor and councillors, in the middle year of the normal local government election cycle. Each plan must include a financial strategy that shows how we'll manage our finances over the long term.
6. The next LTP is due for adoption by 30 June 2027.
7. To help steer the discussion on the day the attachments to this report provide the mayor and councillors some background information.

Background information

8. As part of the 2027-2037 Long-term plan (LTP) development there are currently eight scheduled workshops starting in May 2026 going to December 2026. This will be

complimented with topic specific workshops and report mainly focused on matters in the issues list endorsed by Council.

9. This is the first workshop in the development of the LTP.
10. This report continues on from the reports to Council from 18 November 2025 and 21 April 2026 which outlined the high-level process that an LTP takes over its creation. These reports can be found at:

18 November 2025




https://infocouncil.tauranga.govt.nz/Open/2025/11/CO_20251118_AGN_2765_AT.PDF

21 April 2026

https://infocouncil.tauranga.govt.nz/Open/2026/04/CO_20260421_AGN_2897_AT.PDF

11. As a result of those reports, Council has approved the community outcomes, underpinning principles, and priorities for the 2027-2037 LTP, and has endorsed an initial list of issues to be considered through the development of the LTP.

Attachments

1. **Tauranga Environmental Scan 2026 - Draft - A20157424**  
2. **2027 - 2037 LTP Framing A3 for workshop - A20162145**  
3. **High level capital, rates and debt relationships - A20213149**  
4. **CAPEX - Big Rocks in Current Model (excl Three Waters) - A20213113**  



Contents

Introduction 3
 How to read this document 3
 Sections.....3
Summary..... 4
Section one: The world we operate in..... 8
 Global conflict geopolitical tension 8
 Global economy..... 8
 Artificial intelligence and automation 9
 The rise of misinformation and disinformation 10
 Information hacking and data ownership..... 10
Section two: The country we operate in 11
 Inflation and interest rates..... 11
 Cost of living crisis 12
 Proposed rates capping 12
 Systems improvement ‘back to basics’ 13
 Simplifying Local Government 13
 Resource Management Act reform 13
 National Adaptation Framework..... 14
 Local Waters Done Well **Error! Bookmark not defined.**
 Shift away from co-governance..... 14
 2026 general election..... 14
Section three: The region we are a part of 16
 Western Bay of Plenty Regional Deal 16
 Smart Growth..... 16

Water Entity 16
 Tangata Whenua 16
Section four: The city we serve 18
 Our population 18
 Growth pressures and housing challenges..... 19
 Our community..... 20
 Our economy 22
 Climate change..... 23

Environmental Scan | March 2026

Introduction

As part of the Long-Term Plan (LTP) process, we have undertaken a scan of the macro and microenvironment in which Tauranga City Council operates. The purpose of this scan is to prompt activity managers to consider how the delivery of services, activities, and asset management may need to adapt over the next 10 years in response to external influences and impacts. This environmental scan has also been designed to set the scene for the Mayor and Councillors ahead of developing the Long-term Plan 2027-37.

The environmental scan uses the PESTLE framework, which examines six key areas:

Political	The extent to which central government policies and decisions influence the economy or operations.
Economic	Factors affecting economic performance that directly impact the operating environment such as inflation, interest rates and affordability.
Social	Cultural trends, demographics, and population dynamics shaping community needs.
Technological	Innovations and advancements that may impact operations, such as automation and digital capability.
Legal	External laws and internal compliance requirements influencing governance and service delivery.
Environmental	Factors affecting the resilience of service delivery and natural systems, including natural hazards and climate change.

Environmental Scan | March 2026

How to read this document

You can read this document in any order. You may want to read it from beginning to end, or you may have certain sections that you would like to read first. You are encouraged to read and consider all of the sections within this document, even those you feel may be less relevant to your activity, as the aim is to prompt you to think about your activity differently.

At the end of each section are questions encouraging you to think more deeply about your activity.

Sections

Section one: The world we operate in

This section examines the macro environment. The global forces, trends, and pressures that shape the context in which Tauranga and Council operate. While these factors may originate far from our shores, they have real and tangible consequences for how we plan, invest, and deliver services.

Section two: The country we operate in

A scan of the national landscape including the policy settings, economic conditions, and societal shifts across New Zealand that will influence the city's direction over the next decade.

Section three: The region we are a part of

A look at the wider Bay of Plenty region in which Tauranga sits. This section explores the regional relationships, partnerships, and shared challenges that shape how Tauranga grows and how Council plans and delivers services in collaboration with its neighbours.

Section four: The city we serve

A closer look at Tauranga itself: who lives here, how the city is changing, and the social and environmental trends that will shape what our community needs from Council.

Summary

Section one: The world we operate in	
Global forces, trends, and pressures shaping the context in which Tauranga and Council operate.	
Global economy	Global growth is slowing and projected to drop from 3.2% (2025) to 2.9% (2026). US tariffs introduced from April 2025 are disrupting trade and slowing business investment. Inflation is gradually easing but long-term productivity growth remains weak. For a trade-dependent country like New Zealand, this means less predictable revenue and higher infrastructure costs.
Global conflict & geopolitical tension	State-based armed conflict is the greatest immediate global risk in 2025. Ongoing conflict in Ukraine and the Middle East has disrupted food, energy, and shipping supply chains driving up costs worldwide. New Zealand is not immune. Trade exposure, supply chain dependency, and energy prices all connect local conditions to global instability.
Artificial intelligence & automation	AI is now a core business priority across most sectors. Agentic AI (systems that act autonomously) is emerging. Around 27% of OECD jobs are at high risk of automation. Older and lower-skilled workers face the greatest risk; people with disabilities may benefit most. AI also poses risks around bias, governance, and environmental cost. Local government must adopt AI responsibly.
Rise of misinformation & disinformation	Ranked the #1 short-term global risk by the World Economic Forum for the second consecutive year. AI is enabling mass production of convincing fake content. Social media amplifies misinformation over accuracy. Erodes public trust in institutions, complicates community engagement, and threatens democratic processes.
Information hacking & data ownership	Cyber-attacks are growing more sophisticated, AI-enabled, and geopolitically aligned. Attackers increasingly use data-only extortion, stealing and threatening to leak sensitive information. Critical infrastructure is a growing target. This poses direct risk to Council systems, data, and service continuity.

Environmental Scan | March 2026

Section two: The national context	
Policy settings, economic conditions, and societal shifts across New Zealand that will influence Tauranga's direction.	
Inflation & interest Rates	CPI is at 3.1% (December 2025). Construction cost inflation has been severe with bridges up 38%, roads and water supply up 27%, sewage systems up 30% over three years. High interest rates have constrained investment and affordability. Conditions are beginning to ease but cost pressures remain significant.
Cost of living crisis	Household living costs rose 2.4% in the year to September 2025. Electricity up 11.3%; council rates up 8.8%. 1 in 4 New Zealanders report difficulty managing financially. While mortgage costs are easing, lower-income households remain under pressure from essential cost increases.
Proposed rates capping	Government has signalled a national rates cap of 2–4% per capita per year, with full implementation from 2029. Councils will require central government approval to exceed 4%. Rates currently make up 50–67% of council revenue so this represents a significant financial constraint and will force sharper prioritisation in the 2027–37 LTP.
Systems improvement 'back to basics'	The Local Government (System Improvements) Amendment Bill seeks to refocus councils on core services including roads, water, waste, and essential infrastructure. The 'four well-beings' would be removed. Councils will face stronger performance reporting and financial discipline requirements. Non-essential activities may need to be reduced or stopped.
Simplifying local government	Government proposes replacing elected regional councillors with a Combined Territories Board (CTB) of mayors. The CTB would develop a Regional Reorganisation Plan. Aims to reduce duplication and streamline decision-making across the two-tier system. Consultation and reform timeline are ongoing.
Resource Management Act reform	The RMA is being replaced by mid-2026 with two new Acts: A Planning Act (housing and infrastructure) and a Natural Environment Act (natural resources). A Fast-track Approvals Act already enables ministers to expedite nationally significant projects. National policy statements for natural hazards and infrastructure released December 2025.
National Adaptation Framework	Released in late 2025, requires councils to prepare adaptation plans for highest-risk locations. Local government will retain responsibility for natural hazard management, community resilience, and emergency management. Signals increased statutory obligations around climate risk in services and planning.
Shift away from co-governance	The coalition government has rolled back several co-governance policies. Tauranga must decide by 30 November 2026 whether to disestablish its Te Awanui Māori ward or hold a binding referendum by 28 March 2027.

Section three: The region we are a part of	
The partnerships, shared challenges, and regional dynamics that shape how Tauranga grows and how Council plans and invests alongside its neighbours.	
Western Bay of Plenty Regional Deal	Tauranga is one of three regions nationally negotiating a Regional Deal with central government. A 30-year partnership designed to support up to 40,000 new homes, 35,000 new jobs, and major infrastructure investment. It brings together TCC, WBOPDC, BOPRC, tangata whenua, and Priority One.
Smart Growth	Established in 2000, SmartGrowth is the western Bay of Plenty's sub-regional growth management partnership, bringing together Bay of Plenty Regional Council, Tauranga City Council, Western Bay of Plenty District Council, tāngata whenua, and central government. The partnership provides the growth projections underpinning the LTP including the need for 43,000 additional homes over 30 years and forms the strategic foundation for the Western Bay of Plenty Regional Deal currently being negotiated with central government.
Joint Water Organisation	On 3 April 2026, Tauranga City Council and Western Bay of Plenty District Council formally resolved to establish a joint Multi-Council Controlled Organisation to deliver three waters services for both communities, with a target go-live of 1 July 2027. Water services currently account for around 24% of Council overheads, meaning the transition will require careful organisational rightsizing. The new model is expected to improve financial sustainability, increase access to capital, and strengthen investment certainty.

Section four: The city we serve	
Who lives here, how the city is changing, and the social and environmental trends shaping what our community needs.	
Our population	Tauranga's population was 162,811 in 2025 and is projected to reach 188,693 by 2037, an additional ~12,000 residents in 10 years. Growth has slowed recently (0.1% in 2025) but averages 1.1% p.a. over five years. The city has a notably higher proportion of older residents (19.6% aged 65+) than the national average (16.9%), driving demand for accessible services and age-friendly infrastructure.
Growth pressures & housing	43,000 additional homes are needed over the next 30 years in the Tauranga/Western Bay region. Only 437 dwellings were consented in Tauranga in the year to June 2025, well below what's needed. Plan changes are enabling greater density, with infill and brownfield development increasing. Infrastructure must expand to keep pace with growth.
Our community	79% of residents rate their quality of life positively. However, only 45% feel a sense of community belonging, 12% frequently feel lonely. Only 32% agree housing costs are affordable. Significantly, 62% do not trust local government. There is strong demand for large-scale recreational and cultural infrastructure, with stadiums, theme parks, aquariums or large event facilities and improved public transport each cited by 15% of respondents as priorities. Green spaces and parks (13%), a museum, theatre or arts centre (10%), and a thriving CBD (9%).
Partnering with Māori	The iwi and hapū of Tauranga Moana are foundational partners in shaping the city's future, with Council holding ongoing statutory obligations to provide meaningful opportunities for Māori to contribute to local government decision-making. The partnership landscape is being significantly reshaped by national legislative reform and a shifting political environment, and Council will need to determine what partnering with Māori looks like in practice moving forward.
Our economy	Mean annual earnings (\$78,568) and household income (\$129,720) sit below national averages. House values are 7.2× average household income (national average: 6.5×). Beneficiary numbers reached 10,625 in 2025, the highest since 2010. Productivity growth (0.6% p.a. over 10 years) matching the national average. Business unit growth (3.4% p.a.) outperforms the country.
Climate change	Bay of Plenty temperatures projected to rise 0.5–1°C by 2040, up to 3.5°C by 2090. Extreme rainfall events will become more frequent. A current 1-in-100-year event could occur three times as often by 2090. Sea levels could rise 0.52m by 2070 and up to 1.25m by 2130 — threatening Tauranga's airport, roads, port, and water infrastructure. Three climate scenarios are used to stress-test Council decisions.

Environmental Scan | March 2026

Section one: The world we operate in

Global conflict geopolitical tension

The world is experiencing a period of heightened conflict and geopolitical instability not seen in decades. The World Economic Forum's Global Risks Report 2025 ranks state-based armed conflict as the greatest global risk over the next two years, with ongoing instability in Ukraine and the Middle East.¹ These are not distant or isolated problems. Through trade, energy, food, and financial systems, conflicts on the other side of the world have real consequences for communities and economies everywhere, including New Zealand.

The war in Ukraine, now entering its fourth year, has had some of the most far-reaching economic impacts of any conflict in recent decades. Russia and Ukraine together account for roughly 29% of global wheat exports, 80% of the world's sunflower oil, and 40% of its barley, and before the war, Russia supplied around 10% of global oil and 40% of Europe's gas.² The disruption of these supplies triggered major food and energy price hikes that rippled through the global economy, contributing to the inflation crisis that drove up the cost of living for households worldwide, including in New Zealand. In the longer term, the war has led to a short-term stagnation in the global energy transition, with some countries reverting to coal and other high-emission fuels to ensure energy security.³

Ongoing and worsening conflict in the Middle East has added further uncertainty to political instability, global energy markets and shipping routes with no resolution currently in sight. When major shipping routes are disrupted, the cost of transporting goods rises, and those costs eventually flow through to businesses and consumers including in New Zealand, which depends heavily on international shipping for both imports and exports. At the time of writing, the conflict in Iran which began on 28 February 2026, has already driven fuel prices in New Zealand above \$3 per litre. Air New Zealand has also cancelled 1,100 regional flights in

¹ World Economic Forum (2025), *Global Risks Report 2025: A World of Growing Divisions*, WEF, Geneva.

² Wilson Center, *System Shock: Russia's War and Global Food, Energy, and Mineral Supply Chains*.

Environmental Scan | March 2026

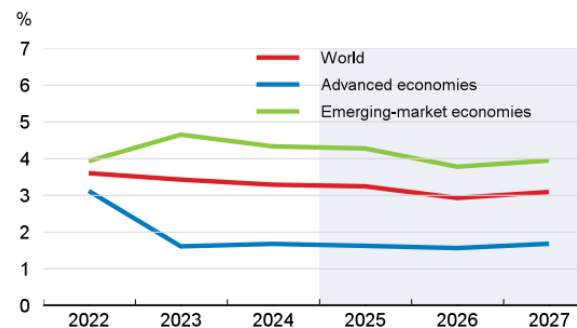
response to the disruption. This is a rapidly evolving global risk that Council will need to monitor closely, given its potential to significantly affect Council operations, our capital works programme, the city's economy, and the wellbeing of its communities.

Global economy

According to the Organisation for Economic Co-operation and Development's (OECD) December 2025 Economic Outlook report, the global economy has proved more resilient than expected in 2025 due to economic policy, improved financial conditions, and the rise of AI enabling investment and trade, which have helped cushion the growing uncertainty and rising barriers to trade.

Global growth is projected to slow from 3.2% in 2025 to 2.9% in 2026, before picking up to 3.1% in 2027.

Graph 1: Global GDP growth



³ Frontiers in Sustainable Food Systems (2025), *The Impact of the Russia-Ukraine War on Global Supply Chains*.

Much of this slowdown comes down to trade tensions, particularly between the United States and the rest of the world. From April 2025, the US introduced new taxes on imported goods from most countries including New Zealand as part of a push to favour American-made products. Many countries had stockpiled goods ahead of these taxes kicking in, which gave the global economy a short-term boost, but that boost is now fading, and the full impact of higher tariffs is expected to weigh more heavily on trade and growth through 2026. The OECD has called on governments to work together to reduce these trade barriers, warning that ongoing uncertainty is making businesses reluctant to invest and plan ahead.

On a more positive note, the cost-of-living pressures that have squeezed households since 2022 are gradually easing. Inflation across the world's major economies is expected to fall from 3.4% in 2025 to around 2.5% by 2027, returning to normal levels in most countries. However, the OECD also highlights a deeper, longer-term problem: productivity has been growing more slowly for the past two decades, raising questions about whether the global economy can generate the kind of sustained growth needed to improve living standards in the years ahead.

For a small trading nation like New Zealand, which relies heavily on selling goods and services to the rest of the world, slower global growth and an increasingly unpredictable trading environment make it harder and more expensive to fund the infrastructure and services a growing city like Tauranga needs.⁴

Artificial intelligence and automation

Artificial Intelligence (AI) is rapidly reshaping the global economy, with most organisations now treating it as a core business priority and embedding it across operations. A significant and rapidly emerging development within AI is the rise of agentic AI. Systems that can plan, make decisions, and take actions autonomously to complete multi-step tasks with minimal human intervention. Unlike earlier AI tools that responded to individual prompts, AI agents can browse the internet, write

and execute code, manage files, send communications, and interact with other software systems on behalf of a user or organisation.

While AI promises significant productivity gains, global modelling shows these benefits will be unevenly distributed, favouring advanced economies with strong digital infrastructure and skilled workforces which could widen the gap with lower-income countries that lack comparable access.

Occupations at the highest risk of automation account for around 27% of employment across OECD countries, and AI is already reshaping the task composition of many jobs and the skills required to perform them. The OECD AI surveys show that 3 in 5 workers are worried about losing their job to AI in the next 10 years, and 2 in 5 expect AI to reduce wages in their sector.⁵ Older workers and those with lower skill levels are considered most at risk from AI, while people with disabilities are among those who could benefit most from AI tools that create more accessible and accommodating working environments.

At the same time, AI brings growing risks to governance and democracy, including biased algorithms, reduced human oversight, and the potential for misinformation to undermine public trust and political stability. Large-scale AI systems also carry substantial environmental costs, with high energy and water demands that may challenge countries' climate commitments. Within the local government sector, AI and automation are increasingly used to drive efficiency, but successful adoption depends on strong governance, ethical safeguards, and clear organisational strategies to ensure responsible and trusted use.

For local government, the rise of agentic AI signals a significant shift in the digital landscape. Within the 10-year horizon of this Long-term Plan, AI-enabled automation has the potential to reshape how Council delivers services from resident-facing functions such as consent processing and customer enquiries, to back-office operations. This makes it increasingly important for Council to develop a clear digital strategy that guides responsible adoption, builds internal capability, and ensures that AI tools

⁴ OECD (2025), *OECD Economic Outlook, Volume 2025 Issue 2: Resilient Growth but with Increasing Fragilities*, OECD Publishing, Paris. <https://doi.org/10.1787/9f653ca1-en>

⁵ OECD. (2024). *Using AI in the workplace: Opportunities, risks and policy responses*. OECD Publishing. <https://doi.org/10.1787/73d417f9-en>

are deployed in ways that are transparent, equitable, and aligned with community expectations.

The rise of misinformation and disinformation

Misinformation and disinformation have become defining challenges of the digital age. The World Economic Forum's *Global Risks Report 2025*⁶ identifies misinformation and disinformation as the leading short-term global risk, surpassing economic and environmental threats, with these phenomena undermining trust in governance, fuelling political polarisation, and destabilising democratic institutions.

For the second consecutive year, misinformation and disinformation top the medium-term risk outlook, with AI tools enabling a proliferation of false or misleading content in the form of video, images, voice, and text. It is becoming increasingly difficult to distinguish between AI-generated and human-generated misinformation. Both international state and non-state actors exploit these capabilities as strategic weapons to influence public opinion and destabilise societies, while social media algorithms continue to amplify misleading narratives based on engagement rather than accuracy.

Sustained exposure to misinformation erodes public confidence in science, journalism, and government, making it harder for institutions to build consensus around complex long-term challenges such as climate change, infrastructure investment, and public health. For local government in particular, this environment raises the stakes around community engagement. Ensuring that accurate, clear, and trusted information reaches all parts of the community becomes both more important and more difficult when misinformation is competing for attention at scale.

Information hacking and data ownership

Information hacking has also become one of the fastest-escalating global risks as cyber-attacks grow more sophisticated, AI-enabled, and geopolitically aligned. Recent cybersecurity intelligence shows that attackers are increasingly using AI to accelerate reconnaissance, generate

highly convincing social-engineering content, and automated malware development.

Threat actors are also shifting tactics: rather than encrypting systems, many now rely on data-only extortion, stealing sensitive datasets and threatening to leak them, further elevating information-ownership risk for governments, businesses, and communities. This is occurring against a backdrop of rising geopolitical tensions, with cyber operations commonly synchronised with political events and increasingly targeting critical infrastructure.

Questions to consider in your activity planning

- How might escalating global tensions such as trade disruptions, geopolitical instability, or supply chain pressures affect the delivery of your activity?
- How could AI or automation improve productivity or service delivery within your activity, and what tasks are most suitable for automation?
- Does the rise of AI have any risk on your activity?
- What risk does cybercrime pose to the delivery of your activity? What would be the consequences if something did go wrong?
- Are you aware of current technological innovations in your industry? Could you harness any these to deliver your activity more effectively?
- How could misinformation or misinterpretation of your activity's work affect public trust, compliance, or decision-making?
- In a world of growing digital connectivity and misinformation, how can Council ensure its communications remain trusted, accessible, and meaningful to the community?

⁶ World Economic Forum. (2025). *Global Risks Report 2025* (20th ed.). World Economic Forum. <https://www.weforum.org/publications/global-risks-report-2025/>

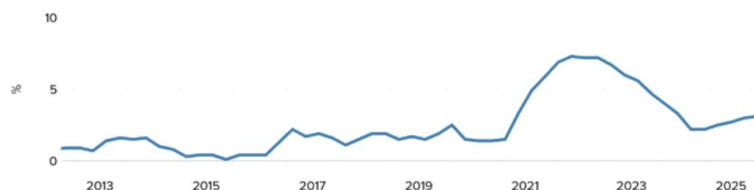
Section two: The national context

Inflation and interest rates

New Zealand households are experiencing the steepest rise in council rates seen under the current local government system. While the Government progresses work on capping future rates increases, households have already been facing significantly higher costs. The Reserve Bank has also signalled that elevated interest rates are contributing to increased financial pressure for many.

Latest figures from Stats NZ, show CPI is at 3.1 percent as of December 2025. This is a significant improvement since its height of 7.3 percent in 2022, but people and business are still feeling the effects.⁷ Cost pressures directly affect councils' ability to deliver essential services and invest in the infrastructure required for a growing city. High interest rates, persistent inflation, and rapidly rising construction costs have significantly constrained affordability. LGNZ's 2024 findings highlight the scale of the challenge, with the cost of building bridges up 38 percent, roads and water supply systems up 27 percent, and sewage systems up 30 percent over just three years.⁸

Graph 2: Annual inflation in New Zealand since 2013⁹



⁷ Stats NZ (October 2025), *Consumers Price Index, September 2025 Quarter*. <https://www.stats.govt.nz/information-releases/consumers-price-index-september-2025-quarter/>

⁸ LGNZ / Infometrics (2024), *Analysing Increases in Local Government Costs*. <https://www.lgnz.co.nz/news/media-releases/drivers-behind-rates-rises-across-the-country-laid-bare/>

⁹ Reserve Bank of New Zealand — Te Pūtea Matua. (n.d.). *Inflation*. <https://www.rbnz.govt.nz/monetary-policy/about-monetary-policy/inflation>

Insurance costs are rising sharply for both households and councils across New Zealand, driven by a combination of climate-related risk, higher construction costs, and a global reinsurance market that is increasing pricing in New Zealand because of our natural hazard exposure.

For households, the increases have been significant. Premiums for residential dwelling insurance have increased well above the general level of consumer price inflation over the past decade, with annual dwelling insurance inflation reaching 25 percent in 2024 following the North Island weather events.¹⁰

For councils, the picture is equally challenging. As an example, Christchurch City Council budgeted \$38.3 million for insurance premiums in 2024/25, a 20 percent increase on the previous year with construction and reinsurance costs cited as the primary drivers.¹¹ Tauranga has seen some reductions in its insurance costs in recent years, though as a coastal city with a growing infrastructure asset base and increasing climate risk exposure, ongoing observation is warranted.

Council's capital works programme faces a complex and volatile cost environment over the 2027–37 Long-term Plan period. The most immediate and acute risk is oil prices. The conflict in Iran, which began in late February 2026, has driven oil prices above NZ\$160 per barrel with no resolution in sight. This has a direct and material impact on roading project costs, given that bitumen makes up 21% of roading project input costs and 36% of roading renewals costs.¹²

¹⁰ Reserve Bank of New Zealand — Te Pūtea Matua. (2024, May). *Insurance availability and risk-based pricing*. Financial Stability Report. <https://www.rbnz.govt.nz/hub/publications/financial-stability-report/2024/may-2024/fsr-may-24-special-topic-2>

¹¹ Interest.co.nz. (2024). *Council insurance premiums are on the rise*. <https://www.interest.co.nz/insurance/127055/insurance-premiums-rise-nzs-biggest-councils-range-risks-put-pressure-auckland>

¹² GHD Advisory (2026). *Cost Escalation for Tauranga City Council's Capital Works Programme*. GHD Advisory, March 2026.

Construction cost inflation is projected to consistently outpace CPI over the LTP period, meaning the real cost of delivering Council's capital programme will continue to grow faster than the general rate of inflation. This has direct implications for affordability and prioritisation within the LTP, particularly given the proposed rates cap.

As New Zealand's economy recovers and central government moves into its infrastructure delivery phase, demand for construction workers is expected to increase. Combined with ongoing emigration to Australia, this could create labour shortages that drive wages and therefore construction costs higher than current forecasts suggest.

Cost of living crisis

New Zealand continues to experience a sustained cost-of-living crisis, driven by these persistent inflationary pressures, rising household expenses, and subdued economic conditions over the last few years. Although overall inflation has eased from its 2022 peak, many households continue to face significant financial strain.

Recent figures from Stats NZ show that average household living costs rose 2.4% in the 12 months to September 2025, slightly below the 3.0 percent rise in the Consumer Price Index (CPI) over the same period. More positively, easing mortgage interest rates have helped reduce pressure for households with the average mortgage interest payments falling 15.4 percent over the year.

For an average household, rents increased 2.6 percent over the last year, essential costs such as electricity rose 11.3 percent and council rates by 8.8 percent, disproportionately affecting those on fixed or low incomes. Survey data also indicates ongoing financial stress: 1 in 4 New Zealanders report finding it difficult to manage financially, with expectations of rising living costs across food, utilities, and other essentials in the year ahead.¹³

¹³ Stats NZ, *Household living costs increase 2.4 percent*. 28 October 2025. Retrieved from: <https://www.stats.govt.nz/news/household-living-costs-increase-2-4-percent/>

Proposed rates capping

In response to high rates increases across New Zealand since 2021, the New Zealand Government announced that it will introduce a national rates cap, signalling one of the most significant shifts to local government finance settings in decades. The proposed model sets a target range for annual rates increases of 2–4 percent per capita, tied to long-term economic indicators such as inflation and GDP growth. Councils will be prohibited from increasing rates beyond the upper limit of 4 percent without approval from a central government-appointed regulator, with exemptions reserved only for extreme circumstances such as natural disasters. A transition period begins on 1 January 2027, during which councils must begin reporting on the implications of the cap in their long-term plans, with full implementation taking effect by 2029.¹⁴

The introduction of rates capping will place considerable pressure on councils' financial sustainability over the coming decade. Rates currently make up between half and two-thirds of many councils' total revenue, and recent years have seen unusually high rates inflation averaging 12.2 percent in the year to June 2025 and between 7 and 10 percent annually in the preceding three years. Capping increases to a maximum of 4 percent significantly restricts councils' ability to fund cost escalations, maintain levels of service, or address the growing renewal and infrastructure backlog.

This potential change has come at a time when Tauranga has increased its investment in its capital programme including major roading infrastructure, waters infrastructure, community facilities, and the city centre. Restricting councils' ability to increase rate revenue, will also restrict the ability to borrow cost efficiently through the Local Government Funding Agency. Looking ahead, the rates cap introduces new strategic and planning implications for the 2027–2037 Long-term Plan. Council will need to rigorously reassess levels of service, prioritise "core" activities, and explore alternative revenue sources such as fees and charges.

¹⁴ New Zealand Government (2025), *Getting Rates Under Control for Ratepayers*, Minister Simon Watts, 1 December 2025. <https://www.beehive.govt.nz/release/getting-rates-under-control-ratepayers>

Systems improvement 'back to basics'

The Government's move toward national rates capping limiting annual increases to a 2–4% per-capita target band, signals a decisive shift in how councils are expected to operate, with a strong emphasis on delivering only the most essential services. Ministers have repeatedly stated that councils must "live within their means" and prioritise core services such as roads, water, waste, and essential infrastructure maintenance.

This expectation is further reinforced through the Local Government (System Improvements) Amendment Bill, which aims to reduce pressure on rates by refocusing the statutory purpose of local government and explicitly requiring councils to concentrate on "good-quality, cost-effective" local infrastructure, public services, and regulatory functions. The Bill would remove the broader "four well-beings" and establishes a legislated list of core services, alongside new requirements for performance reporting, transparency, and financial discipline.¹⁵ Together, rates capping and the Systems Improvement Bill represent a clear policy direction: councils will face tighter revenue constraints while being required to demonstrate stronger value for money, reduce non-essential activities, and maintain stricter accountability over how public funds are used.

This is likely to reshape future Long-term Plans, forcing sharper prioritisation, more conservative investment strategies, greater transparency, and a renewed focus on the "basics" that underpin community wellbeing and economic resilience.

Simplifying Local Government

The Government's Simplifying Local Government proposal released on 25 November 2025, seeks to overhaul the current local government system made up of regional councils and city/district councils. Under the existing framework, most areas have both a regional council, responsible for environmental management, regional transport planning, and civil defence,

and a territorial authority delivering services such as roads, water, waste, parks, community facilities, building services and land-use planning.

The proposal introduces a two-step reform. First, elected regional councillors would be replaced by a Combined Territories Board (CTB) made up of the region's mayors, who would collectively take over all regional council roles and obligations. Alternative options include appointing one or more Crown Commissioners to lead or join the board. Second, the CTB would be required to develop a Regional Reorganisation Plan outlining how councils within a region could work together more efficiently, potentially including shared services, amalgamation, or new delivery structures. This plan would be independently examined and ultimately approved by the Minister of Local Government.

According to the Government, these changes aim to reduce duplication, streamline decision-making, and improve accountability by consolidating regional governance into a single, recognisable leadership group. The reforms are also intended to better align with the Government's wider resource management changes, which reduce the role of regional councils and move toward more standardised national planning frameworks.

Resource Management Act reform

The Resource Management Act 1991 has been New Zealand's primary law for managing land use and environmental resources for over 30 years. It was widely criticised for being complex, slow, and costly, making it hard to deliver housing, infrastructure, and economic development while failing to achieve strong environmental outcomes.

The government passed several amendment bills in 2024–2025 to speed up consenting and reduce compliance costs, including:

- Removing freshwater farm plan requirements.
- Allowing councils to opt out of medium-density housing rules.

¹⁵ New Zealand Parliament (2025), *Local Government (System Improvements) Amendment Bill* (Bill 180-2). <https://bills.parliament.nz/v/6/ccec6aba-9fb7-4b54-f679-08ddc285d4b5?Tab=history&lang=en>

- Extending coastal permits for marine farms.
- Introducing faster consenting for renewable energy and infrastructure projects.

There was also introduction of the Fast-track Approvals Act - A separate law that now enables ministers to refer nationally or regionally significant projects for fast-track approval, bypassing traditional RMA processes.

The government plans to fully replace the RMA by mid-2026 with two new Acts:

1. Planning Act – Focused on land-use planning and enabling housing and infrastructure development.
2. Natural Environment Act – Focused on protecting and enhancing natural resources (land, air, freshwater, coastal areas).

In the meantime, Central Government also released a number of national direction instruments in December 2025, including the National Policy Statement (NPS) for Natural Hazards and the NPS for Infrastructure.

National Adaptation Framework

Late 2025, Central Government released the National Adaptation Framework which sets out the Government's long-term, system-wide approach to managing climate risks. For local government, it significantly shapes roles, expectations, and future statutory duties.

A key action is amending the Climate Change Response Act 2002 to require councils to prepare adaptation plans for the highest-risk locations, which will be identified through the new spatial planning process. It also signals that local government will remain responsible for natural hazard management, community resilience, emergency management, and ensuring climate risks are accounted for in local services.

Shift away from co-governance

The coalition government has rolled back several policies seen as “race-based”, including:

- Abolishing the Māori Health Authority.

- Reducing Māori language use in the public service.
- Repealing laws that gave Māori a say in environmental decisions.
- Requiring Local Government referendums on Māori Wards.

The Act Party also supported the Treaty Principles Bill, which aimed to redefine Treaty of Waitangi principles in law and put them to a referendum. Although the bill was ultimately defeated, it sparked mass protests and over 300,000 submissions.

As part of its wider rollback of co-governance provisions, the coalition Government passed legislation in July 2024 requiring councils that had established Māori wards since 2021 without holding a public vote, to either disestablish them or hold a binding referendum. Across the country, 42 councils held binding polls alongside the October 2025 local elections, with 24 voting to remove their Māori wards and 18 voting to retain them. Because Tauranga held its local elections in July 2024, a year ahead of the rest of the country, it was granted an extension. The elected Council must decide by 30 November 2026 whether to disestablish its Te Awanui Māori ward or proceed to a binding referendum, which would need to be held by 28 March 2027. The outcome of any referendum would inform the Council's 2027 representation review.

2026 general election

New Zealand's next general election is set for 7 November 2026. A change in government and policy direction is a possibility, and one that could have real impact on Council activities and the current reform programme.

New Zealand has historically had moderate, centrist governments, and the MMP voting system continues to encourage consensus politics. It is unusual for any single party to govern alone. However, the current three-way coalition between National, ACT, and New Zealand First has at times shown internal tensions which may be on the minds of voters this year.

New Zealand's economy has continued to struggle in the post-pandemic period, with cost-of-living pressures persisting as the dominant issue for voters. Inflation and the cost of living has been the top concern for New Zealanders for four consecutive years, with 59% of people identifying it as a key issue heading into the election year. Groceries, energy, insurance,

and housing costs have all risen sharply, and many households continue to feel the strain despite some easing in interest rates. Another topic for this election will be on the high number of New Zealanders not being able to find work in New Zealand and moving overseas, particularly to Australia.

Questions to consider in your activity planning

- How will the current economic conditions in New Zealand affect your activity?
- How will the proposed rates capping affect your activity? Will you need to look at other revenue sources?
- Will your activity be significantly impacted by any of the reform programmes underway, and if so, how can you best position yourselves to minimise negative impacts?
- If we must “focus on the basics” under tighter fiscal settings, what are the core outcomes of this activity and how do they translate into measurable LOS?

Section three: The region we are a part of

Western Bay of Plenty Regional Deal

The Western Bay of Plenty is progressing negotiations with central government for a Regional Deal. A long-term partnership designed to unlock the sub-region's economic potential and respond to rapid population growth. A Regional Deal would support a 30-year vision and a negotiated 10-year strategic plan, enabling coordinated investment in housing, transport, infrastructure, and social services.

The Western Bay is one of only three regions selected nationally, reflecting strong strategic alignment through the SmartGrowth partnership and well-developed growth management plans. The proposed deal brings together Tauranga City Council, Western Bay of Plenty District Council, Bay of Plenty Regional Council, tangata whenua (via the SmartGrowth Combined Tangata Whenua Forum), and Priority One to negotiate shared priorities with Government. Benefits under consideration include enabling up to 40,000 new homes, supporting 35,000 new jobs, diversifying the economy, boosting exports through the Port of Tauranga, and providing the funding and certainty required to deliver major infrastructure at scale. A deal would also give the sub-region new tools and financing mechanisms to manage growth, reduce political and investment uncertainty, and ensure infrastructure planning keeps pace with demand.

Smart Growth

SmartGrowth is the western Bay of Plenty's long-standing sub-regional growth management partnership, providing a unified vision, direction, and voice for the future development of the area. Established in 2000 when local leaders recognised the need to work together to positively shape the sub-region's future, SmartGrowth has been operating for over two decades, leading the way nationally in integrated sub-regional planning and strategic thinking.

The partnership brings together Bay of Plenty Regional Council, Tauranga City Council, Western Bay of Plenty District Council, tangata whenua, and central government. Tangata whenua are a foundational partner at both governance and management levels, represented through the Combined

Environmental Scan | March 2026

Tāngata Whenua Forum and supported by Tū Pakari Advisors who provide strategic and technical advice across the partnership.

The western Bay of Plenty sub-region is one of the fastest growing areas in New Zealand. In 1945, the sub-region had a population of just 18,700 people, today the population is over 200,000. SmartGrowth's role is to ensure this growth is managed proactively, reducing pressure on transport, expanding housing options, strengthening community connections, and protecting the natural and cultural environment.

The SmartGrowth partnership provides the sub-regional growth projections that underpin the LTP — including the need for approximately 43,000 additional homes across the Tauranga and Western Bay region over the next 30 years. SmartGrowth also provides the strategic and institutional foundation for the Western Bay of Plenty Regional Deal currently being negotiated with central government, which seeks to coordinate housing, infrastructure, and economic investment across the sub-region over the next decade and beyond.

Joint Water Organisation

On 2 April 2026, Tauranga City Council and Western Bay of Plenty District Council formally resolved to establish a joint Multi-Council Controlled Organisation to deliver drinking water, wastewater, and stormwater services for both communities, with a target go-live date of 1 July 2027. Both councils have also agreed to remain open to other councils joining the new organisation and are actively exploring this with Thames-Coromandel District Council.

The transition to a joint water organisation will significantly reshape how Council operates. Water services currently contribute around 24% of Council overheads. Approximately \$9–10 million of residual costs will need to be addressed through transition planning and organisational rightsizing. Council's share of establishment and digital programme costs is currently estimated at \$8.5 million, to be transferred to the water organisation at commencement.

The move to a joint model is expected to deliver a range of benefits, including:

- Slightly improved financial sustainability
- Slight up-lift in local and regional economic development (due to improvements in debt capacity)
- Improved efficiency and effectiveness through focussed and experienced governance, and through investment and decision-making solely focused on delivering water services
- Increased investment certainty (as a result of the regulatory and governance changes)
- Increased access to capital/debt funding

A 2025 survey found 41% of respondents preferred a joint water organisation. As Council moves into the implementation phase, clear and ongoing communication will be essential to ensure residents understand what is changing, why, and what it means for them.

Questions to consider in your activity planning

- How does your activity align with or contribute to the SmartGrowth Strategy 2024–2074?
- How will your activity be impacted by the move to a joint water organisation?
- If you are a support activity, what does reshaping to be appropriately sized to support an organisation without waters look like?

Section four: The city we serve

Our population

Tauranga has historically been one of New Zealand’s fastest growing cities, with growth rates consistently higher than the country as a whole due to migration. This is expected to continue, with people attracted by the region’s temperate climate, natural environment, economic opportunities and proximity to other major centres, such as Auckland and Hamilton.

The total projected population of Tauranga City in 2027 is 166,704 whilst by 2037 the city’s population is projected to be 188,693. An additional 12,000 residents within 10 years.

Table 1: Provisional Annual Population and Dwelling Increases for Long Term Plan 2027-2037, Tauranga City (as at 30 June 2025).¹⁶

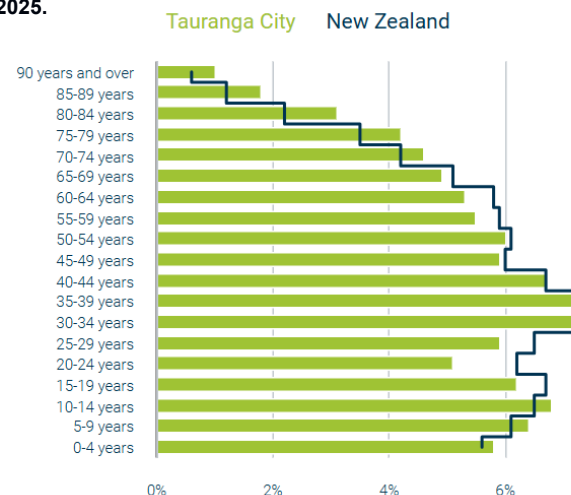
Year	Resident Population	Occupied Dwellings	Total Dwellings
2023	158,900	55,950	61,870
2024	161,300	56,400	62,370
2025	162,811	56,793	62,807
2026	164,643	57,615	63,703
2027	166,704	58,567	64,741
2028	168,880	59,571	65,834
2029	170,951	60,584	66,939
2030	173,240	61,702	68,158
2031	175,638	62,872	69,433
2032	178,080	64,063	70,732
2033	180,696	65,297	72,076
2034	182,766	66,438	73,320
2035	184,825	67,580	74,565
2036	186,817	68,473	75,761
2037	188,693	69,740	76,919
2038	190,452	70,752	78,022

¹⁶ Stats NZ have released updated population projections in late 2025. It is noted that these projections will be revisited in 2026 to confirm 2027 LTP projections.

Tauranga City’s population was projected at 162,811 in 2025, representing modest annual growth of 0.1 percent. Over the same period, New Zealand’s population increased by 0.7 percent. Despite the slower growth recently, Tauranga has averaged a population growth of 1.1 percent per year over the five years to 2025, slightly above the national average of 1.0 percent. Since 1996, the city’s annual growth rates have fluctuated significantly, peaking at 4.3 percent in 2017 and reaching a low point of 0.1 percent in 2025.

In 2025, 61.4% of Tauranga’s population was within the working-age group (15–64 years), a proportion slightly below the national average of 64.9 percent. Young people aged 0–14 made up 19.0 percent of Tauranga’s population, compared with 18.2 percent across New Zealand, while older adults aged 65 and over accounted for 19.6 percent, notably higher than the national figure of 16.9 percent. Reflecting this age structure, Tauranga recorded an overall dependency ratio of 63.0 percent, exceeding the national ratio of 54.2 percent and indicating a higher proportion of dependent residents relative to the working-age population.

Graph 3: Population of Tauranga residents by 5-year age group, June 2025.



The age profile of Tauranga’s population has impacts on how Council plans and delivers services. With 19.6% of residents already aged 65 and over, notably higher than the national average and this proportion expected to grow, demand is increasing for accessible public spaces, mobility-friendly footpaths and community halls as examples. At the same time, as more residents shift from wages to superannuation as their primary income, rates affordability becomes a greater consideration in how Council structures payment options and communicates cost increases.

Tauranga’s relatively high share of young people (19.0 percent aged 0–14) also sustains demand for sports facilities, playgrounds, and residential infrastructure. Meanwhile, the shift toward higher-density living is changing what communities need from their streets and open spaces, as access to private outdoor space decreases. Understanding these shifts allows Council to plan ahead and direct investment toward the services and infrastructure that reflect where the city is heading, rather than maintaining assets sized for a community that no longer exists.

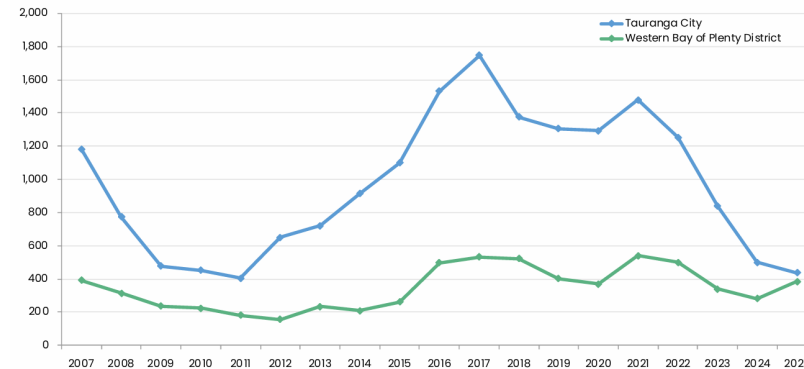
Growth pressures and housing challenges

Decades of sustained growth have placed increasing pressure on the city’s infrastructure, requiring substantial investment in essential services such as transport and water networks. At the same time, housing supply has not kept pace with demand, and the city’s physical geography has constrained opportunities for greenfield expansion. Parts of the city are also vulnerable to natural hazards, with climate change projected to heighten these risks.

As such, Tauranga is experiencing an ongoing housing shortfall, contributing to rising house prices and worsening affordability. Growth projections show the need for approximately 43,000 additional homes over the next 30 years within the Tauranga and Western Bay of Plenty region. However, from July 2024 – June 2025 there were only 820 new dwellings consented (437 of these in Tauranga City), well below the estimated homes required annually to meet projected demand. The National Policy Statement on Urban Development (NPS-UD) requires councils to ensure sufficient development capacity, but Tauranga has limited land available

for both residential and industrial development and does not meet these requirements.

Graph 4: New dwellings consented, Tauranga City and Western Bay of Plenty District, 2007 to 2025.¹⁷



These pressures are driving a shift in how land is used, with recent plan changes enabling greater housing density. Increased infill and brownfield redevelopment, particularly across the Te Papa peninsula, are expected to play a growing role in future housing supply. This shift is influencing how Council plans and invests in infrastructure, with upgrades underway to increase capacity in key areas and expand access to public open space as private outdoor space becomes more limited. Many residents are accustomed to low-density living, meaning the transition to higher-density neighbourhoods will require a cultural shift.

The gap between population growth and dwelling supply creates a compounding services problem for the Council. Population is increasing

¹⁷ Smart Growth, *Development Trends Report*. December 2025. Retrieved from: [SmartGrowth DTR 2025](#)

while property growth is not increasing at the same rate. This means more people sharing properties and infrastructure that wasn't built to accommodate them, while the development revenue that would help fund growth hasn't materialised at the scale required.

Questions to consider in your activity planning

- How are population trends affecting the levels of service your team is able to provide?
- What implications does Tauranga's growing and ageing population have for the way you plan and deliver your services?
- How will higher-density development affect your asset planning, renewal needs, or required capacity upgrades?
- How can Tauranga adapt to a denser urban form while maintaining or enhancing amenity and quality of life?
- How can Council actively support and enable intensification in the existing urban areas, and in particular the City Centre?

Our community

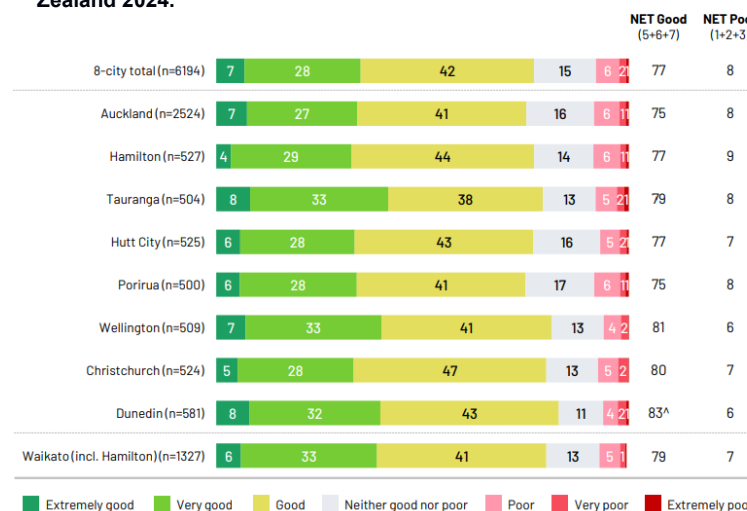
Tauranga's changing demographics reinforce the need for inclusive planning into the future. 3.5% of Tauranga's population identifies as LGBTIQ+, 7% of residents live with a disability, and 5.1% present with mental health needs. These groups along with older adults, young people, people experiencing homelessness, lower-income households, families, and residents from diverse cultural backgrounds each have unique needs and perspectives that should be reflected in how Council designs and delivers its services.

While inclusive planning can be complex, it delivers both social and economic benefits by supporting stronger, more resilient, and more connected communities.

¹⁸ Ipsos. (2025). *Quality of Life Survey 2024: 8-city topline report* (ISBN 978-1-991146-89-2). Quality of Life Project. <https://www.qualityoflifeproject.govt.nz/wp-content/uploads/2025/02/Quality-of-Life-2024-8-City-Topline-report-130225.pdf>

The most recent [Quality of Life Report \(2024\)](#)¹⁸ which was made available in 2025, provides valuable insights into how residents perceive their overall wellbeing and the perceptions of their city. Approximately 79 percent of respondents rated their quality of life positively, with 8 percent describing it as "extremely good," 33 percent as "very good," and 38 percent as "good."

Graph 5: Overall quality of life as a percentage across cities in New Zealand 2024.



Health and wellbeing indicators also reveal mixed results. Over two-thirds (71 percent) of respondents rated their physical health positively, classified as "good," "very good," or "excellent". Yet only 11 percent considered their health "excellent," and nearly a third (29 percent) rated it as "fair" or "poor."

Mental health outcomes were slightly better, with 75 percent rating their mental health positively and 16 percent describing it as “excellent.” However, around a quarter (24 percent) reported their mental health as “fair” or “poor,” highlighting ongoing challenges in overall wellbeing.

A third (35 percent) of respondents reported engaging in at least 30 minutes of exercise on five or more days each week, while 13 percent admitted to doing no exercise at all during the week. Social connectedness is another critical factor influencing wellbeing. While 59 percent of respondents said that a sense of community is important to them, only 45 percent felt they actually experience this sense of belonging in Tauranga. 12 percent stated they frequently feel lonely and isolated.

A third (32 percent) of respondents agree that their housing costs are affordable, while just over half (51 percent) disagree, including 15 percent who ‘strongly’ disagree that housing costs are affordable.

Graph 6: Percentage of respondents who agreed housing costs are affordable across cities in New Zealand 2024.



¹⁹ Includes: Auckland, Hamilton, Tauranga, Hutt City, Porirua City, Wellington, Christchurch, Dunedin, and Waikato local authority areas.

Environmental Scan | March 2026

Perceptions of the city’s appearance and atmosphere are more divided. Just under half (43 percent) of respondents expressed satisfaction with the way Tauranga looks and feels, while 35 percent reported dissatisfaction with their local environment. When asked whether Tauranga is a great place to live, 72 percent agreed, although 9 percent disagreed, indicating that while most residents value the city, there remains a notable minority who do not share this sentiment.

Trust in local governance emerged as a significant concern. As 62 percent of respondents indicated they do not trust local government, with only 3 percent expressing complete trust. This level of distrust is considerably higher than the eight-city average¹⁹ of 45 percent, suggesting a growing disconnect between residents and decision-makers.

What we have heard from our community

From the Vital Update Survey in 2023²⁰ comprising 3,739 Tauranga residents, there was strong demand for large-scale recreational and cultural infrastructure, with stadiums, theme parks, aquariums or large event facilities and improved public transport each cited by 15 percent of respondents as priorities. Green spaces and parks (13 percent), a museum, theatre or arts centre (10 percent), and a thriving CBD (9 percent) were also among the most commonly raised ideas. When it came to events, music festivals and concerts were the clear preference (40 percent), followed by sports events (20 percent) and family activities (14 percent).

Walkways are the most widely used neighbourhood facility (85 percent), followed by neighbourhood reserves (72 percent), beaches (70 percent), and harbour or waterside reserves (64 percent). Notably, 19 percent of residents said performing arts venues were not available locally, and 15 percent said the same of both indoor sports facilities and swimming pools.

80 percent of respondents commute by private vehicle, and fewer than one in five use public transport to get to work or school. While 50 percent of

²⁰ Acorn Foundation, BayTrust, TECT and Tauranga City Council. (2023), Vital Update 2023. Retrieved from: [vu23-main.pdf](https://www.vitalupdate.co.nz/vu23-main.pdf)

residents walk or run to get around the city, mode shift away from private car use remains a significant challenge.

Financial pressure was identified as the single largest issue affecting Tauranga households, with 35 percent of respondents reporting financial difficulties. This rises to nearly half of parents and caregivers surveyed. Mental health was the second most significant issue, particularly for young people and the Rainbow community.

Partnering with Māori

The iwi and hapū of Tauranga Moana are foundational to the identity, culture, and future of Tauranga. As tangata whenua, they hold a unique and enduring relationship with the land, water, and people of the city. Their participation in shaping how Tauranga grows is not just a legislative requirement, but a reflection of good partnership and sound decision-making.

The Local Government Act 2002 requires councils to maintain and improve opportunities for Māori to contribute to local government decision-making. Including taking into account Māori interests in significant decisions affecting land and water, establishing processes for meaningful contribution, and supporting the development of Māori capacity to participate. These obligations remain in place and continue to underpin how Council engages with iwi and hapū across its planning and service delivery functions.

However, the environment in which that partnership is exercised is changing. The coalition government has rolled back a number of co-governance arrangements at the national level, and reforms across resource management, local government legislation, and water services delivery are reshaping where authority and decision-making sit and therefore where partnership influence can be exercised. At the same time, there is a wide range of perspectives within and across communities about what partnering with Māori should look like in local government from those who support formal co-governance structures, to those who favour

²¹ Infometrics. (2025). *Tauranga City: Income* [Regional Economic Profile]. <https://regions.infometrics.co.nz/tauranga-city/income-and-housing/earnings?compare=new-zealand>

engagement and consultation models, to those who believe the pendulum has shifted too far in either direction.

This is not a settled conversation nationally or locally. What is clear is that the relationship between Council and Māori will continue to evolve, and how Council navigates this will have a real impact on community trust, decision-making quality, and the city's long-term wellbeing.

Looking ahead to the 2027–37 Long-term Plan, Council will need to consider what meaningful partnership with Māori looks like in this changed landscape including the question of whether to retain the Te Awanui Māori ward, which must be resolved by 30 November 2026. These are not just procedural decisions. They are an opportunity for Council to define, in practical terms, how it values and gives effect to its relationship with tangata whenua in a city that belongs to all of us.

Our economy

Tauranga's economy reflects both the city's strengths and the financial pressures facing many of its residents. Mean annual earnings in 2025 were \$78,568. Below the national average of \$81,958 and average household income of \$129,720 which also sat slightly lower than the New Zealand average of \$135,266. Housing affordability continues to be a significant challenge, with the average house value at 7.2 times the average household income, compared with 6.5 nationally. The number of residents relying on benefit support reached 10,625 in 2025. An 8.8 percent increase on the previous year and the highest level since 2010, up from a low of 6,592 in 2018.²¹

On productivity, Tauranga's GDP per filled job was \$135,724 in the year to March 2025, lower than the national figure of \$155,707. City productivity edged down 0.1% over the year, against a national increase of 0.3 percent, though over the longer-term Tauranga's productivity growth of 0.6 percent per year over the past decade matches the national average.²²

²² Infometrics. (2026). *Tauranga City: Productivity growth* [Regional Economic Profile]. <https://regions.infometrics.co.nz/tauranga-city/productivity/growth?compare=new-zealand>

Although there are still ongoing challenges in the CBD, the city's business community tells a more positive story. Tauranga had 20,385 business units as at February 2025, up 1.0 percent on the previous year, double the national growth rate of 0.5 percent. Over the past decade, business unit growth in Tauranga has averaged 3.4 percent per year, nearly twice the national average of 1.9 percent, reflecting the city's ongoing attractiveness as a place to start and grow a business.²³

Questions to consider in your activity planning

- How does your activity help people from different backgrounds feel welcome and represented in Tauranga?
- How does your activity gather feedback from a diverse range of users? Are there groups you're not hearing from, and how could their perspectives be better included?
- Does your activity create safe spaces for people with differing views, identities, or cultural backgrounds?
- How are accessibility needs (physical, sensory, cognitive, cultural, digital) considered in the design of your services or facilities? Where are the gaps?
- Does your activity's pricing, location, or operating hours impact who can participate? What adjustments could promote more equitable access?

Climate change

Climate change is a global issue that is already affecting Tauranga and will continue to do so over the coming decades. Our city is highly exposed to climate risks that are becoming more frequent and long-lasting, including coastal flooding and erosion, flooding, landslides, heat stress, and drought. These risks threaten homes, roads, parks, and essential services.

²³ Infometrics. (2026). *Tauranga City: Growth of business units* [Regional Economic Profile]. <https://regions.infometrics.co.nz/tauranga-city/business/growth?compare=new-zealand>

Temperature- Annual average temperatures in the Bay of Plenty are projected to rise between 0.5–1.0°C by 2040, and between 1.0–3.5°C by 2090, depending on global emissions trajectories. Hot days exceeding 25°C are expected to increase significantly, particularly across the central part of the region. Areas between Maketu, Whakatāne, and Murupara may experience 20–25 additional hot days per year by 2040, rising to 70–80 more hot days per year by 2090 under a high-emissions scenario. Heatwave frequency is also projected to increase, with implications for public health, outdoor workers, infrastructure cooling demands, and vulnerable members of the community including the elderly.

Rainfall and drought - While overall annual rainfall totals are not projected to change dramatically in the near term, the seasonality of rainfall is expected to shift. Summers and springs becoming drier, and winters and autumns wetter than historic norms. By 2090, annual rainfall totals are projected to decline under both modelling scenarios. More critically, extreme rainfall events are projected to become more severe. A rainfall event currently classified as a 1-in-100-year event in Tauranga (around 248mm) is projected to occur roughly three times as often by 2090 under a high-emissions scenario. At the same time, drought potential is projected to increase across the region, with coastal areas around Tauranga and Te Puke expected to experience the largest increases in moisture deficit. These trends have direct implications for stormwater infrastructure, flood management, and water supply resilience.

Sea level rise and coastal hazards - Sea level rise poses one of the most significant long-term risks for Tauranga as a coastal city. Projections tailored for the Bay of Plenty indicate sea levels could rise by 0.52m above the 1986–2005 baseline by 2070 under a high-emissions scenario, and by up to 1.25m by 2130. The Bay of Plenty coastline is assessed as having moderate-to-high sensitivity to both coastal erosion and inundation. For Tauranga, significant infrastructure including the domestic airport, arterial and non-arterial roads, three-waters pipelines, and the port sit at low elevations vulnerable to these projected changes. Sea level rise will also escalate the frequency of coastal flooding events, exacerbate erosion, and

increase saltwater intrusion into groundwater, with implications for the city's long-term land use and infrastructure planning.²⁴

Implications for Council- Climate change is not a future risk, it is already influencing the operating environment for Tauranga City Council. Planning for infrastructure investment, land use, emergency management, and community services over the next 10–30 years must account for a range of climate scenarios, and particularly for the possibility that high-emissions pathways produce outcomes at the more severe end of projections. Early and considered action both in reducing emissions and adapting to unavoidable change is essential to protect Tauranga's communities, assets, and natural environment.

Three plausible “what-if” scenarios are used to stress-test decisions across Council activities. They integrate physical risks (extreme weather, sea-level rise, heat/drought) with transition risks (policy, technology, market, reputation). The scenarios are not predictions; they are tools to test decisions and build resilience in activity and budget planning.

- **Scenario 1 – Acting now for our mokopuna:** Early and coordinated transition creates disruption but lowers long-term physical risk. Global warming increases to +1.7°C by 2100.
- **Scenario 2 – Leaving it to the next generation:** Delayed and disorderly transition compounds physical and transition risks before stabilising post-2050. Global warming increases to +2.7°C by 2100.
- **Scenario 3 – Inheriting a broken world:** Global action falters; medium-term economy appears steady but escalating physical risks and regressive financial outcomes dominate long-term. Global warming increases to +3.9°C by 2100.

Across all scenarios, physical hazards through 2035-2050 are materially present due to historic emissions. The differentiation comes from transition timing, resilience investment, social cohesion, and funding stability. The

²⁴ *Climate change projections and impacts for the Bay of Plenty Region* (NIWA Client Report No. 2019218AK). National Institute of Water and Atmospheric Research, prepared for Bay of Plenty Regional Council. <https://atlas.boprc.govt.nz/api/v1/edms/document/A3434328/content>

scenarios above are aligned to New Zealand's Local Government Sector Climate Scenarios (2025).²⁵

Questions to consider in your activity planning

- How will climate change affect your activity over time? *Consider impacts on assets, operations, customers, costs and revenues by 2035, 2050 and beyond.*
- Where is your activity most exposed to climate hazards? *Identify exposure to flooding, inundation, landslides, extreme weather, or drought, and any critical dependencies (e.g., power, road access, suppliers).*
- What could we regret building – or not building – in the future? *Consider long-lived assets, location choices, and investments that may lock in risk or cost.*
- What is our adaptation pathway: adapt, defend, or retreat?
- How does your activity reduce emissions? *Focus on actions that deliver the largest, earliest and lowest-cost emissions reductions across Scopes 1–3.*

²⁵ Local Government Sector Climate Scenarios (2025): <https://www.lgfa.co.nz/sustainability/sustainability-lgfa/local-government-sector-scenarios>

2027-37 LTP Framing

Delivering for our people

Outcomes



Tauranga Matarauhui
– An inclusive city
Tauranga is a city that celebrates our past, is connected in our present and invested in our future. Where people of all ages, beliefs, abilities and backgrounds thrive.



Tauranga Taurikura
– A city that values and protects our environment
Tauranga is a city that prioritises our natural environment and outdoor lifestyle, and actively works to protect and enhance it.



Tauranga Tātai Whenua
– A well-planned city that is easy to move around
Tauranga is a city that is well planned and easy to live in with thriving centres, affordable homes, resilient infrastructure, community amenities and sustainable transport choices.



Tauranga a te kura
– A city that supports business and education
Tauranga is a city that attracts and supports a range of business and educational opportunities, creating jobs and a skilled workforce.



Tauranga [name to be confirmed]
– A vibrant city
Tauranga is a city that champions events and experiences that enhance vibrancy, connects communities, builds identity and delivers cultural, social and economic benefits for its people.

Process

- Prioritisation
- Zero base budgeting

Key decisions

WHAT WILL YOUR FINANCIAL STRATEGY BE BASED ON?

WHAT DO YOU WANT TO ACHIEVE?

- Rates
- User Fees
- CAPEX
- Other funding tools
- Debt/Debt Headroom
- Risk
- Reserves

- Years 1-3
- Years 4-6
- Year 6+

RESILIENCE

LOS CHANGES

LTP ISSUES LIST

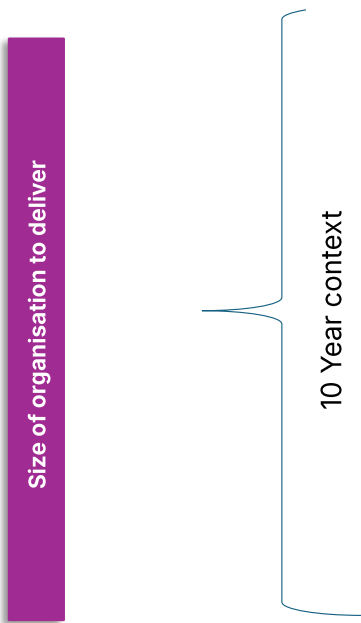
AIPs+

Priorities and Actions

- Enable Housing
- Address Transport
- Deliver for our Community
- Enhance the Environment
- Navigate and Manage Change

Principles

- Look after what we have got
- Everyone pays a fair share
- Value for money
- Growth pays for growth
- Accountable and transparent
- Robust and transparent financial analysis



High level capital, rates and debt relationships \$m													Comments	
Input		TCC inc Waters		TCC excl Waters										
		2026/27	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	
		Draft AP	Draft AP											
Rates increase	7%	400	249	267	286	306	327	350	374	400	429	459	491	\$ include inflation as part of the % in cell A5
rates % includes inflation		206	206	212	216	225	231	238	245	253	260	268	276	This includes capital grants, user fees and BVL user fees. A 3% YoY uplift from 2027AP has been applied
Total Revenue included in ratio		606	455	479	504	530	558	588	620	653	689	727	767	
Capital programme		400	259	240	260	280	300	300	300	300	300	300	300	\$ in year are total dollars incl inflation
Net Debt (net of borrower notes)		1,635	1,005	1,138	1,282	1,443	1,620	1,793	1,962	2,128	2,290	2,447	2,600	This is driven from the capex assumption input above and adjusted for non debt funding such as depreciation & capital grants)
Debt to Revenue Ratio		270%	221%	238%	255%	272%	290%	305%	317%	326%	332%	337%	339%	The base LGFA limit is 280% so bespoke covenant not required
Limit		330%	330%	330%	330%	330%	330%	330%	330%	330%	330%	330%	330%	Bespoke covenant
Debt Capacity at 330% D/R		365	437	441	390	307	223	148	93	28	(16)	(49)	(69)	
280%		280%	280%	280%	280%	280%	280%	280%	280%	280%	280%	280%	280%	Base LGFA covenant
Debt capacity at 280% D/R		62	269	202	128	42	(56)	(146)	(227)	(299)	(360)	(412)	(453)	
The following grey table shows the rates increase per annum impact of capital investment through interest and depreciation. Rates increase restrictions are the main driver of capital expenditure limits not debt capacity														
Average cost of new borrowing	Of the rates increase allowed how much does interest use?													
5%	additional interest growth in yr of capex above 50% of capex for following year add remaining 50% of previous year capex	3	3	4	4	4	4	4	4	4	4	4	4	4
				6	7	8	8	9	9	8	8	8	8	8
				3%	3%	3%	3%	3%	2%	2%	2%	2%	2%	2%
Average depreciation rate	Depreciation additional depreciation at assumed funded life of new assets													
5%	assets	10	8	7	8	9	10	10	10	10	10	10	10	10
5% assumes 20 year life		4%	3%	2%	3%	3%	3%	3%	2%	2%	2%	2%	2%	2%
				5.5%	5.1%	5.3%	5.5%	5.5%	5.1%	4.7%	4.4%	4.0%	3.7%	
	Total rates increase from interest & depreciation			5.5%	5.1%	5.3%	5.5%	5.5%	5.1%	4.7%	4.4%	4.0%	3.7%	
				deducted \$100m from capex to get depreciable amount based on assumption for renewals portion and NZTA subsidy portion										
				Conditional formatting										
				If red then rate is above 4%, if yellow between 3 and 4%, noting capex also has other operational impacts										
				Asset revaluation impact on depreciation movement is not included in this simple calculator but would increase depreciation movement										

