REPORT

Consultation on Possible Future Governance and Delivery Options of Community Assets

Ordinary Council meeting
Tuesday, 22 September 2026

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13.1 Consultation on Possible Future Governance and Delivery Options of Community Assets

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PURPOSE OF THE REPORT

1. The purpose of this report is to seek Council's endorsement to continue progressing the review of possible future ownership, governance and delivery options for the assets and activities of Bay Venues Limited (**BVL**).
2. This report also proposes that staff undertake options analysis, business case development, due diligence and targeted stakeholder engagement. Through this work, staff will identify a preferred approach, together with reasonably practicable alternatives, for Council's consideration and potential inclusion in the draft Long-term Plan 2027–37 consultation.
3. A BVL Working Group is proposed to provide oversight, guidance and recommendations throughout the options development process, including the business case, due diligence, targeted stakeholder engagement and development of the preferred approach for Council's consideration.

RECOMMENDATIONS

That Council:

(a) Receives the report "Consultation on Possible Future Governance and Delivery Options of Community Assets. "

(b) Agrees to progress the proposed work programme to assess possible future ownership, governance and delivery arrangements for BVL's assets and activities, including opportunities to improve community clarity about the relationship between BVL and Council-branded assets, and to explore shared services opportunities that could strengthen alignment and deliver improved value for money.

(c) Notes that any formal public consultation would be undertaken through the draft Long-term Plan 2027–37 process and, if the preferred approach involves the transfer of ownership or control of a strategic asset, would address the requirements of section 97 of the Local Government Act 2002. The consultation material would present Council's preferred approach, together with reasonably practicable alternatives and the advantages, disadvantages and implications of each option.

(d) Establishes a BVL Working Group in accordance with the Terms of Reference at Attachment 3.

(e) Appoints *[insert Elected Member], [insert Elected Member]* and *[insert Mana Whenua representative]* as members of the BVL Working Group.

(f) Requests that staff report back to Council with the outcomes of any targeted engagement, the recommendations of the BVL Working Group, the business case, options analysis and due diligence, a recommended preferred approach together with reasonably practicable alternatives, a recommended decision and implementation pathway, and any other advice necessary to enable Council to determine whether a change to the ownership, governance or delivery arrangements for BVL's assets and activities is warranted.

(g) Notes that no final decision involving the transfer of ownership or control of a strategic asset will be made unless the proposal has first been expressly provided for in the Long-term Plan and Council has considered the consultation feedback.

(h) Releases the report, resolutions, and attachments into the public when Bay Venues Limited staff have been advised of the possible future governance and delivery options.

(i) Agrees that the commercially sensitive parts of this report and its attachments remain in public excluded on the grounds that their release would be likely to prejudice or disadvantage the commercial activities of Council or BVL, or Council's position in relation to any possible future ownership, governance and delivery arrangements for BVL's assets and activities.

EXECUTIVE SUMMARY

4. Council staff have been providing briefings to Elected Members as part of Long-term Plan (**LTP**) development. One of those briefings covered the ownership and governance of community assets and activities. Following those briefings, staff were asked to report to Council on the process for further assessing possible future ownership, governance and delivery arrangements for BVL's assets and activities.

5. The recommended pathway is to obtain Council's agreement to develop the options outlined within this paper, undertake any targeted engagement that would help inform the options, complete options analysis, business case and due diligence, and then ask Council to resolve a preferred approach for inclusion in the draft Long-term Plan for consultation.

6. BVL is a Council-Controlled Organisation (**CCO**) that owns, operates or manages a significant portfolio of community facilities across Tauranga, including aquatic facilities, sports and recreation facilities, community centres, community halls and event venues.

7. The current model was established in 2013, and earlier reviews found BVL to be operationally capable and generally well governed. More recent reviews have raised questions about whether the model remains the best fit for the nature and funding of the services and Council's need for integrated community asset management. **Attachment 1** summarises those reviews.

8. BVL operates a community asset portfolio that is largely public-good in nature. Many facilities are not fully user-funded and require ongoing rates support because the social, health, recreational, cultural and community benefits exceed the direct revenue they generate. This creates an inherent tension when those activities sit in a separate CCO with a mix of commercial and community expectations.

9. The material reviewed to date indicates that the current structure creates several problems. These include fragmented ownership, duplicated governance and management, opaque cross-subsidies, inconsistent user-pays approaches, split asset and financial strategies, and weak alignment with Council's LTP priorities. These issues are expected to grow as facilities age, renewal needs increase and population growth drives demand for more community infrastructure.

10. There may also be a community-facing branding and accountability opportunity. Some of Council's most prominent community assets are operated, promoted or experienced under BVL branding, while the Council ownership, funding role or community accountability connection may not be obvious to users. The business case proposes to assess whether clearer branding, co-branding, wayfinding, communications and public accountability settings would improve community understanding of which assets are part of Council's wider community asset network.

11. The work will also test shared services opportunities across BVL and Council, including digital, finance, people and capability, procurement, asset management, customer service,

bookings, property and facilities management. These opportunities will be assessed for their ability to reduce duplication, improve consistency, strengthen strategic alignment and generate better value for money without undermining service continuity or operational capability.

12. A desktop review of 77 New Zealand CCOs indicates that aquatics, indoor courts, community centres and community halls are primarily delivered and operated directly by councils rather than through CCOs. Tauranga's current model is therefore uncommon in a national context, particularly because the relevant activities are high-touch, community-facing, subsidised services.
13. Water reform is changing the asset and activity base of Council. The 2027-37 LTP presents an opportunity to consider whether the current model for aquatics, sports, events and community facilities remains appropriate, having regard to their public-good characteristics, community interface, accountability requirements, renewal obligations and relationship with Council's wider planning and investment decisions.
14. The business case will assess a range of possible future ownership, governance and delivery models for BVL's assets and activities. These include retaining the current arrangements, strengthening the existing CCO model, transferring BVL's assets and activities to Council, Council owning the assets while BVL or another provider operates the facilities, and adopting a hybrid model for selected assets or activities. The assessment will identify a preferred approach, together with reasonably practicable alternatives, for Council's consideration.
15. The business case, options analysis and due diligence will assess the benefits, costs, risks and implications of each option. This will include consideration of governance and accountability, commercial discipline, service performance, funding transparency, affordability, equitable access, community outcomes, long-term asset stewardship, transition costs and disruption.
16. The recommended approach is staged. Council is first being asked to approve the proposed work programme and establish the BVL Working Group. Staff will then complete the business case, options analysis, due diligence and any targeted engagement, with oversight and guidance from the BVL Working Group. Staff will report back to Council no later than early February 2027 and, if practicable, in December 2026, with a recommended preferred approach and reasonably practicable alternatives for potential inclusion in the draft Long-term Plan 2027–37 consultation. If the preferred approach involves transferring the ownership or control of a strategic asset, no final decision will be made until the proposal has been expressly provided for in the Long-term Plan and Council has considered the consultation feedback.

BACKGROUND

17. BVL was established as a CCO in 2013 to manage a portfolio of community facilities and venues on behalf of the Tauranga community. Its activities include community aquatic facilities, indoor sport centres, community centres, halls, event venues and other community-facing assets.
18. BVL's current form reflects a series of earlier CCO decisions. At one stage, Council had three relevant CCOs: Tauranga City Aquatics Limited and Tauranga City Venues Limited, both operating under the holding company Tauranga City Investments Limited.
19. Tauranga City Aquatics Limited and Tauranga City Venues Limited were merged and renamed Bay Leisure and Events Limited, effective 1 July 2013. Some months later, Tauranga City Investments Limited and Bay Leisure and Events Limited were merged and renamed Bay Venues Limited, effective 29 April 2014. The 2014 structure therefore continued the earlier approach of placing aquatics, venues and related community facilities in CCOs with commercially minded boards.
20. The 2014 transfer of community assets to BVL was intended to clarify performance expectations and remove barriers to achieving them. It was also intended to give the activity more commercial freedom to grow third-party revenue through utilisation, events and sponsorship. The aim was to reduce the venues' ongoing call on ratepayer funding.

21. Over time, the balance between commercial objectives and community purpose has become a central issue. Many BVL assets support broad public-good outcomes and need ongoing Council funding. The business case will test whether the current model gives the right weight to commercial performance, community access, affordability, utilisation and long-term asset stewardship.

Asset Coherency

22. Staff have been considering broader asset coherency opportunities as part of strategic asset management and LTP development. Strategic asset management is the long-term planning, investment, operation and optimisation of assets to maximise value, manage risk and support Council's objectives and service outcomes.

23. The asset coherency work has focused on whether the right assets sit in the right ownership, governance and delivery model. This includes consideration of whether community assets and activities should sit in a separate legal entity or be managed directly within Council as part of a single integrated community asset portfolio.

24. The work has identified that Tauranga's current community asset arrangements are fragmented primarily across Council and BVL. This has led to duplication, inconsistent decision-making, weak portfolio optimisation and split accountability for asset condition, financial performance, customer experience and community outcomes.

25. Split accountability also makes it harder to create a single shared strategy for community assets. BVL holds and operates a large portfolio of highly visible community assets. Council retains broader responsibility for community outcomes, LTP funding decisions, asset planning, rates, renewals and community accountability.

Previous reviews

Previous reviews have assessed BVL's governance, operational performance, financial sustainability and strategic fit. **Attachment 1** summarises the more recent reviews. Full copies can be provided to elected members on request.

The reviews show a consistent pattern. BVL has generally been operationally capable and well governed, but the strategic fit of the CCO model has become harder to sustain. This is because the portfolio has matured, renewal pressures have increased and Council's need for integrated community asset management has grown.

26. Early reviews in 2016–2017 indicated that the model was delivering operational benefits, including high utilisation, revenue growth and good customer outcomes. However, those reviews also identified unresolved strategic issues, including the need for clearer long-term purpose, stronger alignment with Council outcomes and better management of the tension between commercial and community objectives.

27. More recent reviews have placed greater emphasis on the limitations of the model itself. Key themes include operating pressures, rising renewal costs, constrained revenue growth, reliance on less transparent cross-subsidies, borrowing constraints, duplicated overheads and fragmented decision-making. These issues are not primarily a reflection of BVL's operational performance; they relate to whether a separate CCO remains the most effective model for predominantly public-good community assets.

28. There is also a close functional overlap between BVL and Council's Spaces and Places activity. Both support sport, recreation, events, community connection and wellbeing through community facilities and related services. This means Council and BVL are each involved in owning, funding, operating or planning similar assets and activities, but through separate governance, financial and operating frameworks.

29. The overlap creates practical challenges for portfolio-wide planning. Asset strategy, renewal priorities, funding decisions, user charging, customer experience, data, reporting and service

standards are considered through different decision-making channels even though they contribute to similar community outcomes.

30. The review material points to a structural question for Council. Which model best delivers governance, accountability, commercial discipline, service performance, community outcomes, long-term asset stewardship and value for money? The business case will also test whether commercial capability and operational discipline can be retained while improving Council control over asset ownership, funding, renewals and community outcomes.

Current State Analysis

31. Community assets are currently spread across dual ownership, governance and operating arrangements. Some are held by BVL, some are held by Council. This makes it harder to optimise the portfolio. Mixed ownership and management can mean that asset strategy, financial strategy, user charges, renewals planning, customer experience and investment decisions can be set by different governance structures, acknowledging that BVL reports directly to Council.

32. In areas such as sport and recreation, event venues, aquatics and community facilities, similar assets are managed under different ownership and operating models. This can lead to duplication of functions, inconsistent priorities and slower portfolio-wide decision-making.

Duplicated functions

33. Duplicate functions across BVL and Council currently exist in areas such as:
    (a) shared services including Digital, Finance & HR;
    (b) renewal planning;
    (c) bookings and customer venue management;
    (d) property and facilities management; and
    (e) general management of community assets.

34. These overlaps create an opportunity to reduce duplicated overheads, standardise processes, combine capability and improve service levels through shared services or an integrated Council operating model.

35. The business case should therefore include a specific shared services assessment. This should identify which functions could be shared, integrated or standardised; quantify likely benefits and transition costs where practicable; assess service and employment implications; and recommend the model that best improves value for money, alignment and accountability.

Ageing assets and renewal pressures

36. Many community facilities are ageing and require increasing investment in renewals, maintenance, accessibility, compliance, seismic resilience, building services, plant and lifecycle replacement.

37. Aquatic facilities are particularly exposed to long-term lifecycle pressures due to pool structures, filtration systems, mechanical plant and changing facilities. Event and community facilities also require ongoing investment to remain safe, reliable, accessible and fit for purpose.

38. A single integrated asset management framework could allow Council to prioritise renewal investment by risk, condition, criticality, utilisation, community benefit and growth requirements across the whole asset portfolio.

Funding transparency and cross-subsidies

39. Community assets generally deliver social and health benefits that exceed the direct revenue they generate. As a result, many facilities require rates support, user charges, grants, debt funding or cross-subsidy.

40. The current model can make it difficult to clearly see the true cost of services, the level of subsidy by activity, and whether cross-subsidies are supporting agreed community outcomes or masking structural funding issues.
41. Repatriation of BVL's assets and activities could allow Council to present these funding choices more transparently through the LTP. It could also allow a more coherent user-pays framework to be applied across similar community assets. It may allow, for example, a more integrated approach to prioritising where and how user funding is applied.

Community accountability

42. Aquatics, sports facilities, halls, community centres and event venues are highly visible community services. They involve regular contact with residents, clubs, schools, families and community groups.
43. Decisions about access, pricing, service levels, renewals and investment priorities can have direct community impacts. A Council-led model may provide a clearer line of democratic accountability for these decisions.
44. Brand clarity is part of community accountability. Where Council funds, owns or is ultimately accountable for major community facilities, the community should be able to readily understand that connection. The review should therefore consider whether current public-facing branding, signage, digital channels and customer communications make Council's role sufficiently clear, while still recognising any operational identity or commercial value associated with the BVL brand.

STRATEGIC/STATUTORY CONTEXT

45. A CCO can be appropriate where there is a need for specialist governance, operational independence or commercial focus. BVL's activities are predominantly high-touch, community-facing and public-good services.
46. The Local Government Act 2002 (**LGA**) provides the statutory framework for Council decision-making, consultation, significance, CCO accountability and service delivery reviews. Any decision to materially change the governance or delivery model for BVL activities will need to be made in accordance with the Act and Council's Significance and Engagement Policy.
47. The proposal is of high significance because it concerns the future ownership, governance, delivery and funding model for a substantial community asset portfolio, some of which is identified as "strategic" in Council's Significance and Engagement Policy and LTP.
48. It is also likely to be of high interest to the community, BVL staff, facility users, clubs, community groups, tenants, event operators, commercial partners, Mana Whenua and other stakeholders.
49. The immediate decision sought in this report is therefore procedural rather than determinative. It enables staff to continue with options analysis, business case and due diligence work so that Council can later determine a preferred approach for inclusion in the draft Long-term Plan. Any formal consultation on that preferred approach would occur through the LTP process, with alternative options and their respective advantages, disadvantages and implications clearly disclosed.
50. Strategically, community assets should be planned, funded, governed and operated through a coherent model that best supports long-term public value, service reliability, affordability, transparency and community wellbeing.
51. Many of these assets are not operated primarily to generate commercial returns. They exist to support health, wellbeing, recreation, learning, community resilience, cultural participation, events, place-making and social connection. Their value is often broader than direct revenue.

STRATEGIC ALIGNMENT

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

	Contributes
We are an inclusive city	✓
We value, protect and enhance the environment	☐
We are a well-planned city that is easy to move around	✓
We are a city that supports business and education	☐
We are a vibrant city that embraces events	✓

53. BVL's venues, facilities and services make an important contribution to community participation, recreation and events across the city. The proposed review will assess whether BVL's current ownership, governance and delivery arrangements remain the most appropriate way to support these outcomes and meet the city's future needs.

BVL WORKING GROUP

54. To support Council's consideration of possible future ownership, governance and delivery arrangements for BVL assets and activities, it is proposed that a BVL Working Group be established in accordance with the Terms of Reference at **Attachment 3**. The BVL Working Group will provide oversight, guidance and recommendations throughout the options development and assessment process, including business case development, due diligence and targeted stakeholder engagement.
55. It is proposed that the BVL Working Group comprise two Elected Members and one Mana Whenua representative. This composition is intended to provide meaningful Elected Member and Mana Whenua involvement in the development and assessment of the options, while maintaining a group size that can work efficiently and support timely progression of the project.
56. The inclusion of a Mana Whenua representative recognises that the options under consideration may involve significant decisions relating to land or a body of water. If section 77(1)(c) of the LGA applies to an eventual decision, Council must take into account the relationship of Māori and their culture and traditions with their ancestral land, water, sites, wāhi tapu, valued flora and fauna, and other taonga. Mana Whenua involvement in the BVL Working Group will help ensure these matters are appropriately considered through the options assessment, business case, due diligence and engagement process before Council determines a preferred approach for potential Long-term Plan consultation.
57. The proposed appointment also aligns with Council's Te Ao Māori approach by supporting early and meaningful engagement, recognising existing agreements and cultural and land interests, and enabling Mana Whenua to contribute to the development of the options, consultation material and recommendations to Council.
58. The BVL Working Group will be advisory only. Final decision-making authority on all matters relating to the future ownership, governance and delivery of BVL's assets and activities will remain with Council.
59. The BVL Working Group will benefit from advice and input from BVL's Board and management, together with Council staff and external advisers performing relevant functions. It is proposed that these parties attend and provide advice to the BVL Working Group as required, rather than being appointed as members. This will enable the BVL Working Group to receive the necessary operational, commercial and technical input while maintaining clear separation between its advisory role and the roles of those responsible for developing, advising on or potentially implementing the options.
60. The BVL Working Group's scope will include oversight of the options analysis, business case and due diligence; consideration of possible future ownership, governance and delivery arrangements for BVL's assets and activities; targeted stakeholder engagement and development of the proposed consultation approach; engagement with BVL's Board and management and Mana Whenua; consideration of asset, legal, financial, commercial, tax, employment and transition matters; and development of a preferred approach, together with

reasonably practicable alternatives, for recommendation to Council and potential inclusion in the draft Long-term Plan 2027–37 consultation.

OPTIONS

61. Council has two options. Council can either progress the proposed work programme and establish a BVL Working Group, or retain the current position and not undertake further assessment of alternative ownership, governance and delivery arrangements at this time.

Option 1: Progress the proposed work programme and establish a BVL Working Group (Recommended)

62. Under this option, Council would continue to investigate possible future ownership, governance and delivery arrangements for BVL's assets and activities. This would include options analysis, development of a business case, due diligence, targeted stakeholder engagement and establishment of a BVL Working Group to provide oversight, guidance and recommendations throughout the process.

63. No decision would be made at this stage on a preferred ownership, governance or delivery model. The purpose of the work programme is to enable Council to determine whether any change to the current arrangements is warranted and, if so, identify a preferred approach, together with reasonably practicable alternatives, for potential inclusion in the draft Long-term Plan 2027–37 consultation.

64. The advantages and disadvantages of this option include:

Advantages	Disadvantages
• **Enables Council to make an informed decision based on a business case, due diligence and stakeholder feedback.** • **Provides early Elected Member and Mana Whenua involvement through the BVL Working Group.** • **Enables BVL's Board and management to provide operational and commercial input while preserving clear decision-making roles.** • **Enables the benefits, costs, risks and implications of the reasonably practicable options to be properly assessed.** • **Enables legal, financial, commercial, tax, asset, employment, governance and transition matters to be identified and assessed before Council determines a preferred approach.** • **Maintains the available ownership, governance and delivery options for future consideration.** • **Does not commit Council to any future change in BVL's ownership, governance or delivery arrangements.**	• **Requires expenditure on further legal, financial, commercial and other specialist advice.** • **Requires staff, BVL Board and management resources to support the business case, due diligence and engagement process.** • **May create uncertainty for BVL's Board, management, employees and stakeholders while the review is under way.** • **Does not provide an immediate decision on the future ownership, governance or delivery arrangements for BVL's assets and activities.** • **Targeted engagement and the development of consultation material will require additional time and resources.**

Advantages	Disadvantages
• **Supports the development of a preferred approach, together with reasonably practicable alternatives, for potential consultation through the draft Long-term Plan 2027–37.** • **Enables any proposal involving a change in ownership or control of a strategic asset to be considered through the appropriate Long-term Plan process before a final decision is made.**	

Option 2: Do not progress the proposed work programme and do not establish a BVL Working Group

65. Under this option, Council would not undertake further assessment of alternative ownership, governance and delivery arrangements for BVL's assets and activities at this time. BVL would continue to operate as an existing CCO under its current ownership, governance and delivery arrangements.

66. The advantages and disadvantages of this option include:

Advantages	Disadvantages
• **Avoids the immediate cost of further advice, business case development, due diligence and stakeholder engagement.** • **Requires no immediate change to BVL's existing ownership, governance or operating arrangements.** • **Minimises short-term demands on Council staff and BVL's Board and management.** • **Avoids creating short-term uncertainty associated with a review of the current arrangements.**	• **Does not enable Council to determine whether alternative ownership, governance or delivery arrangements could provide better outcomes.** • **Does not address the strategic, financial, governance or service-delivery drivers that have prompted the review.** • **Limits Council's understanding of the benefits, costs, risks and implications of the reasonably practicable options.** • **Removes the opportunity for structured Elected Member and Mana Whenua involvement through the proposed BVL Working Group.** • **Does not provide a developed preferred approach or reasonably practicable alternatives for potential consideration through the draft Long-term Plan 2027–2037.** • **May reduce Council's ability to respond in a planned way to future asset,**

Advantages	Disadvantages
	investment, governance, financial or service-delivery requirements.

Recommended option

67. Staff recommend Option 1. This will enable Council to determine whether any change to BVL's current arrangements is warranted and, if so, identify a preferred approach and reasonably practicable alternatives for potential consultation through the draft Long-term Plan 2027–37. For clarity, Option 1 does not commit Council to any change. If a preferred approach involves a change in ownership or control of a strategic asset, no final decision will be made until the proposal has been provided for in the Long-term Plan and Council has considered the consultation feedback.

POSSIBLE FUTURE OWNERSHIP, GOVERNANCE AND DELIVERY MODELS FOR BVL

68. Future structural options are not being decided today. If Council agrees to proceed, staff recommend that the business case test the following future ownership, governance and delivery options. These options are presented to define the scope of the next phase of work.

69. **Option 1: Status quo.** Under this option, BVL would continue as a CCO and Spaces & Places would remain unchanged. No structural change would occur. This option has low implementation complexity and avoids transition disruption.

    It preserves the existing board, management, systems and operating arrangements, including BVL's commercial focus and operating discipline. However, it does not address the core issues identified through the review material. These include fragmented governance, duplicated functions, opaque cross-subsidies, split asset and financial strategy, inconsistent user-pays approaches and weak LTP alignment. It also leaves Council with separate demands to manage rising renewal costs and community funding expectations.

70. **Option 2: Refine or strengthen the current CCO model.** Under this option, Council would retain BVL as a CCO but seek improvements through stronger shareholder direction, an increase in community assets responsibility, revised accountability documents, clearer service agreements, improved reporting, enhanced performance measures, updated commercial disciplines and possible shared services arrangements.

71. This option reflects staff's understanding of BVL's view, that it could be maintained, and potentially strengthened, as a CCO where that can be shown to deliver value. It may be less disruptive than structural change and could preserve commercial discipline, specialist operating capability and arm's-length governance. However, it would need to be tested against whether it can adequately address duplicated overheads, split asset ownership, opaque subsidy arrangements, fragmented portfolio governance and the tension between commercial and community objectives.

72. **Option 3: Repatriate BVL activities and assets into Council.** Under this option, all of BVL's activities, assets and related functions transition into Council, subject to a detailed business case, due diligence and transition planning.

73. It could create an opportunity to reduce duplication and standardise service delivery. Council could improve subsidy and cost-to-serve transparency, align user-pays approaches and develop a shared services model across community assets. This would not preclude commercial arrangements where they remain appropriate.

74. This option would however involve transition complexity, including staff, systems, contracts, employment matters, legal arrangements, taxation, asset transfers, policies, reporting and governance changes. These matters require careful due diligence and staged implementation.

75. Strategically, this option would consolidate Council's role in planning, funding and delivering community assets and services. The business case will assess whether direct Council

delivery would provide better integration, accountability and value while retaining the commercial capability and operational discipline currently provided by BVL.

76. **Option 4: Council ownership with BVL (or a third party) as operator.** Under this option, Council would own all relevant community assets and retain responsibility for long-term asset planning, funding, renewals, levels of service and community accountability, while BVL or a third party would operate the network under a service agreement, management agreement or similar contractual arrangement.

77. This option may allow Council to improve asset stewardship, funding transparency and democratic accountability, while retaining BVL's or another provider's operational capability, customer relationships, commercial disciplines and specialist venue management expertise. It would require clear service specifications, performance measures, funding arrangements, reporting obligations and mechanisms to manage the balance between commercial activity and community access.

78. **Option 5: Hybrid model.** Under this option, Council would repatriate core community-facing activities into Council but retain or create separate arrangements for selected specialist or commercial activities.

79. Activities and assets such as specialist sports facilities, certain event activities, catering, commercial services or activities with stronger revenue characteristics (some may not be generating a profit) would remain outside of Council to pursue new revenue opportunities.

80. A hybrid model may provide flexibility and reduce transition risk. However, it could also retain some fragmentation, duplicated overhead and split accountability if not carefully designed. This option will be considered through the business case.

FINANCIAL CONSIDERATIONS

81. The detailed financial due diligence and business case work programme is set out in **Attachment 2**. The business case will be prepared with BVL's input and will commence after the 22 September Council meeting. This work will run alongside any targeted engagement. Staff expect to provide the business case to elected members at the same time as the engagement findings, expected to be at the end of 2026.

82. Financial due diligence will confirm any tax implications. It will also confirm the treatment of assets, liabilities, debt, depreciation, renewals, insurance, grants, external funding commitments and any restrictions linked to facility funding or ownership. Useful information from BVL will include detailed financial statements, Board packs and Board minutes from the last three years.

83. The business case will also consider whether targeted contracting, strategic partnerships, joint venture arrangements or shared service models could better support particular services or activities. These options may be appropriate where a service has specialist capability requirements, stronger commercial characteristics, clear partnership opportunities or potential regional efficiencies.

84. The key question for business case development is to identify which model best achieves Council's objectives for governance, accountability, commercial discipline, service performance, community outcomes, long-term asset stewardship and cost. This will include testing whether clearer branding and communication of Council's role in major community assets, together with shared services opportunities across BVL and Council, could improve transparency, alignment and value for money. Each option has potential advantages, disadvantages, transition costs and disruption risks that will need to be fully considered before any final decision is made.

RISKS AND LEGAL IMPLICATIONS

85. A change to the current ownership, governance or delivery arrangements for BVL's assets and activities could involve legal, governance, employment, contractual, tax, financial and transition risks. The nature and extent of those risks will depend on the preferred approach.

Options involving the transfer of assets or activities to Council would require structured due diligence and staged decision-making. The key matters to be assessed are summarised below.

CCO governance risk

86. BVL is a CCO with its own board, statutory accountability framework, statement of intent and governance obligations. Any proposal to materially change, disestablish or repatriate the organisation will require careful consideration of CCO governance obligations and transition arrangements.

Employment and people risk

87. An option involving the transfer of assets or activities to Council may affect BVL employees and Council employees. Possible impacts include organisational structure, reporting lines, roles, employment agreements and workplace culture. Early engagement, clear communication, employment law advice and a well-managed transition plan will be required.

Contractual risk

88. BVL will have contracts, leases, licences, service agreements, supplier arrangements, bookings, memberships, grants and commercial commitments. Depending on the preferred option, these will need to be identified, reviewed and transitioned or novated where appropriate.

Asset and liability risk

89. Due diligence will need to confirm the full asset and liability position. This includes buildings, plant, equipment, leases, renewals, deferred maintenance, insurance obligations, depreciation, loan arrangements, grants and any restrictions linked to funded assets.

Tax and accounting risk

90. Legal and financial advice will be required to confirm tax, accounting, GST, depreciation, asset transfer, debt, grant and balance sheet implications associated with repatriation.
91. BVL holds approximately $50 million of accumulated tax losses on its balance sheet, which is expected to be available to offset future Council taxable income over time, subject to specialist tax advice and confirmation of continuity and utilisation rules.

Service continuity risk

92. BVL operates public-facing facilities that need to remain open, safe and reliable throughout any transition. A staged transition plan may be required to maintain service levels, customer experience, bookings, memberships, programme delivery and events.

Community confidence risk

93. The proposal may be misunderstood as a reduction in service, loss of facility identity, centralisation of decision-making or cost-cutting exercise. Consultation material must clearly explain that the proposal is aimed at improving transparency, accountability, service integration and long-term value for the community.
94. There is also a risk that unclear branding could weaken public understanding of Council's role in funding, owning or being accountable for prominent community assets. This risk should be managed through clear consultation material, stakeholder messaging, signage and digital communication that explain the relationship between Council, BVL and the relevant assets.

Benefits realisation risk

95. Any structural change will deliver value only if it is accompanied by disciplined implementation, clear targets, integrated systems, transparent funding, improved governance and active benefits tracking. The business case should include a benefits realisation framework.

TE AO MĀORI APPROACH

96. If the eventual decision involves a significant decision about land or a body of water, section 77(1)(c) of the LGA will apply. Council must then take into account the relationship of Māori and their culture and traditions with their ancestral land, water, sites, wāhi tapu, valued flora and fauna, and other taonga. These matters will be built into the options assessment and engagement process before Council resolves a preferred approach for LTP consultation.

97. Staff recommend that Council appoint a Mana Whenua representative to the proposed Working Group. The draft Terms of Reference also require the BVL Working Group to consider Mana Whenua engagement and participation, and to ensure Mana Whenua are appropriately informed, engaged and able to contribute to the development of options, consultation materials, the business case and recommendations to Council.

98. This aligns with Council's Te Ao Māori approach: early, meaningful Mana Whenua engagement, recognising existing agreements, cultural and land interests, and enabling participation in options development and future decisions.

CONSULTATION / ENGAGEMENT

99. As BVL is already a CCO, Council is not proposing to establish a CCO. The consultation requirements associated with establishing a CCO under sections 56 and 82 of the LGA therefore do not apply.

100. BVL is not itself identified as a strategic asset. However, it owns or manages several facilities that are identified as strategic assets in Council’s Significance and Engagement Policy. If the preferred approach involves transferring the ownership or control of any of those strategic assets to or from Council, section 97 of the LGA requires the proposal to be expressly provided for in the Long-term Plan before Council can make a final decision. This is consistent with Russell McVeagh’s advice that section 97 applies to a transfer of ownership or control of a strategic asset to or from Council.

101. There are two mechanisms available to satisfy this requirement:

    (a) amend the current Long-term Plan using the special consultative procedure; or

    (b) include the proposal in the draft Long-term Plan 2027–37 and consult on it as part of the upcoming Long-term Plan process.

102. Council could satisfy the section 97 requirement either by amending the current Long-term Plan through a standalone special consultative procedure or by including the proposal in the draft Long-term Plan 2027–37. A standalone process would require preparation of an amended Long-term Plan, development of consultation material identifying Council’s preferred approach and the reasonably practicable alternatives, review by Audit New Zealand, and completion of the special consultative procedure. Given the time required, consultation would likely occur immediately before, or close to, consultation on the draft Long-term Plan 2027–37. Staff therefore consider there is limited benefit in running a separate process when the proposal can be considered through the upcoming Long-term Plan process.

103. Any consultation material should also explain the practical issues the review is seeking to address in plain language. This includes whether residents can easily understand which major community assets are connected to Council, and whether greater use of shared services between Council and BVL could improve consistency, efficiency, customer experience and value for money.

104. Staff recommend that the options analysis, business case, due diligence and targeted engagement be completed before staff report back to Council with a recommended preferred approach and reasonably practicable alternatives. Council could then determine whether to include any proposal involving the transfer of ownership or control of a strategic asset in the draft Long-term Plan 2027–37 consultation.

105. Before formal consultation, staff may, with guidance from the BVL Working Group, undertake targeted engagement to inform the development and assessment of the options. This may involve Mana Whenua, BVL's Board and management, facility users, clubs, tenants, community organisations and other interested parties. The engagement will be proportionate, use consistent and accessible information, and will not replace formal Long-term Plan consultation if section 97 applies.

106. Without limiting the outcome of the options development process, future consultation material would likely address the following matters:

(a) **Why are we asking?** BVL owns or operates a number of important community facilities and provides services on behalf of Council. Council is considering whether the current ownership, governance and delivery arrangements remain the best way to support effective services, long-term asset stewardship, transparent funding and community outcomes.

(b) **What options are being considered?** The consultation material will identify the reasonably practicable options, including Council's preferred approach, together with the advantages, disadvantages and implications of each option. These may include retaining or strengthening the current CCO model, transferring some or all assets or activities to Council, Council owning the assets while BVL operates the facilities, or adopting a hybrid model for selected assets or activities.

(c) **What issues are being considered?** The business case and due diligence will assess whether the current arrangements provide clear accountability, transparent and sustainable funding, effective renewal planning, appropriate governance and efficient delivery across Council's community facilities portfolio. This will include whether the community can clearly see which prominent facilities are part of Council's wider asset network, whether the relationship between BVL and Council is sufficiently clear in branding and communications, and whether shared services opportunities could reduce duplication, strengthen alignment and improve value for money. The consultation material will fairly reflect the findings of that work and the reasons for Council's preferred approach.

(d) **What are we asking?** The consultation will seek feedback on Council's preferred approach, the reasonably practicable alternatives and the matters Council should consider before making a final decision. These matters are likely to include governance and accountability, service performance, funding transparency, affordability, equitable access, commercial capability, long-term asset stewardship, transition costs and disruption, and alignment with community outcomes.

(e) **What is not being decided now?** Council is not being asked through this report to select a preferred model, disestablish BVL or transfer any assets or activities. The options will first be informed by the business case, due diligence, targeted engagement and the Working Group process. Council will then determine a preferred approach, together with reasonably practicable alternatives, for potential inclusion in the draft Long-term Plan 2027–2037 consultation.

(f) **What could change?** Depending on the preferred approach ultimately approved for consultation, the proposal may involve changes to the ownership, control, governance or delivery of some or all of BVL's assets and activities. The consultation material will clearly describe the proposed end state, including the assets and activities affected, the intended governance and accountability arrangements, the financial and service implications, and any proposed transition arrangements. Any material future possibility relevant to community views will be fairly identified, even if it would remain subject to further Council consideration.

107. If Council resolves to include a preferred approach in the draft Long-term Plan 2027–2037, the consultation material will provide sufficient information to enable the community to express informed views on the preferred approach and reasonably practicable alternatives. It will explain the proposal and the reasons for it; the advantages, disadvantages and implications of each option; the proposed accountability and monitoring arrangements; any identified conflicts of interest and how they would be managed; and the financial and other implications of the proposed change.

108. If the preferred approach involves transferring the ownership or control of a strategic asset, no final decision will be made until the proposal has been expressly provided for in the Long-term Plan and Council has considered the consultation feedback.

SIGNIFICANCE

109. The LGA requires an assessment of the significance of the matters, issues, proposals and decisions in this report against Council's Significance and Engagement Policy. That policy identifies several facilities owned or managed by BVL as strategic assets, including the aquatic network, Baypark and other assets.

110. 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; and,

    (c) the capacity of the local authority to perform its role, and the financial and other costs of doing so.

111. In accordance with the considerations above and having regard to the criteria and thresholds in the policy, the proposal is considered to be of **high** significance. This is because it relates to the future ownership, governance and delivery arrangements for a substantial portfolio of community facilities, including strategic assets, may involve a material change in ownership or control arrangements, and is likely to be of high interest to the community, Mana Whenua, BVL's Board and employees, facility users, clubs, tenants and other stakeholders.

112. For clarity, the significance assessment does not mean Council has made a final decision. It means the proposal warrants clear, transparent and proportionate consideration through the Long-term Plan process before Council makes any final decision on the preferred ownership, governance and delivery model.

ENGAGEMENT

113. The proposed approach to consultation and targeted engagement is set out in the Consultation / Engagement section above, including the need to test community understanding of the relationship between BVL, Council and prominent community assets, and to seek views on whether clearer branding, communications and shared services could improve accountability, alignment and value for money.

114. Staff have met with BVL's Board Chair and Chief Executive and followed up in writing to confirm the proposed process and engagement with Mana Whenua. Feedback from BVL has been incorporated into the options where appropriate.

115. If the recommendations are adopted by Council, staff will, with guidance from the BVL Working Group, work with BVL's Board and management to develop consistent stakeholder messaging. The messaging will make clear that the review forms part of the development of the Long-term Plan 2027–37, that further analysis and engagement will be undertaken, and that Council has not selected a preferred approach or made any final decision.

116. Staff will also work with BVL to determine the appropriate timing and approach for engagement with BVL employees, facility users, clubs and sporting codes, tenants, event operators, funders and other affected or interested parties. Any engagement undertaken before formal Long-term Plan consultation will inform the options assessment, business case and consultation material but will not replace the statutory process described above.

NEXT STEPS

117. If the recommendations are adopted, staff will continue the options analysis, business case and due diligence work programme and may undertake targeted engagement to better understand stakeholder views on different ownership, governance and delivery arrangements. That engagement would include testing public-facing brand clarity, community understanding of Council's role in major assets, and shared services opportunities to strengthen alignment and value for money. It would inform the options assessment and business case but would not replace formal consultation through the draft Long-term Plan 2027–37 if the preferred approach involves the transfer of ownership or control of a strategic asset.
118. The BVL Working Group will oversee and provide guidance on the options analysis, business case, due diligence and targeted engagement, and the development of a preferred approach and reasonably practicable alternatives for Council's consideration.
119. Staff will report back to Council no later than early February 2027, and ideally in December 2026, with:
    (a) the outcomes of any targeted engagement;
    (b) the recommendations of the BVL Working Group;
    (c) the business case, options analysis and due diligence;
    (d) a recommended preferred approach, together with reasonably practicable alternatives, for potential inclusion in the draft Long-term Plan 2027–2037 consultation;
    (e) a recommended decision and implementation pathway; and
    (f) any other advice necessary to enable Council to determine whether a change to the ownership, governance or delivery arrangements for BVL's assets and activities is warranted.
120. If Council approves a preferred approach for inclusion in the draft Long-term Plan 2027–2037 consultation, any final decision involving the transfer of ownership or control of a strategic asset would be made only after the proposal has been expressly provided for in the Long-term Plan and Council has considered the consultation feedback.

ATTACHMENTS

1. **BVL - Review of Reviews - A21057407**
2. **DRAFT TOM and Business Case Development - A21089781**
3. **DRAFT TOR for BVL Working Group (September 2026) - A21072328**

Document Review: Summary of Reviews of Bay Venues Limited (2016–2021)

Executive Summary

Between 2016 and 2026, Tauranga City Council commissioned and considered a comprehensive suite of governance, performance, financial, and strategic reviews of Bay Venues Limited BVL Collectively, these documents trace a clear evolution: from early confidence that BVL was operationally strong and well governed for a young council-controlled organisation, through progressively clearer concerns about strategic ambiguity, sustainability, funding transparency, and alignment with Council outcomes, to a formal conclusion that the existing CCO model was no longer fit for purpose under prevailing financial, asset, and policy conditions.

Early governance assessments (2016–2017) found that BVL was performing well operationally, with strong utilisation, revenue growth, customer satisfaction, and capable management systems.

Board evaluations conducted using Institute of Directors methodologies reported positive board culture, engagement, and compliance with core governance expectations. However, even at this stage, several consistent themes emerged: ambiguity about BVL's long-term purpose; insufficient clarity from Council as shareholder about the balance between commercial discipline and community outcomes; underdeveloped succession planning; and gaps in the quality and strategic framing of performance information provided to the Board. These issues were not considered fatal, but they were identified as risks if left unresolved.

The 2017 performance and options reviews reinforced this picture. They confirmed that BVL had largely completed its establishment phase successfully and was delivering facilities efficiently.

However, they highlighted misalignment between evolving Council wellbeing objectives and the performance measures, funding arrangements, and contractual tools governing BVL. Council's desired community outcomes were not clearly defined or translated into measurable expectations, creating tension between commercial imperatives and community service delivery.

Questions also emerged about asset roles—particularly whether community halls and similar facilities were appropriately located within a CCO model—and about the long-term sustainability of relying on commercial activity to cross-subsidise community services.

Governance reviews conducted in 2020 (including the Mueller report) reaffirmed that BVL was operationally competent and that no structural governance failure existed.

Nonetheless, they identified material weaknesses that required immediate attention: unclear strategic direction from Council, inconsistent board discipline (including minutes and risk reporting), insufficiently structured board–management accountability, and shortcomings in health and safety governance and whistleblowing arrangements.

These were characterised as “governance hygiene” issues—low cost to address, but high risk if ignored—whose persistence increasingly pointed back to unresolved shareholder clarity rather than board capability alone.

Parallel financial, strategic, and benchmarking work between 2020 and 2021 marked a decisive shift in conclusions. The McGredy Winder Strategic Review, supported by PwC options analysis and RSLC benchmarking, concluded that while BVL’s facilities compared favourably with peer councils on cost, utilisation, and subsidy levels, the overall business and funding model was not sustainable.

Key drivers included: ongoing operating losses masked by complex funding flows; assets approaching capacity with limited future revenue growth; increasing renewal and depreciation pressures; constrained ability to invest due to Council borrowing limits; governance and compliance costs that were disproportionate for predominantly community-focused services; and persistent reliance on opaque commercial cross-subsidy rather than explicit funding of community outcomes.

Three strategic options were rigorously assessed: an enhanced status quo; a stronger commercial CCO; and disestablishment of BVL with services brought back in-house and standalone commercial activities sold or leased.

While PwC deliberately did not recommend a preferred option, both the McGredy Winder review and subsequent executive briefings explicitly recommended BVL being brought back in as the only pathway that credibly addressed long-term affordability, transparency, accountability, and Council’s ability to prioritise community wellbeing outcomes.

This recommendation acknowledged material transition costs, organisational disruption, and reputational risk but judged these outweighed by the strategic and financial risks of retaining the existing model.

Supporting LTP submissions and internal financial reviews reinforced these conclusions. They consistently identified a structural mismatch between flat or constrained operating grants and rising demand, utilisation, asset maturity, and service expectations; weak visibility of the true cost to ratepayers; underdeveloped KPI frameworks that failed to tell a coherent outcome-based performance story; and growing risk that incremental adjustments would no longer be sufficient.

Repeated reviews also highlighted review fatigue and the risk of credibility erosion if longstanding issues continued to be re-examined without implementation.

Across 22 documents, several conclusions are unequivocal and consistent: BVL has been competently run and delivered strong operational performance; governance weaknesses have been real but secondary to shareholder clarity gaps; benchmarking evidence shows reasonable value for money; and the central problem has been a structurally misaligned model that obscures costs, constrains strategic flexibility, and forces unresolved trade-offs between commercial and community objectives.

The body of evidence increasingly converged on the view that only a fundamental reset—rather than further refinement—could resolve these tensions.

Taken as a whole, this consolidated record demonstrates a robust, iterative, and evidence-based progression of Council thinking. It documents how early confidence in the BVL model gave way, through successive reviews and changing external conditions, to a clear strategic judgement: that disestablishing BVL and reintegrating community facilities into Council, supported by transparent funding, clarified outcomes, and explicit prioritisation through the LTP, represented the most sustainable long-term direction.

Bay Venues Limited – Chronological Summary of all Reviews

April 2016 – BVL Board Review (IoD)

An Institute of Directors–facilitated review assessed early board effectiveness at BVL. It found strong governance culture and engagement, while identifying opportunities to improve strategic focus, succession planning, information quality, and health and safety preparedness.

September–October 2017 – BVL Review Scoping and Workshops

A series of scoping papers and workshops assessed BVL's current state ahead of the 2018–28 LTP. BVL was found to be performing strongly, with reviews focused on governance refinement, clearer community outcomes, accountability tools, and longer-term asset responsibilities rather than structural change.

December 2017 – BVL Review Final Report

The final 2017 review concluded BVL was operating well and did not require major reform. It recommended targeted improvements in strategic direction, performance reporting, value-for-money measures, and governance alignment to support incremental improvement.

February 2020 – Governance Effectiveness Reviews

Independent governance reviews found BVL operationally sound but identified weaknesses in strategic clarity, board processes, and accountability.

The focus was on improving governance discipline rather than changing the delivery model.

September–December 2020 – Strategic Review and Options Analysis

Strategic and financial sustainability reviews concluded the existing CCO model was not sustainable long term. Options analysis and benchmarking supported consideration of disestablishing BVL and bringing facilities back in-house, subject to transition planning.

August 2021 – Strategic Financial Review Initiation

Council initiated further financial review work to improve transparency of funding, subsidies, depreciation, and KPIs, and to ensure alignment with Council outcomes and Long-Term Plan decisions.

Shared Services Review - 2022

This report sets out a pathway to reduce duplication, improve cost efficiency, and strengthen financial sustainability across Council and its CCOs by consolidating selected support functions.

The recommended “Specialist Business Partner” shared-services model is intended to deliver economies of scale, lower operating costs, and better access to specialist capability—particularly in Finance, Digital, and HR—while preserving CCO autonomy.

Key financial benefits include improved treasury and capital planning support, clearer depreciation and reserves treatment, more consistent financial reporting and compliance, leverage of Council purchasing power and systems (e.g. ERP, BI, digital infrastructure), and the ability for CCOs to redeploy internal resourcing from low-value transactional work into higher-value, community-facing activities.

Tauranga City

For Working Group Approval: Draft Target Operating Model and Business Case Development

Prepared for Working Group | October 2026

Background

Bay Venues Limited (BVL) is a Council-Controlled Organisation that owns, operates and manages a significant portfolio of community facilities across Tauranga, including aquatic facilities, sports and recreation centres, community centres, halls and event venues.

That model has served Tauranga over a number of years, and previous reviews have assessed BVL as operationally capable and generally well governed. BVL's portfolio is largely public-good in nature: many facilities are not fully user-funded and rely on ongoing rates support because the social, health, recreational and cultural benefits exceed the direct revenue generated. That creates a tension when the activities sit in a separate entity carrying a mix of commercial and community expectations, and it shows up as fragmented ownership, duplicated governance and management functions, cross-subsidies that are hard to see, split asset and financial strategies, and weaker alignment with Long-term Plan priorities. These pressures are expected to grow as facilities age, renewals increase and population growth drives demand for more community infrastructure.

Following a Long-term Plan briefing on the ownership and governance of community assets and activities, staff were asked to bring a report to Council on 22 September seeking approval to consult on the possible repatriation of some or all of BVL's assets and activities. The target operating model and business case described in this document are being developed alongside that consultation. No option is ruled in or out at this stage.

Target Operating Model

Purpose

Council staff with input from BVL will design target operating model (TOM) options for Tauranga's community assets and activities together. The TOM sets out how these services could be governed, resourced, delivered and reported in a potential future state.

What is a Target Operating Model (TOM)?

A Target Operating Model is a blueprint for how an organisation could operate in the future to deliver its strategy and services effectively. A simple way to think about it:

- **Current state:** How we work today.
- **Target operating model:** How we could work in the future.
- **Transition plan:** How we get from today to that future state.

Objectives of a Target Operating Model

- **Current state** – map capabilities, processes, roles, systems, service levels and interfaces across both organisations, and agree it as the baseline.
- **People and pain points** – talk with people to understand where their time goes and what the pain points are, and why.
- **Core and non-core** – separate the two, to test shared services and alternative delivery options.

- **Future state** – design models that improves outcomes, reduces duplication and makes costs and performance easier to see.
- **Options** – show how the models would apply, so they can be assessed.

Out of scope

- Council's final decision on the future model, which follows consultation and the business case.
- Individual employment outcomes and any change proposals.
- Day-to-day operational decisions, which remain with BVL throughout.

Deliverables

- **Current-state baseline** – capability and functional model, process maps, organisation charts, interface analysis and activity effort.
- **Pain points and design principles** – root causes, and the principles we agree to guide the future state.
- **Future-state blueprint** – capability, process, organisation, people, governance, systems and location.
- **Performance metrics** – targets for go-live and steady state.
- **Transition considerations** – inputs to the roadmap and decision gates in the business case.

Business case

Purpose

The business case will give Elected Members a clear, evidence-based assessment of the options for the future governance and delivery of community assets and activities. It runs alongside consultation and due diligence.

Scope – a five-part case

The business case will be developed using the principles adopted from New Zealand Treasury Better Business Cases methodology. This structured approach ensures the investment need is clearly defined, options are rigorously assessed, and recommendations are supported by evidence. The methodology will consider:

- **Strategic case** – problem definition, objectives, community outcomes and Long-term Plan alignment.
- **Economic case** – options assessment covering the status quo, a strengthened CCO, repatriation and hybrid models, with financial and non-financial analysis.
- **Commercial case** – contracts, leases, licences, partnerships and procurement implications.
- **Financial case** – costs, savings, transition costs, rates and debt impacts, asset and liability treatment, tax matters including accumulated tax losses, and an investment profile setting initial outlay against expected savings and payback.
- **Management case** – gap analysis covering training, recruitment, employment consultation and supplier negotiation; workstreams with named change owners, milestones and dependencies; a risks and issues register with clear ownership; design assurance; decision gates and benefits realisation.

Due Diligence

Due diligence will be undertaken using the principles of Section 17A of the Local Government Act 2002. This process provides a structured assessment of whether the current governance, funding and service delivery arrangements remain the most effective and efficient way to meet community needs. It considers a range of delivery options against criteria such as service performance, value for money, accountability, risk, affordability and community outcomes, ensuring Council has a robust evidence base to support future decision-making.

Assessment criteria

We will test every option against governance, accountability, commercial discipline, service performance, community outcomes, long-term asset stewardship, affordability, transition cost and disruption. We will agree the criteria and weightings with the Working Group before the options analysis begins.

Out of scope

- The consultation process itself, which runs under a separate plan.
- Implementation and transition delivery, which are planned separately (but high level estimates will be included)
- Any pre-determined outcome. No option is ruled in or out at this stage.

Working together and timing

Council staff intend to work alongside BVL staff validating data and assumptions, contributing to option design, and a joint review of business case. Where BVL's views differ from Council's, we will record them clearly in the business case.

DRAFT TERMS OF REFERENCE

Bay Venues Limited Working Group

1. Purpose

The BVL Working Group (**Working Group**) will provide strategic direction and recommendations on the future ownership, governance and operation of BVL's portfolio of community facilities and venues (**Community Assets and Activities**). This includes considering the possible repatriation of some or all of the Community Assets and Activities to Council, or whether another ownership, governance or operating model would be more appropriate.

The Working Group will oversee the development of the business case, due diligence, consultation material for the draft Long-term Plan, engagement with BVL's Board and management, Mana Whenua engagement, and recommendations to Council.

The Working Group is advisory only and final decisions remain with Council.

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2. Context

BVL is a Council-Controlled Organisation established to manage the Community Assets and Activities.

Council has agreed to establish the Working Group to consider the future ownership, governance and operation of the Community Assets and Activities, including whether some or all should be repatriated to Council or whether another model would be more appropriate, and to oversee the development of the business case, consultation material for the draft Long-term Plan, and recommendations to Council.

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3. Role of the Working Group

The Working Group will provide advice, guidance and recommendations to Council and staff on the potential repatriation of some or all of the Community Assets and Activities, or whether a different ownership, governance or operating model would be more appropriate.

The Working Group does not have delegated decision-making authority and cannot bind Council.

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4. Scope of Work

The Working Group will assist Council, staff and professional advisers by considering and providing recommendations on the following matters.

4.1 Consultation and Engagement

Oversight of the development and finalisation of consultation and engagement material relating to the future ownership, governance and operation of the Community Assets and Activities, including material and key messages for inclusion in the draft Long-term Plan and its consultation document.

This includes consideration of:

- the potential repatriation of some or all of the Community Assets and Activities, and any alternative ownership, governance or operating models;
- material relating to the Community Assets and Activities for inclusion in the draft Long-term Plan;
- key messages for inclusion in the draft Long-term Plan consultation document;
- stakeholder and Mana Whenua engagement; and
- recommendations arising from consultation and engagement.

4.2 Preferred Ownership, Governance and Operating Model

Consideration of the ownership, governance and operating options available for the Community Assets and Activities, including the potential repatriation of some or all of them to Council, and the development of recommendations on the preferred model, taking into account the advantages and disadvantages of each option.

4.3 Mana Whenua

Ensure Mana Whenua are appropriately informed, engaged and able to contribute to the matters considered by the Working Group, including the future ownership, governance and operation of the Community Assets and Activities, consultation material, the business case and associated recommendations to Council.

4.4 Engagement with BVL

Consider and receive advice from BVL's Board, management and advisers on the Community Assets and Activities, including operational matters, business planning, financial performance, strategic opportunities, transition considerations and any other matters relevant to the Working Group's assessment of their future ownership, governance and operation.

4.5 Due Diligence and Business Case

Oversight of the due diligence programme and development of the business case, including relevant ownership, financial, legal, governance, regulatory, tax, employment, valuation, land, stakeholder engagement, transition and implementation matters.

The business case will be developed with input from BVL and will inform recommendations to Council. It will include consideration of:

- whether the current ownership, governance, funding and operating model remains the most effective and efficient way to meet community needs;
- whether some or all of the Community Assets and Activities should be repatriated to Council, or whether another ownership, governance or operating model would be more appropriate;
- the ongoing management and funding of the Community Assets and Activities, including debt, depreciation, renewals, insurance, grants, external funding arrangements, existing commitments and any restrictions associated with facility funding or ownership;
- the financial implications of the options, including any effects on rates, debt and levels of service;
- key legal and risk matters;
- any protections required to preserve Council control, public ownership interests, Crown interests, Mana Whenua interests and other strategic considerations; and
- the scope, methodology, findings and recommendations arising from the due diligence programme.

The Working Group may review and provide feedback on any reports, advice or recommendations prepared as part of this work programme.

4.6 Other Relevant Matters

Any other matter reasonably connected with the future ownership, governance or operation of the Community Assets and Activities that is referred to the Working Group by Council or staff.

5. Out of Scope

The Working Group will not:

- make any final decision on the future ownership, governance or operation of the Community Assets and Activities;
- approve the repatriation or transfer of any land, assets, activities, staff, contracts, liabilities or other interests;
- approve the implementation of any alternative ownership, governance or operating model;
- direct or manage the day-to-day operations of BVL or Council;
- make employment or recruitment decisions; or
- replace Council decision-making, statutory consultation requirements, due diligence processes or professional advice.

6. Membership

The Working Group shall comprise:

- [insert #] Elected Members appointed by Council; and
- [insert #] Mana Whenua representative appointed by Council.

BVL Board members, BVL management, Council staff and professional advisers may attend meetings and provide advice at the invitation of the Working Group but are not members and have no voting rights.

7. Chairing Arrangements

The Working Group may appoint either:

- an independent Chairperson; or
- one of its members as Chair.

Where an independent Chairperson is appointed, the independent Chair:

- is not a member of the Working Group;
- has no voting rights;
- does not count towards quorum requirements; and
- is responsible for facilitating meetings, maintaining orderly conduct, managing any declared conflicts of interest and assisting the Working Group to achieve its objectives.

Where a member of the Working Group is appointed as Chair, that person retains all rights and responsibilities of a Working Group member, including voting rights and being counted for quorum purposes.

If the Chair is unavailable, the Working Group may appoint an acting Chair for that meeting.

8. Meeting Frequency

The Working Group will meet approximately once a month, or as required to support the project.

Meetings may be held in person or remotely.

The quorum for meetings is [insert #] members of the Working Group.

Meeting agendas and supporting papers should be circulated in advance where practicable, and action points recorded.

9. Reporting and Outputs

The Working Group will support the preparation of:

- material and key messages on the future ownership, governance and operation of the Community Assets and Activities for inclusion in the draft Long-term Plan and its consultation document;
- recommendations on Mana Whenua engagement and participation opportunities;
- due diligence findings and a business case; and
- recommendations to Council arising from the consultation, business case and due diligence, including recommendations on the preferred ownership, governance and operating model and any associated transition or implementation matters.

10. Decision-Making Status

The Working Group is advisory only.

Where possible, recommendations from the Working Group should be reached by consensus.

Where consensus cannot be reached, the differing views of members will be recorded and reported to Council.

No recommendation of the Working Group binds Council.

11. Confidentiality and Information Management

Members may receive commercially sensitive, legally privileged or confidential information.

Members must:

- preserve confidentiality where information is provided in confidence;
- respect legal privilege and commercial sensitivity; and
- ensure public communications remain consistent with Council-approved messaging and consultation requirements.

12. Conflicts of Interest

Members must disclose any actual, potential or perceived conflict of interest as soon as it arises.

The Chair, with governance advice where appropriate, will determine how any conflict should be managed.

13. Duration and Review

The Working Group will commence upon adoption of these Terms of Reference and will remain in place until Council has made a final decision on the future ownership, governance and operation of the Community Assets and Activities.

If Council decides to proceed with the repatriation of some or all of the Community Assets and Activities, or another ownership, governance or operating model, Council may continue the Working Group for such period as it considers necessary to support transition and implementation.

Council may, by resolution:

- extend the duration of the Working Group;
- amend these Terms of Reference at any time; or
- disestablish the Working Group at any time.