

Megan Yardley

From: Maree King
Sent: Thursday, March 21, 2024 10:22 AM
To: Megan Yardley
Cc: Kathryn Norris
Subject: FW: Quarterly Report to the Minister of Local Government - December 2023 - Final
Attachments: Democracy Transition Plan - Candidate Attributes.pdf; Quarterly Report to the Minister of Local Government - December 2023 - Final (004).pdf

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From: Maree King
Sent: Friday, 22 December 2023 9:09 am
To: simeon.brown@parliament.govt.nz
Subject: Quarterly Report to the Minister of Local Government - December 2023 - Final

Dear Minister

Please see attached Quarterly Report from Commissioners.

Regards
Maree

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Report to: Hon. Simeon Brown
Minister of Local Government

From: Tauranga City Council Commission

Date: 22 December 2023

Subject: Quarterly Report of the Commission for the Quarter ending 31 December 2023



1. PURPOSE

This report summarises the activities undertaken by the Commission appointed to provide governance functions for Tauranga City Council (TCC), in relation to the Commission's Terms of Reference and general scope of responsibilities, for the quarter ending 31 December 2023. Also reported are a number of other matters the Commission wishes to draw to the Minister's attention.

2. THE COMMISSION'S RESPONSIBILITIES

The Commission's Terms of Reference require it to perform the following tasks.

1. Deliver a 2024-34 Long-term Plan that prioritises the needs of the community, city and region. Ensure programmes of work identified in the Commission's exit plan, dated 25 November 2021, are progressed and sufficiently resourced for delivery.
2. Continue to identify issues faced by the Council and engage in existing Council initiatives or other actions to address these issues.
3. Work with the Council's chief executive to build capability, capacity and resilience within the Council organisation.
4. Support the Council to develop a comprehensive induction programme to ensure incoming elected councillors are enabled to practice good governance.
5. Work with the Council to encourage quality candidates to stand for election.
6. Undertake any other tasks the Commission determines to be necessary to maintain the trust and confidence of the community in the Council.

The programmes of work referred to in point 2 above are:

- Housing supply, transport and growth investment initiatives;
- Fiscal Strategy;
- City Centre and Civic Precinct revitalisation initiatives;
- Effective partnerships with central Government, regional partners and mana whenua; and
- Promotion of Council's organisational culture and ability to recruit and retain skilled and experienced staff.

3. ACTIVITIES

3.1 2024-34 Draft Long-term Plan

Consultation on the 2024-34 draft Long-term Plan (LTP) took place between 15 November and 15 December. In total, 2,180 submissions were received on the following consultation subjects:

- Proposed industrial rate – support for introduction of new rating category
- Pool inspection targeted rate – strong support for retaining the current fee
- Bethlehem/Pyes Pa Development Contribution recovery rates – a slight majority for some form of recovery

- Te Tumu targeted rate – strong opposition to the proposed option
- Selling Council’s parking buildings – a small majority of opposing submissions.
- Proposed Community Stadium – a small majority supporting not proceeding
- SmartTrip (variable road pricing) – strong opposition to further investigation through a business case.

The draft plan builds upon the measures approved through the 2021-31 LTP and the LTP amendment adopted in mid-2022. Submission hearings will take place in February, followed by deliberations in March and adoption of the final long-term plan in late-April 2024.

3.2 SmartTrip Variable Road Pricing

As part of the LTP consultation, we sought community feedback on the concept of SmartTrip variable road pricing. That followed a proof-of-concept study undertaken in conjunction with Waka Kotahi, which indicated that road pricing could significantly reduce congestion on the city’s main road corridors during peak travel times; provide reliably faster journeys; lower greenhouse gas emissions; provide better productivity and lower vehicle operating costs for businesses; and provide more leisure time for private users. Road pricing would also generate additional funding which could be used to bring forward transport network improvements, for the benefit of all users.

Further consideration will be given to the consultation feedback received before a decision is made on the further investigation of this concept, which could potentially see Council working with NZ Transport Agency Waka Kotahi and our SmartGrowth partners to develop a business case which would provide the detail needed to bring a formal change proposal to the community. Note that a change in legislation would be required to allow the introduction of road pricing.

3.3 Community engagement

Community engagement is continuing on a wide range of Council activities, many of which are discussed in forthcoming sections of this report.

Proactive engagement activities during the period have included a series of opportunities for direct discussions during the LTP consultation process; regular Commission Clinics; and proactive attendance at community-led activities or functions where we have speaking opportunities.

3.4 Housing supply, transport and growth investment initiatives

Provision of Land for Housing

The Commission continues to focus on the provision of land for housing and business and the infrastructure needed to unlock land for development. Recent progress includes:

- Consultation on a draft Future Development Strategy (as part of an update to the SmartGrowth Strategy), with options to address the city and sub-region’s significant housing and business capacity shortfalls. Noting, however, that without intervention, addressing these shortfalls is a long-term task and in the next 10-plus years, housing shortfalls are projected to continue to increase;
- Progressing Plan Change 33 in August 2022 to implement the Medium Density Residential Standards and the NPS-UD intensification provisions. Submissions processes have been completed, as well as two hearings. Overall, PC33 is on-track to be operative by mid-2024 and there is relatively strong alignment of views between TCC and Kainga Ora on the direction of the plan change;
- Council has resolved to prepare a variation to Plan Change 33 to rezone the Tauriko West urban growth area for 3,000 – 4,000 homes (including a large-scale Kainga Ora landholding). The Minister for the Environment has approved revised timeframes and we anticipate that the Variation will be notified in February 2024. This timeframe has slipped from previous July and September 2023 dates due to complexities in completing technical workstreams, particularly with regard to off-site flood modelling impacts, and there is risk that timeframes could slip further;

- Active participation continues for the Western Corridor Specified Development Project (SDP) assessment process. TCC and the wider SmartGrowth Partnership support the wider western corridor being included within the scope of the SDP, a position also adopted by Kainga Ora through community engagement currently underway;
- Ongoing infrastructure and structure planning for the Keenan Rd area, including a Waka Kotahi business case process;
- Continuing work with developers on upcoming private plan change requests for housing (450 homes in Ohauti) and industrial land (100ha in Tauriko). Depending on the developers' completion of the required work, we may be in a position to notify these proposed plan changes in late-2023;
- Council has been engaging with Ngati Kahu to consider a way forward for the utilisation of 22 hectares of TCC-owned land in Bethlehem (Poteriwhi site). On 19 June, Council resolved to endorse in principle a concept plan which provides for a mix of housing (11 hectares), active sports (3 sports fields) and cultural, heritage and ecological areas. Council will now work with Ngati Kahu to progress development of the concept plan. In parallel, work will commence on the preparation of a zone change to allow the residential activity to proceed. We are interested in exploring whether the fast-track consenting pathway through the new RM legislation would provide a pathway to progress development in a more-timely manner;
- A market process has been undertaken for the disposal of Council-owned Smiths Farm, which is expected to accommodate over 300 homes, including some affordable housing. Proposals have been received from shortlisted parties and a preferred party was selected at the 11 December Council meeting. The next steps will be to finalise negotiations, with a sale and purchase agreement to be entered into by the end of the first quarter of 2024.
- HIF funding will be used to enable the Pāpāmoa East Interchange and preparatory works for this project are well-advanced. The interchange will enable development of the Wairakei Town Centre (circa 5,000 jobs and 3,000 homes), including high-density development. A contract for the construction of the interchange was expected to be awarded by year-end.

3.5 City Centre revitalisation initiatives

When the Commission first joined Tauranga City Council at the start of 2021, we were saddened at the sorry state of the city centre, which at least in part reflected the inaction of previous councils. One of our main priorities has been to revitalise the city centre, so it once again becomes the thriving, beating heart of Tauranga city; a great place for people to live, work, learn, play and visit. In 2022, through an amendment to the 2021-31 long-term plan, the Council committed to the transformative development of a new civic precinct – Te Manawataki o Te Papa. Costing \$306.3 million (with ratepayer contributions capped at \$151.5m), this will be the biggest investment the city centre has ever seen and will include a new library and community hub; a civic whare (community meeting place); a museum where the city's heritage can be displayed; an exhibition gallery; and landscaping linking the civic precinct to the nearby waterfront reserve.

A [business case](#) for the development clearly outlines the significant benefits the development would create for the city, its residents and the wider subregion. Of particular importance is the impact Te Manawataki o Te Papa would have on the revitalisation of the city centre, with an expected tripling of visitor numbers (to 5,500 people a day, or 2,000,000 visits a year) by 2035. In economic terms, that is expected to increase the present value of local and regional economic output by around \$500 million, with wider benefits totalling a further \$500 million over the life of the buildings.

Part of the reasoning behind the development is to encourage greater inclusiveness, a sense of belonging and cultural awareness and identity and in that regard, the museum and library/community hub facilities are expected to have a considerable impact, with over 300,000 and 800,000 visits respectively each year. As a result of that community involvement, it's anticipated that by 2035, most residents would have a greater sense of pride in their city and would therefore be prepared to recommend it as a visitor

destination. All of that additional activity will contribute significantly to city centre GDP, generating wider economic benefits of between \$788 million and \$1.37 billion (in net present terms) over the next 60 years. As part of that equation, a more attractive city centre is expected to support further high-density accommodation development, with around 3,000 extra people living in the area, plus around 600 extra businesses opening up within a 60-year timeframe.

Te Manawataki o Te Papa – ‘the heartbeat of Te Papa’

A Master Development Management Agreement between Tauranga City Council and Willis Bond for the future civic precinct in the city centre, Te Manawataki o Te Papa, was signed in November 2023. It follows on from the Partnering Agreement between both parties, entered into in 2018, and formalises Willis Bond’s role as Tauranga City Council’s development manager for Te Manawataki o Te Papa.

Council and construction partners LT McGuinness also signed a Pre-Construction Services Agreement relating to construction of all facilities and public spaces at Te Manawataki o Te Papa. On the site itself, site enabling and demolition works for the library and community hub have commenced with construction scheduled to start in January. The revised design programme for the Civic Whare/Exhibition Gallery/Museum (CWEM) is targeting developed design before the end of 2023, with 100% detailed design due by 30 May 2024.

Work on the \$9M Masonic Park development commenced in early-October, with works scheduled for completion in August 2024. The redevelopment of Tauranga Art Gallery, including internal fitout, seismic strengthening, and the realignment of the entrance from Wharf Street to Masonic Park, is in detailed design and will be completed as part of the Masonic Park development. The project budget for the art gallery project is \$7.55M.

Estimated project timelines

Project	Scope	Construction	
		Start date	End date
Library and Community Hub	A 6349m2 new three-storey library and community hub including a Pataka (specialised archive area to store and preserve community records). Council’s Customer Services will be housed on the ground floor and the i-site will be included in a section of the facility.	January 2024	March 2026
Civic Whare, Exhibition Gallery and Museum Complex	This facility is 7000m2 in total. The Museum will display Council’s extensive collection, the Exhibition Gallery will provide a purpose-built international exhibition gallery space, and the Civic Whare will be a meeting house to support the Council’s democracy services and other iwi/city functions.	June 2024	May 2028
Baycourt Theatre Upgrade	Minor external and internal refurbishment of the Baycourt Theatre.	January 2025	December 2025
Tauranga Art Gallery	External and internal refurbishment, including seismic strengthening.	November 2023	October 2024
Masonic Park	Part of the public realm connecting Te Manawataki o Te Papa with the Tauranga Moana Waterfront Reserve Upgrade.	October 2023	August 2024

Te Manawataki o Te Papa public realm	Public realm connecting the facilities, providing for enhanced community enjoyment and events.	July 2025	August 2028
Surrounding street and footpath upgrades	Connecting the new facilities to the wider city centre urban environment.	July 2025	August 2028



An artist's impression of Te Manawataki o Te Papa.

Funding strategy for Te Manawataki o Te Papa

With a total budget of \$306.3 million approved by Council on 24 July 2023, the funding strategy for Te Manawataki o Te Papa aims to ensure that Council can keep to its commitment of capping the community's rates-funded debt portion to a maximum of \$151.5 million. Our fundraising strategy remains nimble to meet the changing demands of the external funding environment, which is not without its challenges.

TECT's announcement in July 2023 of a \$21 million grant towards Te Manawataki o Te Papa – the Trust's largest-ever contribution to a single project – represents a very significant step towards achieving the project's wider investment targets. Together with the \$12.1 million in central Government Better-Off funding we received, we are in a good position to reach our goals, and we have a team working to secure the remaining funding required over the next few years.

An expression of interest for the Museum was submitted to Round 8 of the Regional Culture and Heritage Fund, which is a signal of Council's intent to apply to this "fund of last resort" at a later stage, once building consent is in place.

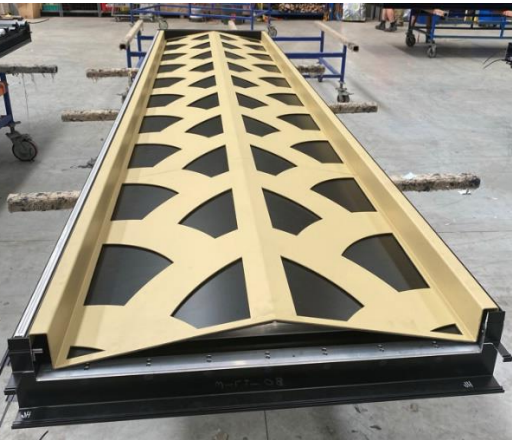
We also look forward to seeing the ongoing review of the Lottery Significant Projects Fund wrapped up, enabling the fund to re-open for applications in the 2024/25 financial year. In the meantime, we are planning to submit an application in 2024 to the Lottery Community Facilities Fund for \$500k for the Innovation and Sensory Spaces in the Library/Community Hub.

We have established the Te Papa Community Amenities Charitable Trust to receive charitable donations from individuals in the community who are keen to support the Te Manawataki o Te Papa civic development project. This will sit alongside the corporate sponsorship programme, which is also in development.

Supporting the fundraising strategy is our asset realisation programme. Buyer negotiations for two significant assets are progressing, with proceeds to go into the Asset Realisation Reserve. Consideration of selling the Elizabeth Street and Spring Street car park buildings in the city centre, to help fund infrastructure projects such as Te Manawataki o Te Papa, has been included in the 2023-24 draft Long-term Plan consultation, which concluded on 15 December 2023.

Construction of Tauranga City Council’s future administration building

Construction of Council’s future leased office block at 90 Devonport Road in the city centre is progressing well, with work on Level 4 well underway and the first of the façade glazing and cultural art panels installed.



Fabricated façade art panel.



Render showing façade art panels.

The building will lead the way in environmentally sustainable design and will achieve a 6 Green Star rating. In addition to the use of mass timber, it will feature rainwater harvesting, electric vehicle charging and facilities that encourage different transport options.

The building is being constructed by property development and investment company Willis Bond, and construction partner LT McGuinness. The fitout is expected to commence in the second quarter of 2024 and once fully complete in early-2025, Council will lease the building from Willis Bond.

Transformation of Tauranga Moana waterfront

Progress continues on work to improve amenity and create more places for the community to enjoy along Tauranga’s waterfront in the city centre.

This programme includes more green spaces for community events, construction of a ‘living seawall’, an extensive boardwalk and promenade, a new playground, and wharf much-needed upgrades. The Port of Tauranga have made a funding contribution toward the living seawall.

Better access between the northern and southern parts of the waterfront is also a key component of the transformation, with a newly installed railway underpass, new boardwalk, and an improved stairway with

a cycle runnel - all new ways people will be able to enjoy and access this area of the city centre by the end of 2024. Other projects and the full transformation of the waterfront is expected to be complete by the end of 2025.



Artist impression of future spaces along the waterfront.



Plans for a 'living seawall' in the city centre.

Supporting Tauranga city centre during transformation

We acknowledge that the significant and much-needed transformation of our city centre will cause some disruption to businesses, so we have created a City Centre Development Incentive Fund to help support Commercial activity during this time. This initiative includes working with our partners, such as Tauranga Business Chamber and Priority One, to create mentoring and support for business owners; establishing a new City Safety and Engagement Advisor role; a secure covered bike parking facility; and a rolling calendar of events and activations to help bring more people and vibrancy to the area during the period of transformation. Feedback about these initiatives has been positive.

As part of this, we have also launched an 'It's On' communications campaign to raise awareness of what projects people can expect to see progressing over the coming years, and any impact it may have on those living, working, and visiting the city centre.



A rolling calendar of events has been created for the city centre to support vibrancy during the transformation.



"It's On" billboard sending people to our website for more information about the city centre transformation.

Community Stadium at Tauranga Domain

Community consultation on the proposed community stadium was undertaken between 15 November and 15 December as part of the draft 2024-34 Long-term Plan process.

Council's recommended option for the proposed community stadium is to implement it in stages, the first starting in 2029/30. This staged approach was developed after taking on board feedback from a community survey earlier this year; and discussions with sports clubs, community organisations and other stakeholders, along with further assessment of the potential costs and the wider economic and

social benefits the community stadium could bring.

Work is also underway to further develop and cost the 'staged implementation' option, and to seek funding contributions from other partners to share the initial costs of the project. Findings will be presented, along with public submissions, in a report to commissioners in February/March 2024, before the 2024-34 Long-term Plan is adopted in April.

Memorial Park Recreation Hub

Memorial Park is a well-used, much-loved community park in the city centre. Its indoor and outdoor facilities were constructed in the late-1950s and 1960s and are coming to the end of their useful lives. While the original plan was to upgrade the Queen Elizabeth Youth Centre building, this would be a Major task. Recent building reports have indicated seismic and structural issues, which would significantly increase project costs, meaning the best course of action is to demolish the old building (including Memorial Hall) and develop a new facility.

The original project scope envisaged a combined multi-sport and aquatic centre within Memorial Park. However, initial scoping works identified that the likely cost was well outside the project budget. Alternative options have been investigated to deliver the Memorial Park Hub programme outcomes for the community, but within the proposed 2024-34 Long-term Plan budget.

The programme team is developing more affordable options for the aquatic facility, with a focus on prioritising the greatest need in the city's aquatic network. In accordance with the needs analysis, the priority for increased recreational/leisure aquatic facilities has been confirmed. They also considered alternative locations for both components of the programme; the aquatic centre and the multi-sports centre (indoor courts). A high-level analysis of alternative locations for the aquatic centre identified that Memorial Park was still the preferred location for the aquatic centre. A viable alternative venue for the indoor courts has been identified in an existing commercial building; due diligence and concept design options are currently progressing.

A clear direction is sought to proceed with preliminary design in 2024.

3.6 Effective partnerships with central Government, regional partners and mana whenua

Engagement is being undertaken with incoming Government Ministers on a range of matters relating to Council's strategic priorities.

We continue to work closely at a governance and executive level with our sub-regional local government partners to drive progress on the priorities identified through the Urban Form and Transport Initiative (UFTI) and Western Bay of Plenty Transport System Plan. This effective partnership approach is reflected in the recent engagement on a review of the SmartGrowth spatial plan and future development strategy.

Engagement with tangata whenua continues through Te Rangapū Mana Whenua o Tauranga Moana and Council's Tangata Whenua Committee. In addition, regular information-sharing meetings with iwi and hapū continue to contribute to strengthened relationships.

Relationships with the business sector remained a strong focus through the recent 2024-34 draft LTP engagement process, which included consultation on the proposed introduction of an Industrial rate to better reflect the use and benefits of city infrastructure to this section of our commercial sector.

3.7 Organisational culture

The Council is currently conducting a follow-up to our [staff](#) engagement survey to address [any](#) identified concerns and enhance [engagement](#) outcomes.

In September, a new Code of Conduct was launched, accompanied by an online education session that was extended to all people leaders. Notably, 86% of our staff successfully completed the accompanying

e-learning module, supporting the widespread adoption of the code across TCC. This new code holds a central position within our integrity framework.

To complement and reinforce the Code of Conduct, new policies have been introduced covering Bullying, Harassment & Discrimination, Performance Management, and Diversity, Equity and Inclusion. Additionally, Consultation is underway on a Drug and Alcohol Policy. Aligned with these policies, learning initiatives tailored for people leaders will be rolled-out in the new year. These are designed to enhance the effective management of team performance and development.

The successful Implementation of a new Success Factors platform provides staff with enhanced access to workforce data, enabling TCC to make well-informed people-related decisions which will contribute to the maintenance of high productivity and service levels.

3.8 Programme to enable future council governance standards

Commissioners and Council's Democracy Services group continue to develop a Democracy Transition Plan, in preparation for the July 2024 Tauranga City Council elections, as gazetted by the former Government.

To that end, an elections webpage was launched on the Council website on 15 November. This includes a description of the attributes future election candidates will need to bring to their roles (appendix 1).

The Commissioners have also reinforced the importance of having the right people involved in governance through their 2024-34 long-term plan engagement activities in November/December. A Candidate College function has been organised for February 2024.

4 AREAS FOR FUTURE FOCUS

4.1 Western Corridor

As previously advised, the Western Corridor is the city's most significant opportunity to address our substantial housing deficit. Timely realisation of this opportunity is dependent on the accelerated completion of the Tauriko Business Connections (SH29) upgrade. This project will unlock in the order of 25,000 additional homes and up to 18,500 new jobs and enable a strategic public transport spine connecting homes from Tauriko to the Mount to 70% of the jobs, services and amenities in the city. Below is summary of recent and upcoming activities.

The Tauriko Network Connections (SH29) business case was unanimously approved by TCC, Western Bay of Plenty District Council, the Bay of Plenty Regional Council and the SmartGrowth Leadership Group at combined meetings on 27 June. The business case has now been approved by the Waka Kotahi Board for staged delivery over a number of decades and the project has been included in the draft Transport Government Policy Statement as a priority project to achieve transformational change. However, the three Councils and the SmartGrowth Leadership Group are strongly united in the view that project completion needs to be achieved within a decade, including addressing key congestion pinch points identified in the business case, in order to unlock the potential of the Western Corridor. In addition, unlocking those pinch points will greatly assist in improving the movement of freight to and from the Port of Tauranga, and in particular its connections to the inland port of Ruakura in Hamilton and the upper North Island generally.

TCC has established an independent expert review panel to consider the funding, planning, construction and contractual risks associated with the Tauriko West project, with a view to providing advice to the Commission to inform decision-making on whether to approve proceeding with the Tauriko West Enabling Works.

Our efforts in this area continue to highlight that the planning, funding and delivery arrangements available to Council are not fit for purpose. Business case, funding commitments, financing tools and risk

sharing are all components of the land development equation that is complex, time-consuming and difficult to navigate. It is the view of Commission that there are real opportunities to reinvent the manner in which local and central government work together and with the private sector to achieve desired outcomes.

4.2 Other future housing development risks

As noted in previous reports to the former Minister, current and projected housing shortfalls continue to be a key focus area for Commissioners. In summary, these include:

- An existing shortage in housing of between 4,300 and 5,300 homes;
- A further shortfall of around 3,100 homes over the next 10 years (up from the 1,500 shortfall calculated last year, due to delays in unlocking new land for development);
- Even if funding commitments for SH29 are made now, under the current business case process, it will take five years to progress at a cost of approximately \$1million before a spade 'hits the ground';
- A projection that median house prices will rise from \$1m to \$1.6m over the next 10 years, with average rents increasing to \$1,000 a week;
- Worsening housing affordability across the western Bay of Plenty. It's expected that deteriorating affordability will encourage more Tauranga residents (and those looking to relocate to Tauranga) to move to smaller, neighbouring centres such as Rotorua, Matamata and Katikati, exacerbating impacts on our State Highway networks.

This information reinforces the urgency and importance of our collective local and central Government response to these acute housing challenges. Most importantly, we need to address:

- Long and uncertain processes to rezone land under the RMA (noting the Plan Change 33 variation Approach above). We also note that the Spatial Planning and Natural Environment Bills are, in our opinion, unlikely to create a more efficient resource management system;
- Emerging and unresolved policy tensions between growth and matters like freshwater management, biodiversity and climate change;
- Māori land issues beyond the direct control of Council, affecting 5000-6000 homes in Te Tumu. Progress is being made in this respect, however, with beneficial landowners voting in December in favour of a negotiation process to enable infrastructure provision, subject to further approvals;
- Escalating development and construction costs affecting the feasibility of projects (particularly intensification projects) and undermining the ability to deliver affordable new housing. In this regard, our understanding is that a significant Te Papa residential intensification regeneration project between Accessible Projects Ltd and Kainga Ora is not proceeding at this time due to affordability issues (although we understand conversations are commencing on staged delivery opportunities);
- A lack of influence on private development timelines (e.g. zoning and infrastructure are put in place, but developers choose to hold back bringing sections to the market).

Due to Council's balance sheet constraints, it is evident that we are unable to invest in all of the future planned growth areas. The 2024-34 Long-term Plan has therefore been prepared on the basis of investment in this 10-year period in:

- Tauriko West
- Intensification, primarily in Te Papa
- Infrastructure in currently-zoned areas
- Planning for and securing land in future growth areas (no physical infrastructure construction).

We have assessed how this investment programme impacts on the serviced land supply and, consequently, how it will increase the projected housing shortfall, particularly in the medium-term. This indicates that it creates a further reduction of housing supply of 640 homes by 2034 and 1900 homes by 2040.

4.3 Effective management of Transport projects

As referenced in the Transport System Plan Governance Update and Papamoa East Interchange Project Governance Structure report received at the 27 November Council meeting, Council is making a number of changes in the governance arrangements for all projects in the Transport System Plan (TSP), to ensure effective management of project delivery and costs. This responds to the scale, complexity and costs involved, with the five most significant TSP projects planned over the next 8-10 years requiring a total investment of more than \$1.5 billion. These include the construction of the Papamoa East Interchange; Turret Road and 15th Avenue upgrade; Cameron Road Stage 2; and the joint delivery (with NZ Transport Agency) of Totara/Hewletts Road upgrade and the Tauriko West enabling works.

As part of that new approach, internal changes to accountabilities and resourcing are being progressed through a restructuring of our Transportation Division. The new structure will seek to strengthen the focus on TSP project delivery and alignment with dedicated and suitably-skilled resources, led by Neil Mason, who will take the role of Major Transport Projects Programme Director on 12 February. The project delivery team will report directly to a new project oversight group tasked with ensuring these major projects are delivered effectively and economically, with the least possible disruption to businesses and the wider community.

5 OTHER MATTERS

In addition to the above matters, progress continues on a range of Council and Commission initiatives. Significant activities and decisions during the three months to 31 December 2023 are listed below.

5.1 Ministerial Briefing & City Deal Proposal

The Commission has prepared a Briefing for the Incoming Minister (BIM), which was supplied to you separately last week. Also under preparation is a proposal for a Subregional City Deal, which aims to set out areas for collaboration with central Government and defined funding pathways for our key priority work programmes.

5.2 Adoption of Annual Report 2022/23

Council's Annual Report for the 2022/23 financial year was adopted on 27 November. This was outside the statutory timeframe, reflecting the need for Audit NZ to audit the 2024-34 Long-term Plan Consultation Document before commencing the audit of the Annual report.

The financial results for Tauranga City Council and Group are as follows:

Key Metric	27 November Final	30 October SFR update	4 September SFR Update
Total operating revenue	\$358m	\$354m	\$354m
Total operating expenditure	\$404m	\$401m	\$400m
Capital & operating subsidies	\$118m	\$118m	\$108m
Net debt	\$833m	\$833m	\$832m
Capital expenditure	\$293m	\$293m	\$293m
Debt to revenue ratio	180%	192%	190%
Total assets	\$7.2bn	\$7.2bn	\$6.8bn

5.3 Three Waters Reform

The Minister's notice with regard to the repeal of water reforms legislation has been received and acknowledged. We would welcome the opportunity to be involved in future work to understand how financially-separate, council-owned organisations could be established to operate three waters services. In the meantime, TCC project team activities have largely been put on hold, but work will be reactivated once we have a clear understanding of the direction the Council should take.

5.4 Mount to Arataki Spatial Plan

The Mount to Arataki Spatial Plan aims to deliver a 30-year blueprint on the strategic direction for existing and future growth needs of the Mount Maunganui/Arataki area of the city. Mana whenua and stakeholder engagement has been continuous throughout the project. Two rounds of community engagement have been completed. All the feedback received has been considered and the final Spatial Plan will likely be approved in early-2024.

5.5 Destination Skate park

Work is continuing on the construction of a largely externally-funded, \$3.2 million destination skate park on the corner of Hull Road and Maunganui Road in Mt Maunganui.

The design of this facility has been community-led, with significant input from user groups, local youth representatives and other key stakeholders.

The skate park incorporates design levels that correspond with the inclusion of skating as a new Olympic sport, providing a facility for the community and future NZ skating athletes to practice and apply their skills at a facility similar to the those used by professionals. The facility will accommodate all levels of skills, from beginners through to experts. The construction of the flow bowl is now complete, with work underway on the skate ditch and other skate features, including installation of a 3D-printed concrete feature wave sculpture. Construction is expected to be completed in mid-2024.



5.5 Marine Parade Shared Path

The 3.2km Marine Parade Coastal Pathway in Mount Maunganui is nearing completion, with most of the path now open for public use ahead of the summer season. The pathway links to the Main Beach boardwalk, which was built in 1999.

The new pathway was developed in partnership with local hapū Ngāi Tūkairangi and Ngāti Kuku and thanks go to the Ministry of Business, Innovation and Employment and the Port of Tauranga for helping to bring the project to life.

The pathway itself is 4m wide and additional features and amenities installed along its length include seven new barbecues, 12 picnic tables, 11 seats, multiple rubbish and recycling stations an improved pedestrian crossing and a new playground.

Yours sincerely

Anne Tolley
Commission Chair
Tauranga City Council

Bill Wasley
Commissioner
Tauranga City Council

Shadrach Rolleston
Commissioner
Tauranga City Council

Stephen Selwood
Commissioner
Tauranga City Council

APPENDICES: Appendix 1: Democracy Transition Plan - Candidate Attributes

Democracy Transition Plan – Candidates Attributes

The Commissioners Terms of Reference include the requirement “*to work with the Council to encourage quality candidates to stand for election*”.

Commissioners have defined the following attributes that reflect a quality candidate:

- Recognises that while elected members represent a geographic area of the city, they must make decisions that are in the best interests of the whole city.
- Understands and has good governance experience, including recognising and giving effect to the principle of collective responsibility.
- Understands the needs and role of Tauranga as a nationally important metro city
- Recognises that Tauranga is growing and changing rapidly and the associated need to manage that growth and change.
- Long term strategic thinker capable of making decisions that help define the future for Tauranga and its key role in the Bay of Plenty region.
- Knowledgeable about the direction and rationale behind the Long-Term Plan 2024-34 and capable of delivering on it.
- Financial acumen with experience in large and complex organisations. Aptitude to comprehend financial information and reports and scrutinise management’s performance.
- Aptitude to get to grips with complex legislation and reforms.
- Builder of collegial working relationships and models positive values and behaviours.
- Develop and retains strong strategic partnerships.
- Commits to honouring the Council’s responsibilities under the Local Government Act associated with Te Tiriti o Waitangi and working with mana whenua of Tauranga.
- Recognises the increasing diversity and changing ethnicity of Tauranga City and able to understand and empathise with all cultures and their aspirations.
- Familiar with the history of the development of the city and the reasons why the Commission was appointed.
- Has great communication skills.
- Commits time and energy.

The Commissioners’ recognise that one person will not necessarily have all these attributes, but they see the mayor and councillors collectively holding these attributes to ensure a high performing Council.

Megan Yardley

From: Maree King
Sent: Tuesday, December 19, 2023 10:40 AM
To: Anthea Oliver; Kate Barnes
Subject: FW: Letter to Incoming Minister of Local Government on Democracy Transition
Attachments: Letter to Incoming Minister of Local Government on Democracy Transition December 2023.pdf

Good morning Anthea and Kate

Please see email below sent to the Minister.

Merry Christmas
Maree

Maree King | Executive Assistant: Commissioners Office
Tauranga City Council | [REDACTED] | maree.king@tauranga.govt.nz | www.tauranga.govt.nz



From: Maree King <Maree.King@tauranga.govt.nz> On Behalf Of Anne Tolley
Sent: Tuesday, 19 December 2023 10:35 am
To: simeon.brown@parliament.govt.nz
Cc: Brian.Anderton@parliament.govt.nz
Subject: Letter to Incoming Minister of Local Government on Democracy Transition

Dear Minister

Further to our recent discussions please find attached Commissioners briefing document regarding Democracy Transition.

Please note we will also send a copy of this documentation to DIA.

Wishing you a merry Christmas and a happy New Year.

Kind regards

Anne

Anne Tolley | Commission Chair
Tauranga City Council | 07 577 7000 | Anne.tolley@tauranga.govt.nz | www.tauranga.govt.nz

19 December 2023

Hon. Simeon Brown
Minister of Local Government
Parliament Buildings
WELLINGTON

Email: Simeon.brown@parliament.govt.nz

Dear Minister

Transitioning towards Democratic Governance

On behalf of Tauranga City Council (TCC), we offer our sincere congratulations on your appointment as Minister of Local Government. Your new portfolio will require you to make some important decisions over the coming months and we hope the recommendations below and the appended documents will assist with at least one of these - the transition from a Crown-appointed Commission towards democratic governance for Tauranga City.

We believe the recommended transition process will both meet previous Government assurances about a return to democratic governance arrangements and assist in achieving the objectives the National-led Government has enunciated through its policy statements and coalition agreements.

As required by our Terms of Reference, the Commissioners have focused considerable attention on facilitating a smooth transition process while managing the associated risks. In April 2023, we wrote to the then-Minister of Local Government requesting that a Crown Observer be appointed to ensure a degree of continuity and certainty over the delivery of key infrastructure investment projects under a newly-elected Council in 2024. The Commission noted that there is serious concern amongst our key strategic and community partners that the progress the city has made over the last two-plus years could be undone if the commitment needed to address Tauranga's identified issues is not maintained; and that a return to a fully-elected, new and inexperienced council could result in dysfunctionality similar to that experienced prior to the Commission's appointment.

In July 2023, Cabinet resolved that the next Tauranga City Council elections would take place on 20 July 2024. This election date has subsequently been gazetted. While we accepted this decision, we wish to emphasise that we do not believe a thorough risk assessment was undertaken at the time the advice was given to the then-Minister of Local Government.

Since April 2023, the Commission has continued to focus on the major capital investment required to provide the infrastructure needed by our rapidly-growing city. During that period, the following matters have been progressed.

- The Commission has prepared a draft 2024-2034 Long-term Plan (LTP), which is now out for consultation. We have identified that, since our last LTP in 2021, it costs around 20% more to run and invest in the city, due to the effects of inflation, higher interest rates and increased capital costs. We remain committed to an LTP which addresses the long-standing underinvestment in our city and that will ensure we have the facilities needed to make Tauranga a better place to live, for current and future residents. To achieve the required funding, the draft LTP continues planned general rates increases and, in line with the rating approach taken in other metro centres, we have asked our business sector to pay a fairer share of total rates costs. New and increased user fees and charges are also proposed and we are continuing to progress new ways of funding the city's growth needs. Strong and thoughtful leadership will be required to continue the course we have set.
- The Smarttrip (Variable) Road Pricing Study has been undertaken and concluded that road pricing in Tauranga could provide a range of benefits, including reduced congestion and faster and more reliable journey times, while also delivering significant economic and social benefits. The Council is currently seeking community feedback on this concept, through the LTP consultation process.
- Tauranga has, in response to the National Party manifesto, commenced work on a City Deal concept. This offers a very real opportunity for central and local government to work together to address barriers, align investment and achieve tangible delivery of the economic outcomes the Government wishes to achieve. A Council governance structure with the required expertise will be critical to ensuring successful delivery of any future agreements between central and local government.

We believe that these key initiatives, in the context of a constantly-changing environment, warrant further thought about how the transition to fully-elected governance is achieved.

To better understand the transition process and its potential outcomes, the Commission has:

- Identified the key risks and opportunities which are likely to arise post-July 2024, if the Council returns to fully-elected governance;
- Commissioned Martin Jenkins to provide independent advice about the transition towards to democracy and the key considerations, options and learnings from elsewhere; and
- Considered how a hybrid model could progress, in a measured way, towards a fully-elected council.

While considerable progress has been achieved during the Commission's term, our risk assessment has identified that there are 13 key risk areas which will require proactive leadership if they are to be successfully navigated, for the benefit of the city. Of these 13 risks, we have assessed four as high-risk and nine as medium-risk (refer attachment 1).

The Martin Jenkins report (attachment 2) concluded that either a hybrid transitional governance structure, or a fully-elected Council (with both a Crown Observer and independent governing board for key infrastructural projects) would best balance the tenets of democratic representation with the imperative of sustaining economic and housing growth, and maintaining the infrastructure investment required to achieve that. Interestingly, they also concluded that: *“a sudden transition to a fully-elected Council poses significant risks. Such a move could jeopardise the hard-earned momentum in advancing critical infrastructural projects initiated to address historical underinvestment. Furthermore, a sudden transition to a fully-elected Council could undermine the confidence of strategic partners, investors and stakeholders.”*

Work has been undertaken that concludes there is a viable hybrid model that retains the key principles of our most recent representation review, while also providing an appropriate level of appointed, skills-based leadership (refer attachment 3).

The Commission, after considered assessment, recommends that the incoming Government establishes a hybrid transitional governance approach with the following characteristics:

- July 2024 - A mix of elected councillors (five) and appointed commissioners (four), with one of the commissioners to be appointed Chair.
- October 2025 - Election of a full Council – in conjunction with the nationwide local government elections.

Note. Should the Government want greater surety with regard to the continuation of Council's work programme (as defined in the 2024-34 – LTP), the model set out in Attachment 3 (election of a Mayor in 2025 and full elections in 2028) could be implemented.

It is the Commission's view that a hybrid transition arrangement would secure the greatest benefits for the Tauranga community, the Council and the Government.

We recognise that such a hybrid arrangement would require legislative change, and to this point, we have recently sought advice and have a good understanding of what would be required to enact this change. This would be similar to the Environment Canterbury (Transitional Governance Arrangements) Act 2016, which provided for the transition from a Ministerial-appointed Commission to an elected Council.

In brief, we believe that a hybrid elected/appointed model, including a majority of elected councillors, and transition to a fully elected council in 2025, would comply with assurances to facilitate a return to democratic arrangements at the earliest possible opportunity. It would also protect the community's interests by ensuring that checks and balances are in place to reduce any likelihood of the dysfunctionality and breakdown in collective responsibility which characterised the last elected Council. Furthermore, it would obviate possible moves to relitigate key decisions relating to major infrastructure investments.

We therefore make the following recommendations:

- That an election be held in July 2024.
- That the Minister appoints four commissioners, effective from July 2024, one of whom would serve as the Council Chair until October 2025; and
- That the Minister puts in place the necessary legislation to allow the above appointments and the election of five Councillors in July 2024; and
- That key infrastructure projects be identified to form the basis of a wider partnering agreement and be included in the Terms of Reference of the incoming appointed Commissioners, within the transitional governance arrangements.

Any partnering agreements should consider the following:

- The strategic importance, scale and complexity of each project;
- The need for collaboration between partners/entities;
- The availability of the requisite internal management expertise;
- The need for external advice; and
- The degree of public and Government interest involved.

In conclusion, we would like to emphasise that we believe the stakes are incredibly high. The very future of our city as the region's economic powerhouse, and as a great place to live, work, learn and play, will depend upon the Council being led by a high-functioning governance team. Stability, certainty and strong relationships with Government and our regional partners will play a vital role for the future of this rapidly-growing city, while allowing the Council to help deliver the Government's economic growth and productivity outcomes and ensuring that Tauranga continues to make a significant contribution to the economy of the Upper North Island.

Given that level of importance, we would like to meet with you at the earliest possible opportunity to discuss a way forward on the matters outlined above, and to present our Briefing to the Incoming Minister (BIM).

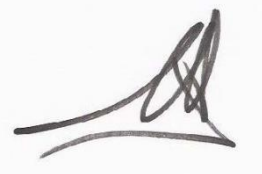
Yours sincerely



Anne Tolley
Commission Chair
Tauranga City Council



Bill Wasley
Commissioner
Tauranga City Council






Shadrach Rolleston
Commissioner
Tauranga City Council





Stephen Selwood
Commissioner
Tauranga City Council


Tauranga City Council Commission Analysis of Governance Related Risk Post July 2024

Risk Status:



 Low Risk
  Medium Risk
  High Risk

Theme – Providing Leadership for the City’s Challenges

Topic	Past – Before Commission	Current	Future	Risk/Opportunity	Risk Status
Investing in the City					
Clarity and Delivery of Strategic Direction	<ul style="list-style-type: none"> Lack of a clear strategic direction and investment priorities for the city. Review and Observer Team noted: <i>“the absence of a clear strategic direction or common sense of direction across the council”</i>, which meant that <i>“each issue tends to be dealt with in isolation”</i>, with the risk of a council that flip-flops with inconsistent decisions. 	<ul style="list-style-type: none"> City Vision and Strategic Framework completed after wide community consultation. Clear priorities aligned with the Strategic Framework underpin the 2024-34 LTP (which continues the direction set in the 2021-31 LTP and 2022 LTPA). The six priorities are: <ul style="list-style-type: none"> Community spaces & facilities Growth in existing urban areas Revitalising the city centre Transport network upgrades Growth in the west (Tauriko) Sustainability and resilience 	<ul style="list-style-type: none"> The Commission has set the city and the organisation on a clear pathway. It will be important to continue on this pathway and not risk a situation where a ‘flip-flop of inconsistent decisions occur. This risk is mitigated to some degree in that the direction is now well embedded in publicly consulted and formally approved Council documents. Any significant deviation from the current approved direction should go through some formal community consultation before being implemented. 	<ul style="list-style-type: none"> Risk that an incoming Council does not fully understand the rationale and integration of the strategic direction which the Commission has approved and is pursuing for the city. In addition, there is a risk of moving away from the more balanced approach in providing for existing residents and those who are arriving to live and work. Risk of significant shift in strategic direction. These risks may result in: <ul style="list-style-type: none"> Loss of momentum and continuity. Loss of confidence of partners in TCC commitment, due to governance change Re-litigation and temporary inertia Loss of community confidence in the Council 	
Fiscal Strategy	<ul style="list-style-type: none"> Lack of a vision and agreed strategy contributed to a fiscal strategy with a high focus on cost and rates (rather than a fiscal approach to deliver on strategic direction). Review and Observer Team noted: <i>“It is clear to the Team that successive councils have identified a large amount of critical infrastructure that is needed to support growth that is known about, planned for, and expected. Equally, successive councils have failed to fund the delivery of that infrastructure.”</i> In January 2021, Standard & Poor’s (independent credit rating agency) lowered TCC’s credit rating from AA- to A+, citing the view that Council’s financial management had weakened due to “political and governance issues”. Standard & Poor’s noted <i>“Growth and</i> 	<p>Fiscal strategy significantly changed under the Commission with the following key elements:</p> <ul style="list-style-type: none"> Significant rate rises over Commissioner term and future planned to provide capacity to deliver investment required in the city: <ul style="list-style-type: none"> Actual 2021/22 16%, 2022/23 13.7 %, 2023/34 6.2% Proposed 24/25 9.7%, 25/26 9.8%, & last 7 years of LTP period 6% (excluding waters) Significant increases in commercial rates and introduction of industrial rate to share costs more fairly transitioning to a constant proportional split of the general rate at 65% residential, 20% industrial and 15% commercial by year 4 of the 2024-34 LTP. Prior to commissioners arrival residential ratepayers were assessed 81% of the variable general rate and combined commercial/industrial 19%. New and increased user fees and charges so that those who directly generate a need for, and gain the highest benefit from a service, will pay a larger share of the costs. 	<ul style="list-style-type: none"> Important to continue with investment and rates level broadly in accordance with 2024-34 LTP to ensure the needs of the city are delivered on. To deliver fiscal strategy pathway determined by Commissioners, the Council will need to continue over next few years with planned phased implementation of introduction of targeted rates, increases for commercial and industrial ratepayers and user fees & charges increases. <p>The recently released October 2023 Standard & Poor’s Report noted:</p> <ul style="list-style-type: none"> <i>“We believe the council’s transition back to elected councillors in 2024 presents a risk to the financial outlook. This is because elected officials may refrain from imposing large rate increases or delay essential capex for political purposes.”</i> <i>“We could lower our ratings on Tauranga if the council’s capex is more than we forecast, or if revenue growth, such as rates or capital grants, fails to meet our expectations”.</i> 	<ul style="list-style-type: none"> Whilst the LTP has been set identifying the rates requirement for the next 10 years, each year the rates are re-set through the Annual Plan, meaning future decisions could result in significant reductions in planned rates increases. Risk that government confidence in Council is reduced if direction is substantively different to that in the adopted 2024-2034 LTP, potentially putting at risk government funding contributions to infrastructure. Change to TCC’s fiscal strategy of reduced forecast rates revenue increases would be seen as negative by independent credit agency reviewers, resulting in a downgrade with consequential higher cost of debt. That downside could be offset if planned capex was also reduced proportionately, but the community outcomes of the capital programme would clearly be compromised. 	



Topic	Past – Before Commission	Current	Future	Risk/Opportunity	Risk Status
	<p><i>rate decisions have resulted in underinvestment and infrastructure backlogs.”</i></p> <ul style="list-style-type: none"> Projected rates rises included in adopted LTPs reduced through subsequent Annual Plan processes. Rates rises in the last LTP approved by an elected Council (2019-2029) ranged (net of growth and glass/kerbside collection) from 3.6% to 8.2%, with an average over the 10 years of 5.32% 	<ul style="list-style-type: none"> Introduction of an Infrastructure Funding and Financing Levy to provide off balance sheet financing, a certainty of project funding and spread costs over the life of the project enabling intergenerational equity: <ul style="list-style-type: none"> Transport IFF levy approved to generate \$170m over 30 years to fund 13 Transport System Plan projects, and Currently consulting on IFF levy to generate \$151m to fund Te Manawataki o Te Papa (city centre civic precinct) Targeted rates being consulted on through the 2024-34 LTP process to achieve a fairer allocation of costs to those who benefit and to manage risk as follows: <ul style="list-style-type: none"> Development contribution (DC) shortfalls of \$6.6m over 30 years targeted to the geographic area of benefit Urban development transport targeted rate to recognise the benefit of delivery of the PEI and related transport infrastructure and to manage the risk of escalating debt due to the anticipated timing of the Te Tumu urban growth area. The consequence is that projected Te Tumu transport related debt in 20 years is \$88m rather than \$183m without a targeted rate. Introduction of a new DC charge for the Te Papa intensification catchment area. Funding stacks secured for significant growth capex at Tauriko West and Papamoa East Interchange. Associated funding agreements signed for Housing Infrastructure Fund, Infrastructure Acceleration Fund, Waka Kotahi, KO, Crown and landowners/developers. 	<ul style="list-style-type: none"> <i>“We could raise our ratings on Tauranga if, after council elections, the council delivers financial outcomes that are broadly in line with our forecasts. This could improve our view of Tauranga’s financial management.</i> 	<ul style="list-style-type: none"> If TCC was downgraded from an A+ to an A it is unclear at this stage what the credit cost would be. It may be that the margins applied to LGFA borrowing remain at current A+ levels as this is the lowest category for credit rated councils. For indication purposes unrated councils have a higher margin charged of 10 basis points which is 0.1% more on borrowing costs. On new borrowing of \$200m at a fixed rate this would equate to additional interest per annum of \$200,000. Overtime this cost would increase as more funds are refinanced. If we were upgraded to AA- we would have lower margins that at present by 5 basis points. The reduction in interest on \$200m for a year would be \$100,000. Overtime this saving would increase as more funds are refinanced. 	
Future Fiscal Opportunities	<ul style="list-style-type: none"> No substantive decision making on future innovative funding arrangements. Level of reluctance of other parties to engage with Council due to political environment within Council, inability of the governance body to make timely decisions and ‘flip-flops’ of decisions made. 	<p>Council seen as by government as a credible party to engage and work with to actively explore innovative and new opportunities including:</p> <ul style="list-style-type: none"> Partnership with Waka Kotahi to complete SmartTrip (Variable Road Pricing) Study. City Deals preliminary work 	<ul style="list-style-type: none"> Opportunity to proactively progress new funding opportunity and partnership arrangements to enable strategic direction to be delivered. 	<ul style="list-style-type: none"> Potential to undermine potential successful City Deal. Risk of future governance reluctance to progress all funding opportunities. Consequential impact that needed infrastructure is unable to be delivered as insufficient funding sources. Where new financing and funding opportunities are unable to be ‘locked in’ prior to end of Commission term in July 2024, decisions / direction of Commission may be reversed. 	

Topic	Past – Before Commission	Current	Future	Risk/Opportunity	Risk Status
Urban Transformation and Housing Supply					
Strategic Urban & Transport Direction and Delivery	<ul style="list-style-type: none"> Urban Form and Transport Initiative (UFTI) approved July 2020 by all SmartGrowth partners and Waka Kotahi Board. Western Bay of Plenty Sub-Region Transport System Plan (TSP) approved October 2020. Sentiment of the Minister in reviewing TCC Governance: “Tauranga is a rapidly growing city with substantial infrastructure needs. I am deeply concerned that through its actions, the Council is putting the growth of Tauranga City and wider region at risk.” 	<ul style="list-style-type: none"> TSP and SmartGrowth / UFTI strategy updated and approved for consultation by the SmartGrowth partnership in 2023. Decisions supported by strong, informed, and collaborative strategic direction. SH29 Business case approved by Waka Kotahi, TCC and SmartGrowth partner Councils. Tauriko West enabling works proceeding to RFP with construction commencement early 2024. TSP IFF provides funding to implement. Substantive progress on agreed priority projects of Tauriko West, Connecting Mt Maunganui, 15th Ave to Welcome Bay, Cameron Road and Papamoa East Interchange (PEI). Risks identified with programme of above 5 large transport project – circa +\$1 billion: <ul style="list-style-type: none"> Network management due to cumulative impact of multiple projects under construction across network at any one time Integration and alignment where there are multiple funding partners and/or road controlling authorities Scale and complexity of projects Responsibility and accountability relative to fiscal project risk. Community and stakeholder management Commercial acumen and excellence Attraction and retention of required skills and expertise New arrangements being implemented to ensure delivery and effectively manage risk and ensure desired outcomes are achieved. 	<ul style="list-style-type: none"> Continued commitment to strategic direction of UFTI and TSP. Continued focus on working proactively and constructively with SmartGrowth partnership (including central government) to align direction and delivery. There is a massive onus on TCC to deliver the committed transport outcomes and spend wisely the funds generated through the IFF levy. IFF funding is an irreversible charge across all ratepayers with non or deferred delivery resulting in a substantive financial penalty. Continued leadership required at a governance level to advocate for SH29 being delivered in a timeframe appropriate to the needs of the city and economy. Need for TCC governance body to ensure that the new large transport project arrangements put in place by the TCC Commission, TCC CE and partners is supported, enabled, held accountable and monitored. 	<ul style="list-style-type: none"> Risk that changes in governance will result in: <ul style="list-style-type: none"> relitigating matters agreed lack of continued commitment to fund implementation dismantling of arrangements put in place to manage the circa \$1 billion transport investment. This is somewhat mitigated by the partnership arrangements in place. 	
Housing Supply (including Priority Development Areas)	<ul style="list-style-type: none"> Increasing undersupply of land for development, leading to unaffordable housing and difficulty in attracting skilled employees to the area. 	<ul style="list-style-type: none"> Commissioners have written to the Minister advising that TCC is not complying with the NPS-UD and will not in the foreseeable future. Situation has deteriorated due to the significant barriers which exist to deliver sufficient zoned and serviced residential land. Recognition from Central Government that the WBOP sub-region housing issues are critical and 	<ul style="list-style-type: none"> Ongoing commitment and focus at governance level required to move with pace and urgency to address housing supply, using all available levers. Critical that TCC work proactively with Government officials to find practical and feasible pathways to address the barriers. 	<ul style="list-style-type: none"> Risk that initiatives commenced are either not continued or not driven with the pace and urgency necessary to achieve required change in housing supply. Risk of a lack in confidence in the governing body to utilise the tools and opportunities which Government may make available. 	

		<p>some of the most challenging to address. While TCC has taken substantive action to address those barriers within its control, most of the remaining issues require government intervention.</p> <ul style="list-style-type: none"> • Schedule of barriers and potential solutions provided to Ministerial policy advisors. • PC33 to enable housing intensification and greenfield opportunities. Decision expected early 2024. • Western Corridor Specified Development Project actively supported by TCC. • To facilitate serviced land supply for residential and business growth Commission has made decisions to make substantial investment in both west and eastern corridors. Both Tauriko West and PEI have substantive fiscal risk for ratepayers (hundreds of millions) if all the barriers to growth delivery are unable to be removed / mitigated or if there are long timeframes before development can occur. Risk mitigation strategies have been put in place including decision gateways (both projects) and targeted rate for PEI. 	<p>Government requires confidence in TCC expertise and capability, and also that TCC governance will only escalate and champion initiatives that are sensible, effective and will be implemented by Council if enabled by Central Government.</p> <ul style="list-style-type: none"> • The growth investment and development risks will require constant monitoring and may require critical decisions to be made to either rapidly progress development or minimise financial risk / loss. 	<ul style="list-style-type: none"> • Potential for vocal minority to divert focus from this significant strategic priority for the city. • Risk that funding to enable land supply is reduced, in order to lower debt and rating levels. • Risk that complexity, scale and implications of the issues result in indecision or deferred decisions. 	
	<p>Opportunities for utilisation of Council- or public-owned land to enable urban transformation and achievement of affordable housing outcomes not pursued with pace and consistency.</p>	<ul style="list-style-type: none"> • Elder housing sale to KO completed • Supported establishment of Housing Equity Fund (HEF) to deliver retain affordable housing outcomes with others. \$15m of elder housing proceeds invested in the HEF. • Smith's Farm strategic disposal market process undertaken. EOI and shortlisting completed, RFP closes 27 October 2023, negotiations complete and contractual agreements entered into early 2024. • Decisions made on affordable housing provision on Smiths Farm facilitated by Council investment funded by Elder Housing proceeds. • Decisions made on Poteriwhi (Parau Farms) for a mix of housing and open space. Planning work and ongoing engagement with Ngati Kahu underway. 	<ul style="list-style-type: none"> • Opportunities to support unlocking of affordable housing in partnership with Government and housing providers (including Accessible Properties housing regeneration in Te Papa peninsula and possibly also existing hospital site). • Work with Ngati Kahu to identify pathways to support affordable housing on or near Poteriwhi site. 	<ul style="list-style-type: none"> • Risk of subsequent Council decision to utilise proceeds of elder housing sale to buffer rate and debt levels, rather than reinvest into housing outcomes (overturning Commission decision) • Opportunities on future of sites not actively progressed or not progressed with the required pace and decisiveness. • Risk that Ngati Kahu does not have a trusting relationship with the incoming Council and the undertakings given by the Commission are not delivered on. 	
Investing in and Delivering Agreed Priorities					
Capital Investment in Outcomes	<p>The Review and Observer Team noted that <i>“As time goes on the gap between the infrastructure that the council provides and what is required will result in both falling levels of service, and an inability to service</i></p>	<ul style="list-style-type: none"> • Commissioners included significant capital investment within the 2021 – 2031 LTP (total investment of over \$4 billion), and the draft 2024-2034 LTP. (\$3.4b – with 3 waters included only for the first two years) 	<ul style="list-style-type: none"> • Retain TMOTP and Major Transport Projects governance arrangements which are professional skills and experienced based arrangements. 	<ul style="list-style-type: none"> • Planned and required capital investments deferred due to cost and debt implications. • Project governance arrangements are disbanded and revert to Councillors. Skills and 	

	<p>growth, or the renewals of the council's existing infrastructure. The Team has been left with the clear message that successive councils have "kicked the can down the road" and/or have been looking for someone else to pay for the necessary infrastructure. Neither strategy has resulted in the infrastructure gap being closed, and growth pressures have not yet diminished."</p> <p>Last LTP approved by an elected Council (2019-2029) included \$2.2 billion of capital investment.</p>	<ul style="list-style-type: none"> The LTP outlines a plan to invest in the quality of life for the people who live here, build communities, increase investment in important infrastructure to keep the city functioning and moving forward. The Commission also have a strong focus on delivering and finishing projects that have started. Key areas of investment include: <ul style="list-style-type: none"> Te Manawataki o Te Papa (TMOTP) new civic precinct with library, community hub, civic whare, museum, exhibition centre and outdoor public space \$306m Community facilities, community amenity, enhanced green space and active sports opportunities. (Includes Memorial Park Aquatics & Recreation Hub \$128m and Active Reserve Development \$109m) Transport network upgrades of \$1.4 billion over the next 10 years to provide transport choice for our community and keep people and our economy moving. TMOTP CCO with skills-based directors put in place to govern project. New arrangements current being progressed to govern and address major transport projects risks (refer above). 	<ul style="list-style-type: none"> TCC governance body to provide effective monitoring and timely decision making on any escalated issues. Continued focus on delivering and finishing projects committed to in LTP Celebrate with the community when projects finished, work with the community to optimise the opportunities which the new projects create. 	<p>expertise required for large scale complex projects governance not available leading to risks, cost overruns and compromised outcomes.</p> <ul style="list-style-type: none"> Project scopes reduced significantly to limit financial impact, with negative effect on outcomes. Projects started are halted with consequential sunk and abandonment costs borne by the ratepayer and no outcome delivered. 	
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Theme – Relationships, Change, Trust & Confidence

Topic	Past	Current	Future	Risk/Opportunity	Risks Status
Central Government Reform and Change Programme					
RMA, Waters, Local Government and other Reform	<ul style="list-style-type: none"> Tauranga Water services delivery has been independently recognised as being in a good state. Political leadership engagement has at times been hampered by differences of views amongst TCC Governance. 	<ul style="list-style-type: none"> Views of the Commission actively sought by central government on reform issues and opportunities. TCC seen as credible and able to add value to the legislative / national policy development process. Constructive engagement occurring with the Waikato on waters opportunities. 	<ul style="list-style-type: none"> Proactively progress implementation to give effect to central Government direction. TCC considered as being able to make a relevant and meaningful contribution at both leadership and technical level. 	<ul style="list-style-type: none"> Opposition to the central Government-led reform could mean Council isn't proactive in preparing for a change that is outside of local government control. Opportunity for a governance body to work proactively with the government to inform and provide insight. 	
External Partnerships					
Partnerships with Tangata Whenua	<p>Mixture of positive and negative relationship issues:</p> <ul style="list-style-type: none"> Mission Street property transferred to Otamataha Trust (after lengthy process and changing decisions). 	<ul style="list-style-type: none"> Appointed 3 tangata whenua voting members to the Strategy, Finance and Risk Committee. Council confirmed Dive Crescent and Civic Precinct land sites to be held in joint ownership with mana whenua. Positive feedback from mana whenua re Commission. 	<ul style="list-style-type: none"> Partnership opportunities for continued genuine involvement of mana whenua in key projects. Democratically elected Council will include one Māori ward member as per the outcome of the representation review. 	<ul style="list-style-type: none"> Confidence by mana whenua in leadership will contribute to productive partnerships and ability to move forward with some pace. Conversely, lack of confidence likely to result in delay, disagreement and mistrust. 	

	<ul style="list-style-type: none"> • Accusations of racism of elected member by Mayor and some tangata whenua. • Tangata whenua representative on each Council Committee (non-voting) 	<ul style="list-style-type: none"> • Hui with Commissioners have been held on every marae in Tauranga Moana. • Number of long-standing issues have been addressed. 	<ul style="list-style-type: none"> • Tangata Whenua through Tangata Whenua Standing Committee and Te Rangapu have expressed a desire for Commission to continue. 		
Sub-regional Partner Councils (WBOPDC & BOPRC)	Relationships had ups and downs. Differences of opinion were on occasion canvassed publicly prior to direct engagement between the parties.	<ul style="list-style-type: none"> • Solid relationships with Western Bay of Plenty and BOPRC. • Informal forums held with WBOPDC and BOPRC elected members to canvas issues, share ideas and reach a shared view where possible. • Partner Councils have greater confidence that TCC will commit to and deliver on an agreed pathway and its approved plans and subregional strategies such as SmartGrowth. 	<ul style="list-style-type: none"> • Need to continue to work in partnership with a shared understanding of direction, commitments and approach. 	<ul style="list-style-type: none"> • Risk of lack of continuity of understanding of the perspectives and priorities of the partner Councils resulting in re-litigation of issues and disagreement. 	
Private Sector, External Funders, community groups	Private sector and key funders had been cautious / reluctant to support Council-led initiatives due to 'flip-flops', elected member disagreements and lack of leadership.	<ul style="list-style-type: none"> • Community funders expressing confidence in the Commission and a willingness to progress funding partnerships. \$22.8 of community funding confirmed for the 2023/24 financial year, including a \$21m grant from TECT for the Te Manawataki o Te Papa projects. • Private sector participating in Council led market processes with higher confidence (eg Smiths Farm strategic disposal) • Private sector investing in the city recognising the leadership shown by Council (eg City Centre urban transformation) • Commissioners leading connection with community organisations to improve engagement, genuinely seek input and enabling participation in the delivery of community focused initiatives. 	<ul style="list-style-type: none"> • Continue to work proactively with key funders and private sector, deliver on the strategic direction and planned projects. • Continue to develop relationships with community organisations and build confidence in a partnership approach to achievement of shared community objectives. 	<ul style="list-style-type: none"> • Changes in strategic direction or commitment to delivery of approved projects undermines the key funders and private sector confidence and leads to reduced investment in the city. • Commitment to valuing the role community organisations in working with Council is no longer tangibly demonstrated by governance leadership. 	

Theme – Governance / Organisation Relationship and Organisational Health

Topic	Past	Current	Future	Risk/Opportunity	Risks Status
Organisation Operation					
Governance direction to, and relationship with organisation	<ul style="list-style-type: none"> • TCC had experienced a high level of change at the governance level, with lengthy induction processes required each time there was a change. • The Review & Observer Team Report noted: <ul style="list-style-type: none"> ○ <i>“A large number of new councillors were elected in 2019. This sort of change always brings with it the need for a significant effort to build</i> 	<ul style="list-style-type: none"> • The skills-based Commissioners have demonstrated the ability to rapidly grasp a range of complex matters, assess risk and take decisive action. • Staff are encouraged to raise issues of concern and risk so that they can be addressed. Difficult and significant issues are considered with respect and rigour. In addition, fresh thinking 		Risks that a new Council: <ul style="list-style-type: none"> • Is unable to maintain momentum due to: <ul style="list-style-type: none"> ○ Absence of a trusting relationship with colleague Councillors / Mayor ○ Lack of knowledge of the issues, direction being pursued and challenges. ○ Time required to build trust and confidence in the Executive and organisation and consequentially there 	

	<p><i>the level of understanding and knowledge necessary to exercise effective governance.”</i></p> <ul style="list-style-type: none"> ○ <i>“The combination of the scale of the city, its rapid growth and the deep-seated nature of the problems mean that, in the view of the Team, this term of office would have been amongst the most challenging of any of New Zealand’s local authorities.”</i> 	<p>and contributions are encouraged in a safe environment.</p> <ul style="list-style-type: none"> • There has been a consistency of approach and decision making which has provided clarity and certainty for the organisation. 		<p>is reluctance to accept the advice provided.</p> <ul style="list-style-type: none"> • Will take a considerable period of time to understand local government generally and the Tauranga issues specifically, particularly given the scale and complexity which our city faces. • Is hesitant to make decisions, or reconsiders decisions made, due to a lack of knowledge and continuity of governance. 	
Organisational stability, strength & culture	<ul style="list-style-type: none"> • Risk of loss of CE and/or Executive members is real • Staff survey results poor in some areas 	<ul style="list-style-type: none"> • Chief Executive Marty Grenfell appointed for a further 5 years • Stability in the Executive Team with minimal change • Investment in Executive and Senior Leadership Team leadership training. • Organisational capacity and capability have increased with skills and expertise to align with the scale and complexity of the strategic challenges and LTP work programme. • Independently run staff survey completed with 94% response rate and results in the top 10% of organisations surveyed by the provider (high productively, good engagement, effective leadership). • The current expected end of Commission term in July 2024 is placing high demands on the organisation, as Commissioners seek to achieve as much as possible and deliver on commitments within a constrained timeframe. 	<ul style="list-style-type: none"> • Need to retain focus on effective leadership, enabling staff to deliver, and creating a positive culture. • Likely that uncertainty for staff will grow as transition to democracy nears. • Some previous Councillors likely to stand for re-election which will likely raise concerns that the problems which led to the appointment of Commissioners may reoccur. 	<ul style="list-style-type: none"> • Risk that uncertainty of environment post Commissioners departure impacts negatively on staff attraction and retention and organisational culture. • Risk of reducing commitment of staff to the changed culture, due to continued level of pressure and a relatively short-term horizon of further governance change. 	



Options for transitioning to democracy

Tauranga City Council
Final Report

02 November 2023

Commercial in Confidence



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Preface

This report has been prepared for Tauranga City Council by Kevin Jenkins, Doug Martin and Tega Ogbuigwe from MartinJenkins (Martin, Jenkins & Associates Ltd).

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Executive summary

This report analyses five options for transitioning Tauranga City Council (TCC) back to a fully elected Council.

On 9 February 2021 Commissioners were appointed to perform the Council's responsibilities, duties and powers.

The Commission's initial appointment was expected to conclude at the October 2022 local government elections. However, Local Government Minister Nanaia Mahuta reappointed the Commissioners for a new term running from 26 April 2022 to July 2024, when the next local election for TCC will be held.

The Commission is committed to facilitating the Councils' return to a democratic governance structure. Nonetheless, a top priority for the Commission is the continued advancement of city once a democratic governance structure is reestablished.

The Commission has made significant progress during its term. Central to this are initiatives and infrastructural projects that are large and complex, involving multiple partners and entities, and that would benefit from some level of continued external expertise.

While incoming councillors could drive these initiatives to completion, an abrupt change from governance by the Commissioners and the immediate loss of their expertise, with no further regulatory intervention, presents some significant risks.

It is essential that the transition to democratically elected Councillors is well-managed to provide certainty and maintain the momentum the Commissioners have built.

This report assesses the options for TCC's transition to democratically elected governance. This is in line with the Commissioners' Terms of Reference, which charges them with "identifying issues faced by the Council and engage in existing council initiatives or other actions to address these issues".

The options assessed in this report are analysed against identified benefits and drawbacks. We have also considered a set of governance goals that cater to the unique context of transitioning Tauranga City to a democracy, while also ensuring key outcomes are maintained in the process.

These are the governance goals:

- **High quality leadership** – The governance arrangement should foster disciplined and suitably skilled decision makers, able to lead on contentious, complex, and multi-dimensional issues and manage multiple interests.
- **Economic growth** – The arrangement should facilitate sustainable economic growth and investment, particularly in infrastructure.
- **Strong accountability to local communities** – The arrangement should foster strong, respectful relationships with communities, iwi, and investors.
- **Value for ratepayers' money** – The governance arrangement should ensure decision makers are equipped to provide effective, efficient, and affordable solutions for TCC ratepayers.

Central to these governance goals is a governance team guided by the principles of unity and cohesion, dedicated to advancing the well-being of the community. To effectively achieve these goals, the governance team must work collectively, with a singular focus on the greater good of the city.



Executive summary continued

Rather than advocating for an immediate return to a fully elected council, the Team recommends a governance structure that adeptly balances the tenets of democratic representation with the imperative of sustaining economic and infrastructural progress.

Among the proposed options in this report, Option One (hybrid transitional governance structure) and Option Four (fully elected Council, Crown Observer, and independent governing body for key infrastructural projects) stand out for their potential to strike this delicate balance.

It is our view that the following strategic measures define the next steps and are crucial to the success of whichever option is chosen. We recommend that:

- Commissioners engage as a matter of urgency with the Minister of Local Government on their preferred governance structure post-Commission.
- Commissioners prioritise the development of a comprehensive implementation plan

delineating key milestones, deliverables, and timelines for the successful execution of the transition process.

- Identify any additional skill-sets required to support the incoming governance team so that any gaps can be filled expeditiously.
- Undertake a change impact assessment to understand the potential concerns and challenges the impending change to the governance team present for the overall well-being of Council staff. Implement specific initiatives to manage and mitigate them.
- Prioritise comprehensive governance training for all incoming members of the governance team so that they are equipped with the essential skills and knowledge required to fulfil their roles and responsibilities.



Background



Context: present and future

Understanding the current and future context of Tauranga is crucial for appreciating the importance of establishing a transitional governance structure that is fit-for-purpose.

Tauranga is classified as a 'high-growth' council, representing New Zealand's fastest-growing city and ranking as the fifth-largest in the country.

Location & Economy

Tauranga enjoys a strategic location within New Zealand's golden triangle of Auckland, Hamilton, and Tauranga, which comprises 50% of New Zealand's population. As a result, Tauranga is important to New Zealand's economy.

The economy of Tauranga has continued to grow faster than the national average in recent years. Nominal GDP in Tauranga increased 8.5 percent in 2020 well above the 5.4 percent increase nationwide.

Many business activities are built around the Port of Tauranga, which holds the distinction of being the country's largest port by gross export tonnage and offers direct access to New Zealand's import market.

Population

Tauranga City has experienced a notable and continuous surge in its population in recent years, contributing to a sustained rise in the demand for housing and infrastructure. As of June 30, 2022, the estimated population of Tauranga City was 158,300. The population has witnessed a remarkable 72% increase since 2000, surpassing the national growth rate of 32%.

Moreover, approximately 20% of the current population consists of individuals aged 65 or older, significantly exceeding the national average of 15.2%. Projections for future growth also indicate a substantial surge in the proportion of the population aged over 80.

The mounting number of elderly residents has resulted in a declining workforce, leading to a reduction in overall productivity and economic output. To address this, the city must prioritise the implementation of infrastructure and initiatives aimed at bolstering economic activity and attracting a younger demographic.

Housing

With the population of Tauranga continuing to grow strongly, the city is experiencing an increasing demand for housing and a tight housing market. The city is currently experiencing a housing shortage of 4,300 to 5,300 dwellings and this is expected to increase to between 7,300 and 8,300 dwellings in the medium term (4 – 10 years). According to the New Zealand Institute of Economic Research (NZIER), this shortfall would result in a forgone GDP of \$436 million in three years and \$1.609 billion in ten years when competitive margins are included.

The average house price in Tauranga, as of March 2022, is \$1,209,869, which is nine percent higher than the national average. Tauranga City also stands as the least affordable city with an affordability index of 11.9, significantly surpassing the national average of 8.7 and the severely unaffordable benchmark of 5.1, as defined by Demographia. Demographia conducts an annual International Housing Affordability index which uses a price-to-income ratio.



Context: present and future

Infrastructure and investment

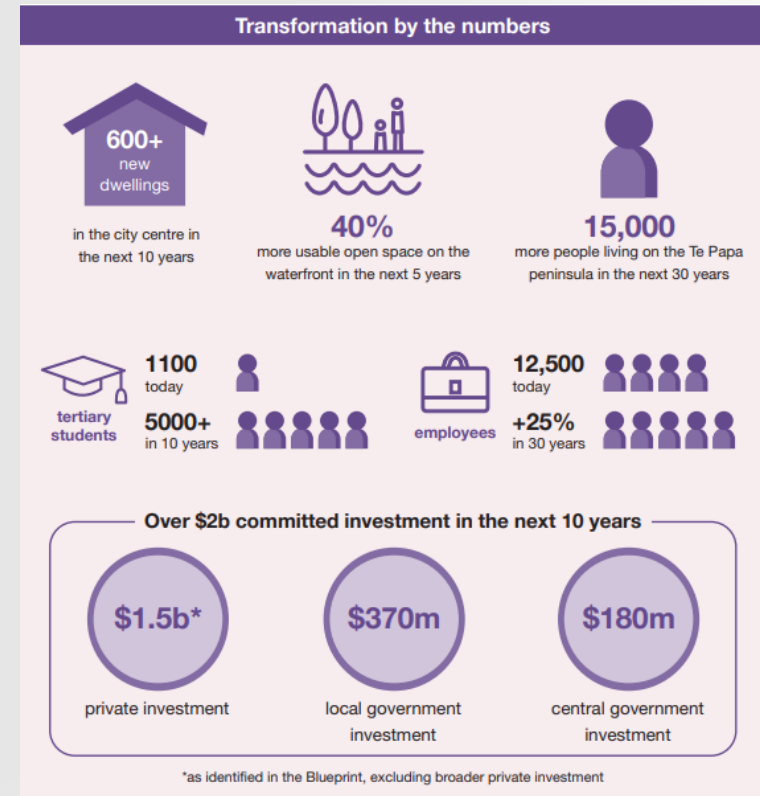
The growing population in Tauranga is putting immense pressure on its infrastructure, exacerbating existing challenges, such as the scarcity of available land for development, low productivity, unaffordable housing, and limited access to the country's largest Port.

With a long-term plan in place, the council aims to allocate over \$2.7 billion within the next decade to foster more liveable spaces and homes within the current city limits, while laying the groundwork for additional developments in new areas. Transportation and roading expenditure is allocated for walkways, cycleways, bus infrastructure, and local road renewals, amounting to significant investments. Additionally, an investment of \$689 million is earmarked for recreational and cultural facilities, including aquatics, sports halls, sports fields, and libraries, as part of an accessible recreation program.

The Tauranga CBD Blueprint showcases major privately funded developments planned for the city over the next eight years. This underscores the substantial investor confidence in Tauranga's growth trajectory, laying the groundwork for further investment opportunities.

The Blueprint aims to convey the scale and significance of committed developments, encouraging nationwide interest in additional investments and highlighting Tauranga's resurgence as the civic, commercial, and cultural hub of the Bay of Plenty.

City centre action and investment plan



Issues and key risks

The abrupt transition from a Commission-led governance structure to a fully elected Council, without regulatory oversight, could potentially jeopardise the city's economic and infrastructural momentum.

It's vital that the new governance arrangements following the Commissioners' tenure are carefully tailored so that they propel Tauranga and the Bay region forward with assurance and unwavering direction.

A significant risk associated with immediately reverting to full democracy is the possibility of encountering governance challenges similar to those that made it necessary to appoint Commissioners in the first place. Recently, former Councillors have explicitly declared their intentions to be re-elected so that they can reverse decisions made by the Commissioners.

Public declarations like this align with the observations made by the Review and Observer Team in their report, where they noted *"the lack of personal acceptance of the role that individual elected members have and are continuing to make to the poor governance situation."*

There is a genuine concern that history may repeat itself, jeopardising TCC's progress and discouraging high-calibre candidates from participating in TCC's elections.

Another risk associated with an abrupt change to a fully elected Council is that the incoming Councillors might not have the expertise needed to oversee and finance the complex infrastructure projects the Commission is currently administering.

During the Commission's tenure, community and private-sector investors have actively engaged in Council-led market processes, expressing confidence and willingness to forge funding partnerships. This is in stark contrast to the pre-Commission era, where private-sector and other external investors were cautious and hesitant to support Council-led initiatives because of inconsistent decisions, disagreements among elected members, and a lack of clear leadership.

An abrupt return to a fully elected Council may signal potential changes in strategic direction or commitment to the delivery of approved projects. This could undermine the confidence of key funders and private sector entities and ultimately resulting in reduced investments in the city.



Issues and key risks continued

The July 2024 election will also introduce a new democratic model for Tauranga City Council: residents will elect nine Councillors – eight from general wards and one from the Māori ward – in addition to a Mayor.

This differs from the previous representation arrangement of 10 Councillors and a Mayor, comprising three general wards, four at-large positions, and the Mayor. While this change aims to improve representation across Councillors and community groups, it introduces a new governing structure that requires acclimatisation. Managing this complexity necessitates experienced governance and support to ensure that decision making remains agile and does not impede progress.

The Council executives have worked hard with the Commission over the last few years to establish a clear strategic direction that addresses the problems and challenges largely caused by historical underinvestment by previous Councils.

The community has been generally supportive of the strategic direction, as shown by the 2023 Residents Survey. However, the Survey results also

indicated some negative sentiment towards the returning to a fully elected council governance structure.

Tauranga residents' satisfaction with Council's overall performance has significantly increased under the Commission. This increase is important after the declining trend from 2018 to 2021, and the plateau in 2022.

35% of residents believe that the Commission has been good for the City. With the most improved measures over the past 24 months being Trust (+11%) and Leadership (+12%).

Tauranga is at an important juncture where a change in the city's governance structure could either impede momentum or drive a forward movement with purpose and promise to become New Zealand's best and most liveable city.

This underscores the necessity of exploring governance options that involve a more gradual and transitional approach, striking a balance between democratic leadership and the continued development and growth of the city and region.



Assessment of options



This report assess a range of options to support the transition of TCC to a democracy.

The relevant legislation

In considering possible transition options, we looked at sections 256 to 258G of the Local Government Act 2002, which specify when the Minister of Local Government can intervene in a council. In addition, we derived insights from situations that necessitate legislative adjustments.

Under the Act, the Minister must believe on reasonable grounds that there is **"a significant problem relating to the local authority"**.

The Act defines **"significant"** as meaning that "the problem will have actual or probable adverse consequences for residents and ratepayers within the district or region of the local authority."

Transitional governance options for TCC

Option 1: legislation to establish a hybrid transitional governance structure for TCC.

We consider this option in two variants

– a **fixed hybrid** model and an **evolving hybrid** model.

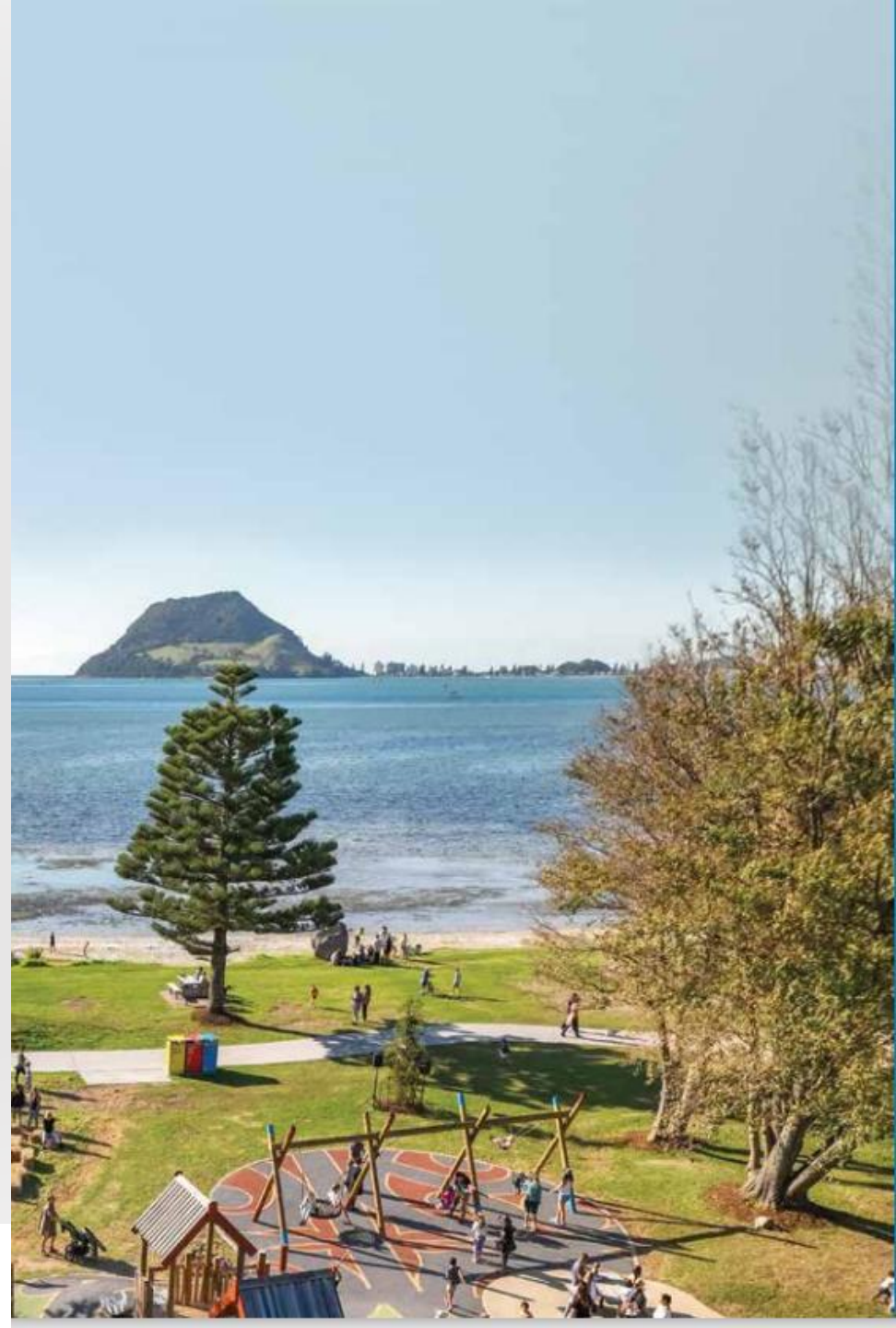
Option 2: return to a fully elected Council under the Local Government Act 2002 and Local Electoral Act 2001 in July 2024

Option 3: return to a fully elected Council in July 2024 but with an appointed Crown Manager

We consider this option in two variants – **without restrictions** on the Crown Manager's powers, and **with restrictions**.

Option 4: return to a fully elected governance structure with an appointed Crown Observer and an independent governance body for key infrastructural projects

Option 5: legislation to extend the appointment of Commissioners until the 2025 local government elections.



Option 1: establish a hybrid transitional governance structure

Option 1 involves legislation to establish a hybrid transitional governance structure for TCC. This framework will facilitate a gradual transition to a fully elected Council.

There are two variants to this option:

1A. A fixed hybrid transitional governance

- This transitional governance structure would involve a 60/40 split between elected Councillors and appointed Commissioners, plus an appointed Chairperson.
- This structure would continue until the 2025 elections, when a fully elected Council would be re-established.

1B. An evolving hybrid transitional governance

- As with the fixed hybrid model, there would be a 60/40 split between elected Councillors and appointed Commissioners, plus an appointed Chairperson, effective until October 2025.
- The difference from the fixed hybrid model, however, is that, depending on the outcomes of a review, there would then be an intermediate stage until October 2028, rather than an immediate move to a fully elected council in October 2025. During this intermediate stage, there would continue to be a 60/40 split between elected Councillors and appointed Commissioners, but an elected Mayor would replace the appointed Chairperson.

- The governance structure will then transition back to a full democracy with elected Councillors and an elected Mayor in the 2028 elections.

Both hybrid models ensure accountability and expertise

Both forms of hybrid transitional governance will have these key features:

- Elected and appointed Councillors will be collectively responsible and accountable for decision making and the exercise of governance powers and functions.
- Appointed Councillors will be selected based on having relevant expertise.

Case Study: Environment Canterbury (Ecan) transitional hybrid-model governance

In 2016, a hybrid governance structure was introduced to ECan, comprising seven elected Councillors and six appointed commissioners.

This structure was put in place to oversee the transition of ECan from a Commission to a Council.

This hybrid governance remained in effect for three years, from 2016 to 2019, ultimately culminating in the full reinstatement of an elected Council.

*60/40 split with majority going towards elected Councillors.

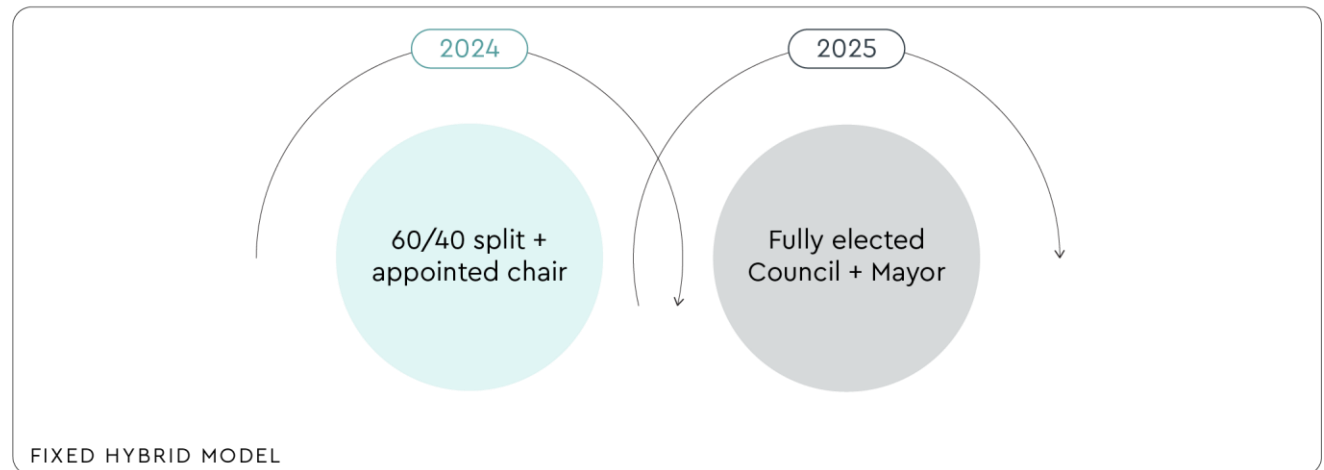
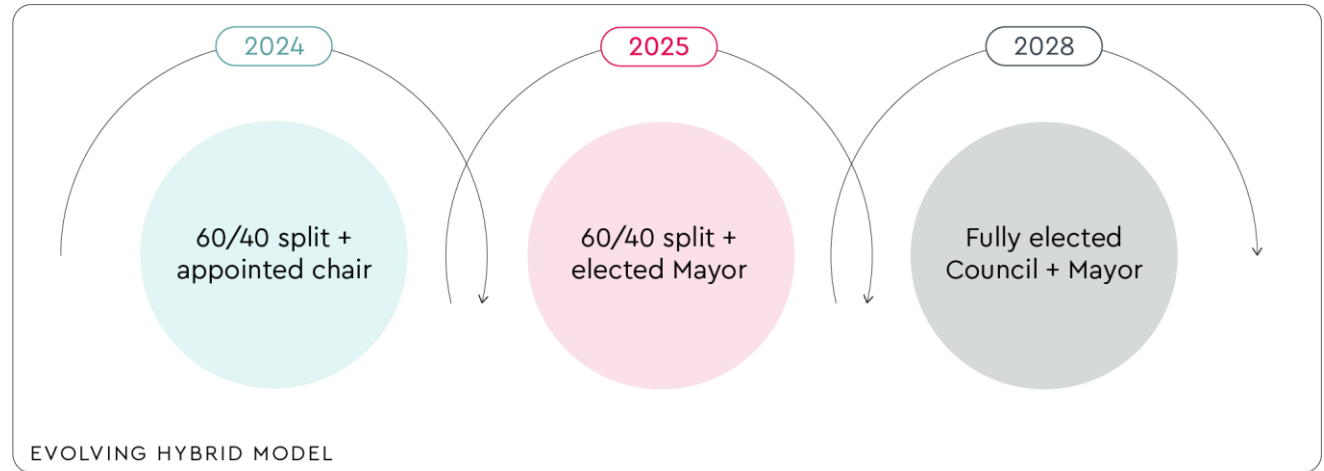


Option 1: Establish a hybrid transitional governance structure

The key distinction between the **evolving** hybrid model and the **fixed** hybrid model relates to the speed of the return to full democracy.

The fixed hybrid model, lasting for 18 months, facilitates a quicker return to democracy. However, it may not offer enough time to address the complex challenges and progress the work programme effectively.

In comparison, ECan's hybrid governance was in place for three years, aligning more closely with the evolving hybrid model.



*60/40 split with majority going towards elected Councillors.



Option 1: Key costs and benefits (relative to status quo)

	D R A W B A C K S	B E N E F I T S	N E T B E N E F I T S
Tauranga Communities	<ul style="list-style-type: none"> • Reduced democratic representation (for a limited period). • Reduced independence. • Less opportunity for all communities to be represented. 	<ul style="list-style-type: none"> • Maintains institutional knowledge of the Commissioners. • Maintains the confidence and trust of key stakeholders at critical phases of major infrastructure projects. • May encourage a different type of candidate to participate in the elections as appointed members may be seen by potential candidates as providing stability and certainty. 	<ul style="list-style-type: none"> • Aspirations for democratic representation are balanced with the need for a breadth of specialist expertise and continuity through the reappointment of some Commissioners. • A managed and incremental transition from current arrangement.
Central Government	<ul style="list-style-type: none"> • Inconsistent with national frameworks for local government. • Resource and regulatory effort involved in the intervention. 	<ul style="list-style-type: none"> • Specific framework for unique Tauranga City challenges. • Supports TCC's strategic contribution to the national economy. • Facilitates good progress and outcomes in relation to national priorities. 	<ul style="list-style-type: none"> • Responds to time-critical need for specific arrangements for TCC with ability to gradually return to standard governance framework.
Local Government	<ul style="list-style-type: none"> • Potential claims of loss of democracy during the hybrid transition governance period. 	<ul style="list-style-type: none"> • Ability to complete critical infrastructure projects such as the CBD projects and implement fiscal opportunities, such as the Innovative Infrastructure Funding agreement. 	<ul style="list-style-type: none"> • Supports the Council to continue with delivering on the current strategic direction.



Option 2: Return to a fully elected Council in July 2024

Option 2 would return TCC to the conventional governing body framework outlined in the Local Government Act 2002 by July 2024.

TCC has recently implemented a new representation arrangement, with residents electing nine Councillors (eight for general wards and one for the Māori ward) in addition to a Mayor. An election will July 2024 will introduce this new representation arrangement.

	DRAWBACKS	BENEFITS	NET BENEFITS
Tauranga Communities	<ul style="list-style-type: none"> Abrupt loss of the Commissioners' institutional knowledge. Possible return of dysfunctional governance leadership. 	<ul style="list-style-type: none"> Certain segments of the community are likely to see this more favorably, as it represents a move to democracy. 	<ul style="list-style-type: none"> Projects started are halted, with sunk and abandonment costs borne by the ratepayer and no outcome delivered.
Government	<ul style="list-style-type: none"> Possible loss of TCCs contribution to the national economy. Out of cycle election in 2024. 	<ul style="list-style-type: none"> Consistency with the local government framework nationally. 	<ul style="list-style-type: none"> Loss of strong local-central government relationships, which could undermine potential fiscal opportunities.
Local Government	<ul style="list-style-type: none"> Risk that incoming Council does not fully understand the rationale for the strategic direction being pursued for the city. An uncertain environment after the Commissioners' departure could negatively affect the attraction and retention of staff and the overall organisational culture. 	<ul style="list-style-type: none"> Immediate certainty of future governance arrangement. 	<p>A risk of a significant shift in strategic direction which may result in:</p> <ul style="list-style-type: none"> Loss of momentum and continuity Loss of confidence of partners in TCCs commitment due to governance change, and Relitigate issues already agreed on.



Option 3: Return to a fully elected Council in July 2024, but with an appointed Crown Manager

This option involves a fully elected Council in July 2024 with the concurrent appointment of a Crown Manager

A Crown Manager can be appointed under the Local Government Act 2002 (section 258D) to have a more active remedial role. Crown Managers are appointed to take responsibility for and provide direction to a council on specific functions, or to direct a council to the extent needed to resolve a significant problem and, if necessary, recommend further action to the Minister.

There are two possible variants of option 3:

3A. Fully elected Council and Crown Manager with unrestricted powers

- Under this variant, the authority of the Crown Manager would extend across all facets of the Council's functions.

3B. Fully elected Council and Crown Manager with restricted powers

- In this variant, the Crown Manager's role

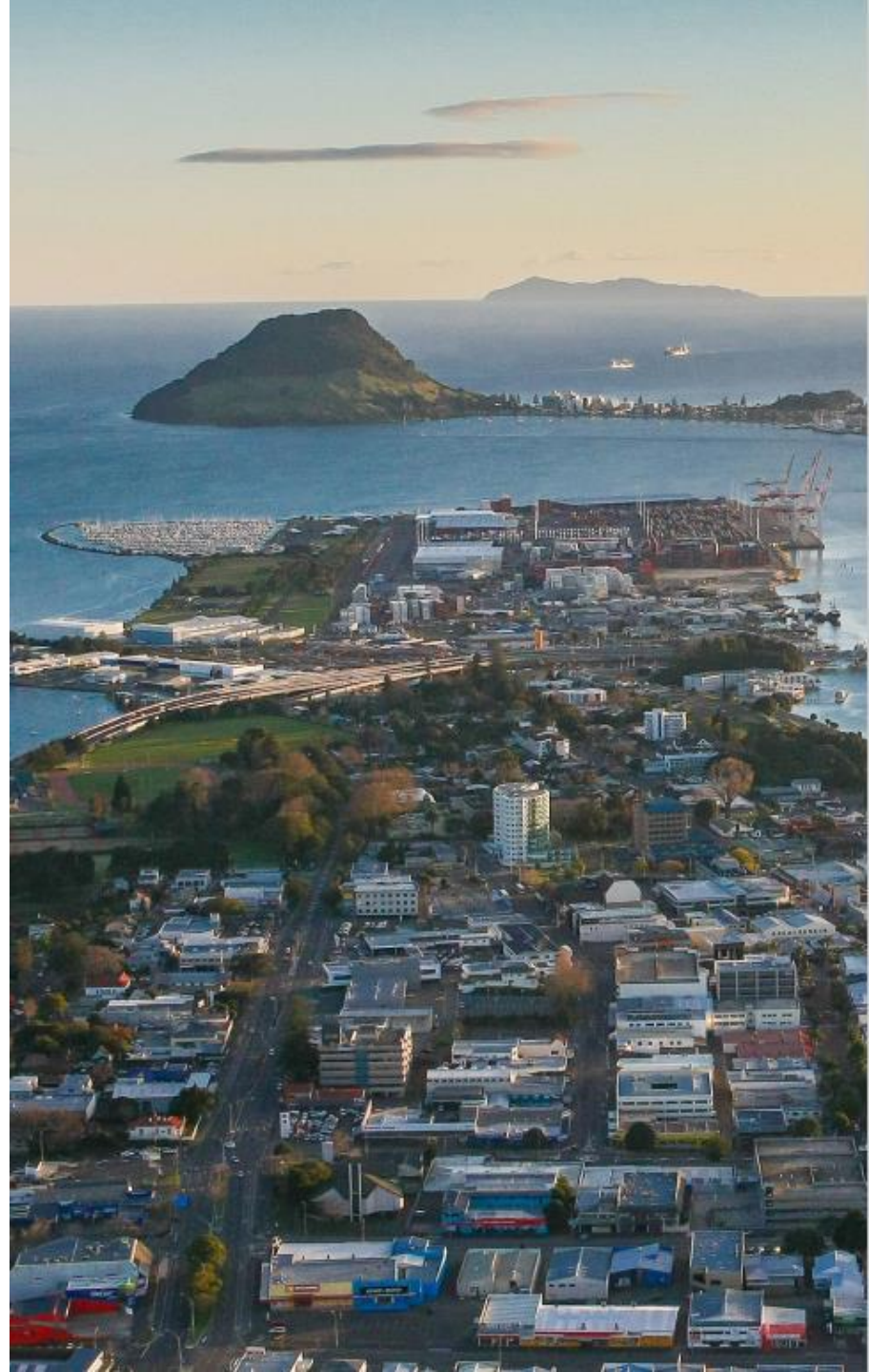
could be limited to crucial infrastructure projects and fiscal initiatives, particularly those involving multi-partner or multi-entity collaborations, of a type that TCC has not delivered previously and that would benefit from external expertise and advice.

Case Study: Christchurch City Council

After the Council lost its accreditation as a Building Consent Authority in 2013, a Crown Manager was appointed to oversee the Council's building consent function.

The Crown Manager's decision making authority was restricted solely to the Council's building consent function, while the Councillors maintained autonomy over other Council responsibilities.

The Council successfully obtained reaccreditation under the Crown Manager's leadership.



Option 3: Key costs and benefits (relative to status quo)

	D R A W B A C K S	B E N E F I T S	N E T B E N E F I T S
Tauranga Communities	<ul style="list-style-type: none"> • Abrupt loss of the Commissioners' institutional knowledge. • High risk of relitigating matters already agreed on. 	<ul style="list-style-type: none"> • Increased democratic input with some government oversight as issues arise. • Some form of government intervention may sustain the confidence of private sector and key funders. 	<ul style="list-style-type: none"> • Significant move towards democratic, local decision making while still maintaining influential government intervention.
Government	<ul style="list-style-type: none"> • Remuneration and expenses that the Crown could incur with the appointment of a Crown Manager. 	<ul style="list-style-type: none"> • Central government able to act quickly and proportionately if problems emerge. • Does not require new legislation as a Crown Manager can be appointed under the Local Government Act 2002. 	<ul style="list-style-type: none"> • The right level of support and/or guidance could be provided to match the challenges faced.
Local Government	<ul style="list-style-type: none"> • Potential difficulty with separating the Crown Manager's functions from those of the elected Councillors, in contrast with Commissioners' full decision making authority over TCC's functions 	<ul style="list-style-type: none"> • Crown Manager powers are weighted towards specific functions, and so maintaining the Council's general autonomy. 	<p>Risk of significant shift in strategic direction, which could result in:</p> <ul style="list-style-type: none"> • Loss of momentum and continuity. • Relitigate issues already agreed on.



Option 4: Return to a fully elected council in July 2024 with an appointed Crown Observer and an independent governance body for key infrastructural projects.

This option involves a fully elected council in July 2024, along with the appointment of a Crown Observer and an independent governing body for key infrastructural projects and initiatives.

Under the Local Government Act 2002 (section 258B), the Minister can appoint a Crown Observer if the Minister believes this is necessary to enable or better enable the local authority to effectively address a significant problem that has been identified.

A Crown Observer could be appointed to monitor a council's progress on addressing a significant problem, help the council address the problem and, if necessary, recommend further action to the Minister. The council must comply with reasonable requests made by the Crown Observer for the council to provide any relevant information that the council holds.

In this option, the principal mandate of the Crown Observer is to provide oversight and manage the risks to the Council's operations associated with its transition to a democratic framework.

In contrast, the independent governance body will be responsible for overseeing projects and initiatives of strategic significance for Tauranga, the wider Bay region, and the country as a whole.

Tauranga City Council has an increasing number of projects where independent governance arrangements are in place or anticipated.

Several ongoing projects already have independent governance structures in place.

In some cases, project partners are actively seeking independent assurance and ongoing oversight to ensure projects are set up for success. In some other cases, independent governance is required by legislation.

Under this option, the independent governance body will be responsible for overseeing all existing and anticipated independent governance arrangements related to individual projects and initiatives.



Option 4: Return to a fully elected council in July 2024 with an appointed Crown Observer and an independent governance body for key infrastructural projects.

As part of its analysis of governance related risk assessment, the Commission has designed several criteria that could be applied in deciding which infrastructural projects and initiatives will be subject to the independent governance arrangement.

Strategic Importance:

The project is strategically significant for the city or sub-region.

Scale:

It is of substantial scale, both physically and in the size of the investment.

Complexity:

The project is complex.

Collaboration:

It involves multiple partners or entities.

Unprecedented Nature:

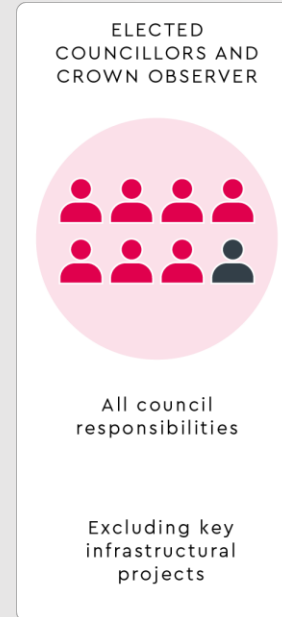
It involves an area in which TCC lacks prior experience or the right management expertise.

External Expertise:

The project would benefit from external expertise and advice.

Public Interest:

The project is of high public interest, and potentially significant Crown interest.



Option 4: Key costs and benefits (relative to status quo)

	DRAWBACKS	BENEFITS	NET BENEFITS
Tauranga Communities	<ul style="list-style-type: none"> • Abrupt loss of the Commissioners' institutional knowledge. • High risk of relitigating matters already agreed on. 	<ul style="list-style-type: none"> • Increased democratic input with minimal government intervention. • Some in the community are likely to see this more positively as it provides a higher level of democracy. • Provides a level of assurance to the community, particularly the business community, maintaining investor confidence in strategic projects. 	<ul style="list-style-type: none"> • This option provides the most democratic system with the least government intervention in councils daily operations. • Explicitly preserves key infrastructural projects that communities stand to benefit from economically and socially.
Government	<ul style="list-style-type: none"> • Remuneration and expenses that the Crown could incur for the appointment of a Crown Observer. 	<ul style="list-style-type: none"> • Ensures investments and projects with significant Crown interest are maintained. • Does not require new legislation as a Crown Observer can be appointed under the Local Government Act 2002. 	<ul style="list-style-type: none"> • Minimal regulatory intervention in local government operations.
Local Government	<ul style="list-style-type: none"> • It may not provide certainty about TCC's longer term governance arrangement, as next steps would be dependent on what the Crown Observer advises. • Cost associated with establishing and maintaining an independent governing body for infrastructural projects. 	<ul style="list-style-type: none"> • Ensures that the Council will continue with the current strategic, investment, and infrastructural direction. • Preserves investor confidence in strategic projects and ensures continued external partnerships. 	<ul style="list-style-type: none"> • Increased autonomy of the Council's daily operations. • Ensures the preservation of initiatives designed to address historical underinvestment in TCC. • Mitigates the risk that changes in governance could result in dismantling arrangements that have been put in place to manage infrastructural investments.



Option 5: Extend the appointment of Commissioners

This option entails extending the term of the Commissioners until the 2025 October elections, during which a fully elected Council will return.

This will allow the Commissioners to progress some key project past the critical stages into a more stable and mature phase before their tenure ends.

	COSTS	BENEFITS	NET BENEFITS
Tauranga Communities	<ul style="list-style-type: none"> Limited opportunity for local democratic decision making. No opportunity for eligible candidates to stand for elections. 	<ul style="list-style-type: none"> Assures governance outcomes. Maintains momentum. Limited regulatory change and transition costs. 	<ul style="list-style-type: none"> Decision making certainty, but reduced capacity for democratic input.
Government	<ul style="list-style-type: none"> Inconsistent with national frameworks for local government. 	<ul style="list-style-type: none"> Specific framework for addressing Tauranga City challenges. Ensures that TCC's strategic contribution to the national economy is sustained. Supports strong local-central government relationships. 	<ul style="list-style-type: none"> Responds to time-critical need to set arrangements for TCC, but the extent of the intervention could be excessive.
Local Government	<ul style="list-style-type: none"> Compromises the fundamental principle of local government. 	<ul style="list-style-type: none"> Ability to complete or significantly progress critical frameworks, fiscal strategies, and infrastructure projects such as the Infrastructure Funding Financing agreement and CBD projects. Prevents an out of cycle local government election. 	<ul style="list-style-type: none"> Does not show commitment to transitioning TCC to a democracy.



Assessing options against governance goals for TCCs transition

The Local Government Act establishes the framework for a democratic and efficient local government system. One of its key objectives is to enhance the accountability of local authorities to their respective communities.

There is not a one-size-fits-all model for councils in New Zealand. For councils to be efficient, they need to operate in a way that is in the best interests of their community, and this varies from the far north down to the deep south.

The identified governance goals in this report are unique to the context of transitioning Tauranga City to a democracy and to ensure key outcomes are maintained in the process.

Central to these governance goals is a governance team guided by the principles of unity and cohesion, dedicated to advancing the well-being of the community. To effectively achieve these goals, the governance team must work collectively, with a singular focus on the greater good of the city.

GOVERNANCE GOALS FOR TRANSITION TO DEMOCRACY

High quality leadership: a governance arrangement that facilitates disciplined and suitably skilled decision makers able to lead on contentious, complex and multidimensional issues and manage multiple interests.

Economic growth: a governance arrangement that can encourage sustainable development of economic growth, investment and infrastructure.

Strong accountability to local communities: the governance arrangement should foster strong, respectful relationships with communities, Iwi, and investors.

Value and efficiency of ratepayer money: equipped to provide effective and affordable solutions for TCC ratepayers.



Summary of options and assessment criteria

Option	Criterion 1: High quality leadership	Criterion 2: Economic growth	Criterion 3: Democratic local decision making	Criterion 4: Value for ratepayers' money	Risks
1 Transitional hybrid-governance	Meets criterion	Meets criterion	Partially meets criterion	Meets criterion	Significant intervention into local government powers; risks of blurred or unclear accountability. Elected members and appointed members required to work together in the interest of Tauranga.
2 Return to a fully elected Council	Capacity to meet criterion	Capacity to meet criterion	Meets criterion	Capacity to meet criterion	Would create governance with a lack of institutional knowledge and ownership of current work programmes. Potential for political divisions to return that would limit its ability to operate effectively.
3 Fully elected governing Council + Crown Manager	Partially meets criterion	Partially meets criterion	Partially meets criterion	Partially meets criterion	Risk that initiatives commenced are not driven with the pace and urgency necessary to achieve required change in key infrastructural shortages.
4 Fully elected Council, Crown Observer and independent governing body	Partially meets criterion	Meets criterion	Meets criterion	Meets criterion	Risk that governing body may not be directly accountable to the community leading to a lack of transparency. Potential for governing body to overstep its authority or make decisions that spill over to other aspects of Council operations.
5 Extend Commissioners' terms	Meets criterion	Meets criterion	Does not meet criterion	Meets criterion	Conflicts with key principle of local government: communities decide their local affairs through local representatives.



Conclusion and recommendations



Conclusion and recommendations

In this report, five options for facilitating the transition of TCC were explored. These ranged from a Commission-led governance arrangement to a fully elected Council.

After consideration of insights from stakeholder engagement, lessons learned from similar contexts, and the overarching landscape of the city, the Team strongly believes that a sudden return to a fully elected council poses significant risks. Such a move could jeopardise the hard-earned momentum in advancing crucial infrastructural projects initiated to address historical underinvestment. Furthermore, a sudden transition to a fully elected Council could undermine the confidence of strategic partners, investors, and stakeholders.

Rather than advocating for an immediate return to a fully elected council, we recommend a governance structure that adeptly balances the tenets of democratic representation with the imperative of sustaining economic and infrastructural progress.

Among the proposed options in this report, Option One (hybrid transitional governance structure) and Option Four (fully elected Council, Crown Observer, and independent governing body for key infrastructural projects) stand out for

their potential to strike this delicate balance.

The primary advantage of Option One is that it balances aspirations for democratic representation on the one hand and the imperative of maintaining the Commissioners' institutional knowledge during this critical phase of ongoing infrastructural projects on the other. Moreover, it facilitates a managed and gradual transition from the current arrangement to a fully elected Council. Option Four preserves a substantial element of democratic governance through a fully elected Council while guaranteeing the continuity of vital strategic initiatives and partnerships through minimal yet potentially effective government intervention.

In summary, each of the proposed options for transitioning TCC to a fully elected council in this report presents unique advantages and disadvantages, underscoring the intricate nature and sensitivity of this transformative process and decision.

Recommended next steps

- **Urgent decision on the governing structure post-Commission** - With the Commissioners tenure scheduled to end in July 2024, prompt decision making by the government to determine the preferred governance structure is critical. We recommend that Commissioners

engage as a matter of urgency with the Minister of Local Government on their preferred approach to the transition. Ideally this should occur early in the New Year (February) to allow time for the development of a comprehensive implementation plan that identifies the steps and resources necessary for a smooth transition (see below).

- **Comprehensive implementation plan** - To ensure a seamless and effective transition to the upcoming governance structure, it is imperative for the Council to prioritise the development of a comprehensive transition roadmap. This should delineate key milestones, deliverables, and timelines for the successful execution of the transition process. The transition from a commission-led governance to a new arrangement is unprecedented in the history of New Zealand's local government, with the exception of the ECan case study in 2019. Given this unique situation, a robust implementation plan will not only provide a guiding framework for all stakeholders, but also facilitate proactive risk mitigation measures to address potential challenges that could impede a smooth and well-coordinated transition.



Conclusion and recommendations

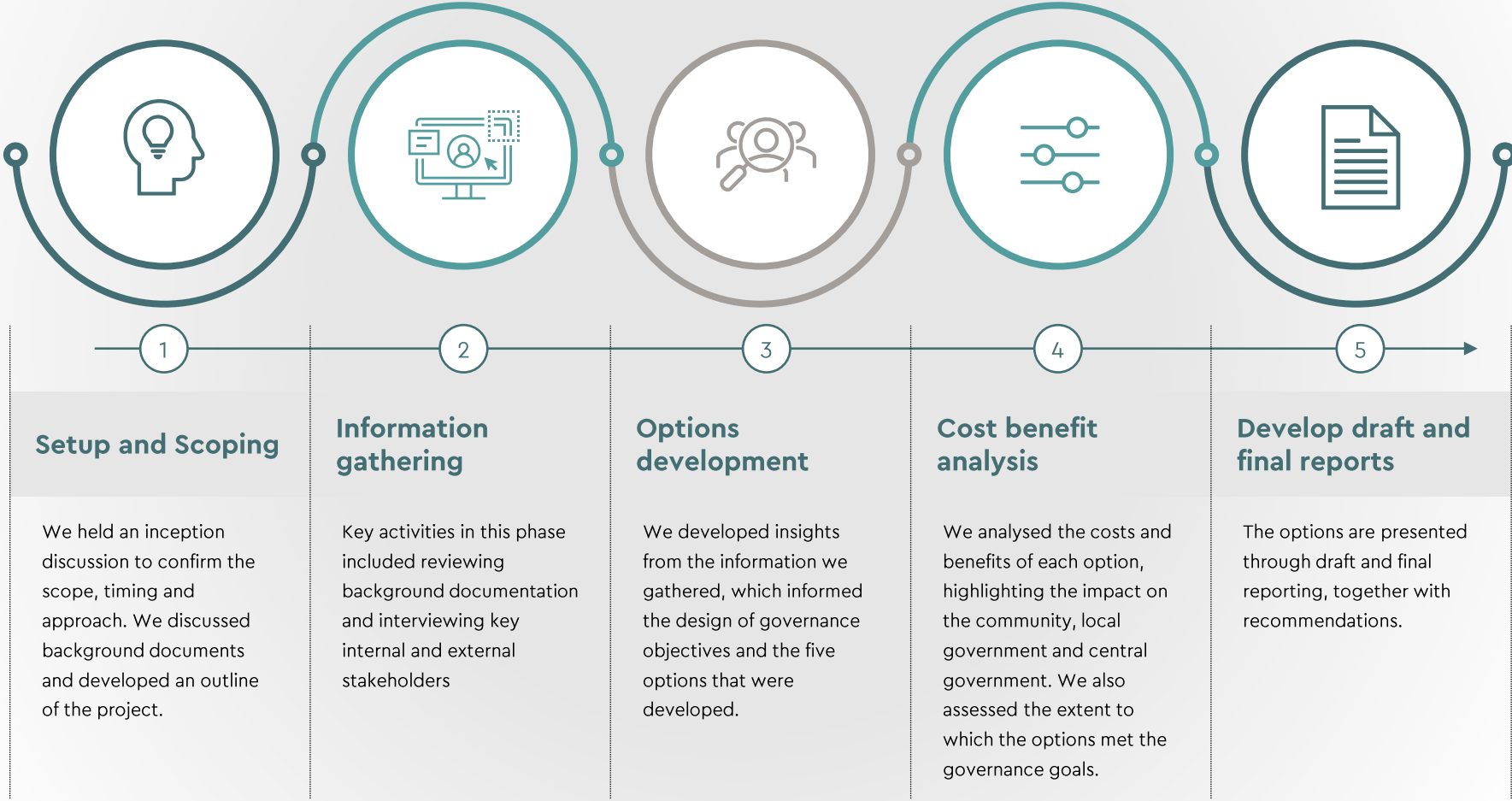
- **Governance support** - Whatever governance arrangements are put in place, there is an urgent need to identify any additional skill-sets required to support the incoming governance team, so that any gaps can be filled expeditiously (including direct support for the Mayor). For example, given the council's significant infrastructure projects, there may be merit in the Mayor's Office having some level of capability in the management of major infrastructure projects (relevant to Option 1). Such a person(s) could provide an important link between the infrastructure construction sector, the governors, and the executive.
- **Council staff engagement and change impact assessment** - It is crucial to acknowledge that the impending change in the governance structure of TCC has implications for the overall well-being of the Council's staff. We suggest that the Council undertakes structured stakeholder engagement to understand the potential concerns and challenges that this change presents for staff and implement specific initiatives to manage and mitigate its impact. Fostering a culture of empathy and support during the transition period is crucial to uphold the existing organisational culture and employee well-being. This will also support the incoming governing team.
- **Governance training for the incoming governance team** - To proactively navigate the risk of dysfunctional governance recurring in the new governance structure, it is crucial for the Council to prioritise comprehensive governance training for all incoming members of the governance team so that they are equipped with the essential skills and knowledge required to fulfil their roles and responsibilities.



Appendix



Our approach - overview



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Transition to democracy – considering a hybrid governance model

Date: 06 October 2023

Subject: Issues and options for a potential hybrid governance model

PURPOSE

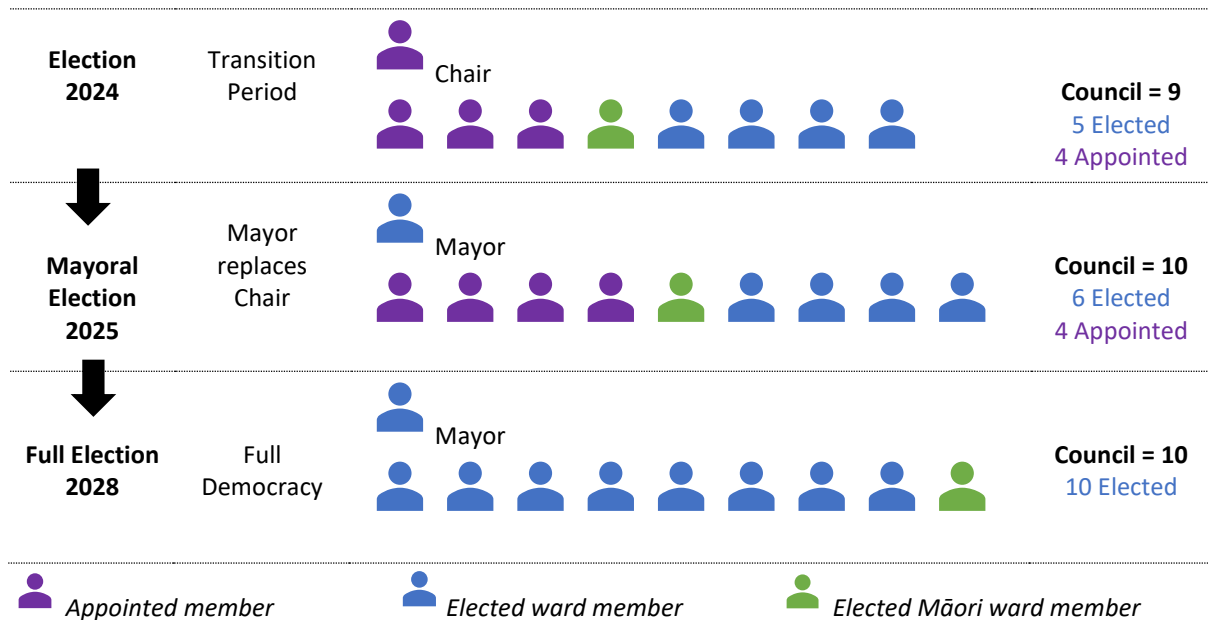
The purpose of this paper is to inform discussion relating to the transition from a commissioner led council to a democratically led council. It presents the Commissioners’ preferred option for a hybrid governance model, and summarises discussion on issues and options considered by Commissioners on the 19 and 28 September 2023, as outlined in the following two discussion papers:

- Transition to a potential hybrid council – issues and options (19 September 2023)
- Transition to a potential hybrid council – further discussion on options (28 September 2023)

It is important to note that this workstream does not predetermine that a hybrid governance model is the outcome, but it progresses the analysis so that should a hybrid model be considered viable or preferred, there is work completed on how that could be achieved.

PREFERRED OPTION

Commissioners have a preference for the following option (Option 1) if a hybrid governance model is progressed:



In 2024, four elected ward members would represent the following four wards until the 2028 election:

- Mount Maunganui/Mauao-Te Papa ward (1)
- Arataki- Pāpāmoa ward (1)
- Welcome Bay-Tauriko ward (1)
- Bethlehem-Matua-Otūmoetai ward (1)

For further discussion on the preferred option (Option 1 on page 9), including ward boundary maps and how it compares to alternative options, refer to the option development section.

BACKGROUND

The Commissioners are developing a plan to transition from a Commission led Council to a democratically elected Council. As part of that transition plan there are four workstreams currently underway:

1. Programme to encourage quality candidates to stand for election (as required by the Commission's Terms of Reference)
2. Work Plan and associated Risk Assessment outlining the key strategic and governance issues which the Commission is progressing, and which would likely be areas of focus for the incoming governance body.
3. Martin Jenkins have been engaged to explore governance options and to draw on lessons learnt from similar events involving transitional governance arrangements such as the Environment Canterbury (Transitional Governance Arrangement) Act.
4. Assessment of options for a transitional hybrid governance model comprising appointed and elected members.

This paper relates to workstream four, the assessment of options for a transitional hybrid governance model.

LEGISLATIVE CONTEXT

Under section 258F of the Local Government Act 2002 (LGA), the Minister of Local Government has the power to decide on the term of the commission and on the timing of elections. Legislation does not provide for any managed transition path from commissioners to democratically elected Councillors.

If the Minister decides a transition period using a hybrid model is appropriate for Tauranga City Council, new legislation similar to that drafted for Environment Canterbury will be required. As a transition process would sit outside the Local Electoral Act (LEA) 2001, legal advice on the process and implications of a hybrid model would be useful prior to any decisions being made.

OBJECTIVES

Overall objectives for a potential hybrid model, as agreed by Commissioners, are to:

- provide a transitional governance arrangement that is effective and fair; and
- maintain momentum to deliver on the city's strategic direction.

Council has worked hard with the commission over the last few years to establish a clear strategic direction that aligns with a core set of actions and plans for investment that set the direction for our city. This includes addressing the issues and challenges largely caused by historic underinvestment by previous councils.

The community has been generally supportive of the strategic action-oriented direction embedded by the commission. Change in direction is a risk following the commission's term ending.

These objectives have assisted to inform the advantages and disadvantages of the options below.

KEY ASSUMPTIONS

As noted above, LEA provisions do not apply in this context. There are, however, fundamental principles embodied in the legislation and factors that have been recently considered as part of the representation review that are considered significant for Tauranga. Alongside the objectives stated above, the following were agreed to by Commissioners and have been used for the foundations of option development.

ASSUMPTIONS	COMMENTARY
Geographic representation of communities of interest	<p>The concept of representation of communities of interest relates to the fundamental role of local government as community government, it recognises that there are distinct communities within the Tauranga community and the importance that all have representation around the Council table (Ward Councillors).</p> <p>This was a core factor considered in Tauranga city's recent representation review (2022)¹ for the following reasons:</p> <ul style="list-style-type: none"> • Historic failure to ensure representation from across the city led to community frustration. LTP engagement highlighted that many communities had felt they had been ignored by previous councils. For example, there was a strong message from Welcome Bay residents that as a community they felt ignored and forgotten. • Ward councillors have a more direct relationship with their constituents and vice-versa • Wards encourage greater collaboration between councillors and community groups.
Māori Representation	<p>As a council we have a commitment to act in a manner that upholds the principles of Te Tiriti o Waitangi. On 25 August 2020 Council resolved to establish Māori wards, a decision that was re-confirmed on 12 April 2021.</p> <p>One of the key tasks of the commission has been to create a spirit of partnership with tangata whenua and to work to restore trust and confidence in the Council. To choose an option that undermines the progress made in this area would be counterproductive and may damage relationships the Commission has cultivated with iwi and hapū and Te Rangapū Mana Whenua o Tauranga Moana members.</p>
Number of votes available to electors on the general and Māori role is fair	<p>Approximately 18% of Tauranga's population identifies as Māori² and the Māori electoral population makes up approximately 10%.</p> <p>Te Rangapū Mana Whenua o Tauranga Moana members have communicated the importance of the representation system being as equitable as possible for Māori voters as for general voters in terms of the number of votes available. For example, it would not be acceptable to Te Rangapū if Tauranga replicated the Palmerston North City Council situation (where those on the general roll can vote for 13 councillors, and those on the Māori roll vote for 2 councillors).</p>

¹ [https://www.tauranga.govt.nz/council/about-your-council/elections/representation-review#:~:text=The%20Local%20Government%20Commission%20has,\(see%20below%20for%20details\).](https://www.tauranga.govt.nz/council/about-your-council/elections/representation-review#:~:text=The%20Local%20Government%20Commission%20has,(see%20below%20for%20details).)

² Statistics New Zealand (2018) Census Data

<p>A partial election will occur in 2024 and a full election in 2028</p>	<p>It is assumed that an election will occur in July 2024 to bring in elected councillors alongside appointed members to form a new council using a hybrid transitional model. A full election and the return to a fully democratically elected council will occur on or before 2028.</p> <p>Local government elections are scheduled for 2025 and 2028. To move outside of the local government election cycle is not appropriate as this would have significant negative implications for LTP timeframes.</p> <p>Unless new legislation stated otherwise, under the current LEA provisions, a full representation review would need to be completed before a 2028 full election.</p>
<p>Using principles in the Local Electoral Act (LEA) 2001 to guide option development</p>	<p>Although LEA provisions may not apply in this context, there are fundamental principles and elements embodied in the legislation that can be used for option development, including:</p> <ul style="list-style-type: none"> - Fair representation i.e., +/- 10% rule - Numbers of council members being between 6 and 30
<p>Number on Council should not exceed 10 members</p>	<p>The number of council members was recently considered as part of the representation review, and it was determined that for the 2022-25 election Tauranga residents were to elect nine councillors plus a mayor. Advantages of this arrangement included:</p> <ul style="list-style-type: none"> • a smaller council is more easily able to make efficient and effective decisions • the city being geographically small allows elected members to easily interact with communities across the city and vice versa • pre-engagement with the community indicated strong support for a council of 10 or less. <p>As this model has recently been through a thorough assessment, including a public consultation process, and has been approved by the Local Government Commission, it is suggested that any transitional hybrid model takes this into consideration, and that a council larger than 10 members is not preferred for Tauranga city.</p>

DISCUSSION OF ISSUES

This section proposes a number of issues and options that were considered by Commissioners. Benefits and disadvantages for each option, along with Commissioners' preferences (refer blue shading), are provided in the tables below.

Issue One – Balance / weighting of elected and appointed

The balance / weighting between elected and appointed members is potentially key to maintaining momentum to deliver on the city's strategic direction following the 2024 election.

The balance / weighting can be achieved by any one of the following methods:

- An uneven number of members in total
- A casting vote of the chair where there is an even number of members³
- An even number of members disproportionately weighted.

Three options are presented in the table below.

³ A casting vote is not a legislative right, but it is in the standing orders which can be amended.

BENEFITS	DISADVANTAGES
Option 1A: Majority of appointed members on council	
<ul style="list-style-type: none"> Ensures that council will continue with delivering on the current strategic direction Provides a level of assurance to the community, particularly the business community maintaining investor confidence May encourage a different type of candidate to participate in an election as appointed members may be perceived by potential candidates as providing stability and certainty Assuming uneven number of members in total and all members present and not abstaining, avoids the need for a chair's casting vote 	<ul style="list-style-type: none"> Some in the community would strongly oppose any option that does not fully or mostly represent democracy Some communities may feel unheard or under-represented as there is less opportunity for communities of interest to be represented
Option 1B: Majority of elected members on council (PREFERRED)	
<ul style="list-style-type: none"> Some in the community are likely to perceive this more positively as provides a higher level of democracy Assuming an uneven number of members in total and all members present and not abstaining, avoids the need for a chair's casting vote 	<ul style="list-style-type: none"> Risk that the city's strategic direction is overturned, and projects are not delivered at major cost to community outcomes May result in a decreased level of investor confidence in the city resulting in developments being stalled or abandoned
Option 1C: Balanced approach 50:50 elected and appointed members	
<ul style="list-style-type: none"> May be more acceptable than 1A to those in community that desire a return to full democracy 	<ul style="list-style-type: none"> Potential for separate groups to form between elected versus appointed members requiring the use of casting vote of the mayor/chair.

Issue Two – Who leads the Council?

Following an election in 2024, three leadership options are identified – an elected mayor, an appointed chair, or a substitution from chair to mayor in 2025.

BENEFITS	DISADVANTAGES
Option 2A: Elected mayor	
<ul style="list-style-type: none"> Some in the community are likely to perceive this more positively as provides another level of democracy in a hybrid model Opportunity for a local leader to step-up and lead the city for the next term Elected mayor able to learn from those appointed members who are likely experienced in local government matters 	<ul style="list-style-type: none"> Risk to maintaining the city's strategic direction in a 50:50 hybrid model
Option 2B: Appointed chair	
<ul style="list-style-type: none"> Less risk to maintaining the city's strategic direction 	<ul style="list-style-type: none"> Loss of opportunity for community to select a city leader Some in the community are likely to perceive this very negatively as undemocratic

Option 2C: Appointed chair in 2024 replaced by mayor elected in 2025 (PREFERRED)	
<ul style="list-style-type: none"> As outlined in 2A Enables another step towards democracy with change in leadership May shift the weighting from appointed to elected depending on the numbers on council, which may be perceived positively by sectors of the community. Potentially enables a year for the Minister to 'gauge' how the elected and appointed members work together prior to substitution. 	<ul style="list-style-type: none"> Cost of an election for the sole purpose of electing a mayor (and may result in by-election if one of the elected members is subsequently elected mayor).

Issue Three – When should we return to full democracy?

Given the assumption of a hybrid approach to governance following the 2024 election, the return to a fully elected democratic council could be achieved in 2025 or 2028.

It is assumed that a partial election in 2025 to replace appointed members with elected members after a year on council is a valid option. Conversely, it is assumed that a full council election in 2025 to align with national local government election timeframes is not adequate time to encourage quality candidates to stand in 2024 given the significant risk that their term would only last 15 months, and therefore it is not considered in the options presented below.

BENEFITS	DISADVANTAGES
Option 3A: 2025 additional new elected members replace appointed members to make a fully elected council	
<ul style="list-style-type: none"> Quick return to fully elected council in 2025 would be received positively by some in community A short transition time may be achieved more effectively and efficiently by extending the commission's term and holding full 2025 elections 	<ul style="list-style-type: none"> Risk of strategic direction being changed Potentially challenging for those elected in 2025 election to work with those elected in 2024 Logistically may be challenging to ensure representation arrangements are fair May be difficult for the community to understand Additional costs of second election
Option 3B: 2024 appointed and elected members remain until 2028 (fully elected council) (PREFERRED)	
<ul style="list-style-type: none"> Maintains strategic direction and delivery for a full 4 years if the balance of power remains with appointed members Easy for the community to understand. Provides certainty, consistency, and stability in governance arrangements for staff and the community No election costs for 2025 Possibility to deliver on option 2C 	<ul style="list-style-type: none"> A proportion of the community would strongly oppose a long transition period to full democracy Potentially a costly option if appointed and elected members are remunerated equally for a full four years



Issue Four – How do we elect council members?

For those on the general roll, three options have been identified for selecting the remaining elected members. It is assumed that Te Awanui ward remains in place to ensure Māori representation across the city.

BENEFITS	DISADVANTAGES
Option 4A: Geographic ward elected members only (PREFERRED)	
<ul style="list-style-type: none"> Geographic communities of interest are represented, aligning with approach of recent representation review Ability to combine ward boundaries from recent representation review if the communities of interests are similar Encourages collaboration between wards and community groups 	<ul style="list-style-type: none"> Lack of city-wide interests being represented by elected members Initial analysis indicates it may be challenging to combine wards to represent true communities of interests (if less than 8 wards needed there will need to be combinations of wards) Potentially improved voting arrangements for those on general roll (Māori roll voters vote for 1, potentially general roll voters could vote for more than 1), which may not be perceived positively by Māori
Option 4B: At large elected members only	
<ul style="list-style-type: none"> City-wide interests are represented Improved voting arrangements for those on Māori roll (vote for Māori ward and At Large councillors) Potentially more diversity with At Large councillors 	<ul style="list-style-type: none"> Lack of representation for geographical communities of interest Under current legislation this option is inconsistent with the principles of the LEA when combined with the use of a Māori ward (i.e., current formula in the LEA) Some community members may negatively perceive electoral advantage for voters on Māori roll
Option 4C: Mixed model (geographic wards and at large elected members)	
<ul style="list-style-type: none"> Both city-wide and geographical communities of interest are provided for Arrangement familiar to electors (mirrors pre-commissioner representation arrangements) Potentially provides more balanced voting arrangements than 4A & 4B for those on Māori and general roll. 	<ul style="list-style-type: none"> Potential of mixed model contributing to dysfunctional behaviour (Review and observer team perceived this as a contributing factor of dysfunction of previous council) Some community members may negatively perceive electoral advantage for voters on Māori roll Small number of available slots on council may make it logistically difficult to create both wards and at large positions

OPTION DEVELOPMENT

Building on Commissioners’ preferences as set out in the tables above, five options were identified for further consideration by Commissioners and are presented in the table below. In summary:

- Options 1 and 2 are similar options with three appointed members and five elected ward members but with different ward combinations
- Option 3 is a multi-member ward option
- Options 4 and 5 provide different ward options with smaller council numbers.

Each option utilises option 2C above, where there is an appointed chair in 2024 who is substituted by an elected mayor in 2025. Direction from Commissioners included that following the 2025



Tauranga City

mayoral election, the appointed chair may stand down and another member appointed, or the appointed chair could remain as an additional appointed member (i.e., keeping the same total number of appointed members across years)⁴. Further consideration of this is needed with benefits and disadvantages of both approaches. Keeping the former chair on council has the advantage of continuity but the disadvantage of the potential for creating a difficult relationship with the newly elected mayor.

Except for options 4 and 5, all other options presented in the table below meet the Local Electoral Act 2001 fair representation rule i.e., +/- 10%. Some options may not, however, represent geographic communities of interest as well as others (which was confirmed by Commissioners as a fundamental assumption for options). Where this is the case, it is noted in the table below.

Maps showing ward boundaries for each option are shown in Attachment 1.

⁴ An alternative option is that the appointed chair be replaced by the elected mayor therefore reducing the number of appointed members on council.

OPTIONS	Partial transition in 2024	Mayor elected 2025	Full transition 2028	Notes on benefits & disadvantages between options
<p>OPTION 1 (PREFERRED)</p> <p>A council of:</p> <ul style="list-style-type: none"> - 9 (2024) - 10 (2025) <p>with</p> <ul style="list-style-type: none"> ▪ single member wards ▪ elected mayor in 2025 	<ul style="list-style-type: none"> • 4 elected from 4 general wards: <ul style="list-style-type: none"> ○ Mount Maunganui/Mauao-Te Papa ward (1) ○ Arataki- Pāpāmoa ward (1) ○ Welcome Bay-Tauriko ward (1) ○ Bethlehem-Matua-Otūmoetai ward (1) • 1 Māori ward member • 3 appointed members • 1 appointed chair <p style="text-align: center;">5 Elected : 4 Appointed</p>	<ul style="list-style-type: none"> • 4 general ward elected members remain • 1 Māori ward member remains • 1 elected mayor • 4 appointed members <p style="text-align: center;">6 Elected : 4 Appointed</p>	<p>Full election of 8 general ward members, 1 Māori ward member and an elected mayor.</p> <p>(Aligns with outcomes of representation review, noting this would need to be reviewed in 2027).</p>	<p>Combining Mount Maunganui and Te Papa as a single ward may not be perceived by the community as a good fit in terms of a ‘community of interest’, however, both are:</p> <ul style="list-style-type: none"> • the city’s key commercial centres • well connected by transport corridors (with a strategic corridor from Cameron Rd to Mount Maunganui) • significant employment centres <p>Fair representation range:</p> <ul style="list-style-type: none"> • 3.94% to -7.90%
<p>OPTION 2</p> <p>A council of:</p> <ul style="list-style-type: none"> - 9 (2024) - 10 (2025) <p>with</p> <ul style="list-style-type: none"> ▪ single member wards (<i>different ward combinations to option 1</i>) ▪ elected mayor in 2025 	<ul style="list-style-type: none"> • 4 elected from 4 general wards <ul style="list-style-type: none"> ○ Mount Maunganui/Mauao-Arataki ward (1) ○ Pāpāmoa/Welcome Bay ward (1) ○ Tauriko/Te Papa ward (1) ○ Bethlehem/Matua-Otūmoetai ward (1) • 1 Māori ward member • 3 appointed members • 1 appointed chair <p style="text-align: center;">5 Elected: 4 Appointed</p>	<ul style="list-style-type: none"> • 4 general ward elected members remain • 1 Māori ward member remains • 1 elected mayor • 4 appointed members <p style="text-align: center;">6 Elected: 4 Appointed</p>	<p>Full election of 8 general ward members, 1 Māori ward member and an elected mayor.</p> <p>(Aligns with outcomes of representation review, noting this would need to be reviewed in 2027).</p>	<p>Combining Papamoa and Welcome Bay as a single ward is a more difficult ‘community of interest’ argument than option 1. These two wards are also not contiguous.</p> <p>Fair representation range:</p> <ul style="list-style-type: none"> • +6.77% to -5.6%

<p>OPTION 3</p> <p>A council of:</p> <ul style="list-style-type: none"> ▪ 9 (2024) ▪ 10 (2025) <p>with</p> <ul style="list-style-type: none"> • multi-member general wards • elected mayor in 2025 	<ul style="list-style-type: none"> • 4 elected from 2 general wards <ul style="list-style-type: none"> ○ Mt Maunganui/Mauao-Arataki-Pāpāmoa-Welcome Bay (2) ○ Tauriko-Te Papa-Matua-Otūmoetai-Bethlehem (2) • 1 Māori ward member • 3 appointed members • 1 appointed chair <p style="text-align: center;">5 Elected: 4 Appointed</p>	<ul style="list-style-type: none"> • 4 general ward elected members remain • 1 Māori ward member remains • 1 elected mayor • 4 appointed members <p style="text-align: center;">6 Elected: 4 Appointed</p>	<p>Full election of 8 general ward members, 1 Māori ward member and an elected mayor.</p> <p>(Aligns with outcomes of representation review, noting this would need to be reviewed in 2027).</p>	<p>Combining Welcome Bay and coastal strip is difficult ‘community of interest’ argument.</p> <p>Does not meet agreed assumption that those on the Māori and general rolls will have the same voting influence – each person on Māori roll gets to vote for 1 councillor, each person on general roll gets to vote for 2 councillors.</p> <p>Fair representation range: +0.56% to -0.56%</p>
<p>OPTION 4</p> <p>A council of:</p> <ul style="list-style-type: none"> • 7 (2024) • 8 (2025) <p>with</p> <ul style="list-style-type: none"> • two general wards (coastal and combined) • elected mayor in 2025 	<ul style="list-style-type: none"> • 3 elected from 2 general wards: <ul style="list-style-type: none"> ○ Mauao-Arataki-Pāpāmoa (1) ○ Welcome Bay-Tauriko-Te Papa-Matua-Otūmoetai-Bethlehem Ward (2) • 1 Māori ward member • 2 appointed members • 1 appointed chair <p style="text-align: center;">4 Elected: 3 Appointed</p>	<ul style="list-style-type: none"> • 3 elected members from 2 general wards remain • 1 Māori ward member remains • 1 elected mayor • 3 appointed members <p style="text-align: center;">5 Elected: 3 Appointed</p>	<p>Full election of 8 general ward members, 1 Māori ward member and an elected mayor.</p> <p>(Aligns with outcomes of representation review, noting this would need to be reviewed in 2027).</p>	<p>Same issue as Option 3 (but smaller) regarding some of those on general roll voting for 2 councillors while others on general roll and everyone on Māori roll voting for 1.</p> <p>Best fit in terms of ‘communities of interest’ if coastal strip is seen as a distinct community of interest.</p> <p>Fair representation range: +11.70% to -5.85%</p> <p>Does not fit the 10% rule.</p>

<p>OPTION 5</p> <p>A council of</p> <ul style="list-style-type: none"> • 7 (2024) • 8 (2025) <p>with</p> <ul style="list-style-type: none"> • three general wards • elected mayor in 2025 	<ul style="list-style-type: none"> • 3 elected from 3 general wards: <ul style="list-style-type: none"> ○ Mauao-Arataki-Pāpāmoa (1) ○ Welcome Bay-Tauriko-Te Papa (1) ○ Matua-Otūmoetai-Bethlehem Ward (1) • 1 Māori ward member • 2 appointed members <ul style="list-style-type: none"> • 1 appointed chair <p>4 Elected: 3 Appointed</p>	<ul style="list-style-type: none"> • 3 elected members from 3 general wards remain • 1 Māori ward member remains • 1 elected mayor • 3 appointed members <p>5 Elected: 3 Appointed</p>	<p>Full election of 8 general ward members, 1 Māori ward member and an elected mayor (as set out in representation review noting this would need to be reviewed in 2027).</p>	<p>Good fit in terms of ‘communities of interest’.</p> <p>Everyone votes for one elected member only (one of the agreed fundamental assumptions)</p> <p>Fair representation range: +11.70% to -23.20%</p> <p>Does not fit the 10% rule.</p>
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Megan Yardley

From: Maree King
Sent: Friday, December 15, 2023 6:22 AM
To: simeon.brown@parliament.govt.nz
Subject: Correspondence - Briefing to the Incoming Minister from Tauranga City Council
Attachments: 2023-12-14 Letter to Hon. Simeon Brown - Briefing for the Incoming Minister - Tauranga City's Key Priorities and Challenges.pdf; Briefing to the Incoming Minister (BIM) from Tauranga City Council Commission 14 Dec 2023.pdf

Dear Minister

Please see attached correspondence from Commission Chair Anne Tolley.

Regards
Maree

Maree King | Executive Assistant: Commissioners Office
Tauranga City Council | [REDACTED] | maree.king@tauranga.govt.nz | www.tauranga.govt.nz

14 December 2023



Hon. Simeon Brown
Minister of Local Government
Parliament Buildings
Wellington

By email: simeon.brown@parliament.govt.nz

Dear Minister

Briefing for the Incoming Minister – Tauranga City’s Key Priorities and Challenges

Congratulations on your appointment as Minister of Local Government. We look forward to working with you and the National-led Government to assist in delivering the outcomes enunciated through Government policy statements and coalition agreements; and to ensure that the services and facilities we provide for our community are financially sustainable and will enhance the lives of the people who live and work in Tauranga, and in our wider sub-region.

Attached is a briefing paper (BIM) which outlines our city’s challenges, and the key priority actions required to address those challenges. We anticipate that you will be receiving many of such briefings in your new role, so we have kept our BIM relatively concise and focused. We would appreciate the opportunity to expand upon the information provided, so please do let us know which elements you would like to explore in more detail.

Of particular note is the Council’s transition from appointed to elected governance, with the election of Mayor and nine councillors scheduled for July 2024. As required by our Terms of Reference, the Commission has put in place a 2021-31 Long-term Plan (LTP) and is currently consulting on the draft 2024-34 LTP, both of which address a significant underinvestment in the infrastructure needed to enable and meet the needs of Tauranga’s rapidly-growing population and commercial sector. A recommended process for facilitating a smooth transition, while safeguarding the LTP work programme which is vital to managing the city’s growth, has been outlined separately.

Council Commissioners and Executive team members are available to meet with you and your officials, online or in person, to provide in-depth briefings on the important matters traversed in the attached BIM and our governance transition letter. My office will be in touch to arrange a meeting early in the new year.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Anne Tolley".

Anne Tolley
Commission Chair



Briefing to Incoming Minister of Local Government

From Tauranga City Council Commissioners



Tauranga City

Commission's Foreword

The Tauranga City Council Commission's tenure comes to an end in July 2024. While we have made many long-overdue decisions and accomplished much since 2021, there remains much to do and we look forward to working with the incoming Government to achieve the actions New Zealand's fastest-growing city requires to thrive and meet the needs of present and future residents.

We strongly support the new Government's focus on transformational change and delivering outcomes that will enhance the lives of New Zealanders by addressing the country's economic and cost-of-living challenges. We are keen to explore and implement opportunities for working in partnership which will meet the Government's, Council's and our community's needs.

Tauranga is New Zealand's fifth-largest and fastest growing city and its most significant challenges come from managing that rapid growth. Decades of underinvestment have exacerbated the city's growth issues, which include: a severe housing shortage, which means Tauranga has the least-affordable property prices in the country; and traffic congestion which is impacting our economy and lifestyle values.

The key priorities identified for Tauranga City are:

- Enabling housing delivery
- Addressing transport issues
- Investing in a vibrant city centre
- Delivering improved community facilities and amenity across the city
- Protecting and enhancing our environment by reducing emissions and creating a greener city.

The opportunities for addressing the city's challenges, each of which can be strongly influenced by central Government action, include; changes to restrictive legislation and government policy on the timely development of identified growth areas; delivering infrastructure needed to unlock new housing areas and ease the current demand on our roading network; a broader array of funding tools to ensure 'growth funds growth'; and greater certainty in co-funding to facilitate investment in core infrastructure.

We support your direction:

The National-led Government has enunciated a range of policies and priorities which are closely aligned to Tauranga's needs in relation to economic growth, enhanced productivity and improving people's standard of living. These include:

- Repealing the Natural and Built Environments Act and the Spatial Planning Act;
- Replacing the Resource Management Act 1991 with new resource management laws which will make it easier to consent required infrastructure and get more houses built;
- Reviewing the National Policy Statement on Indigenous Biodiversity, before any implementation;
- A fast-track, one-stop-shop consenting and permitting process for regional and national projects of significance;
- Replacing the National Policy Statement for Freshwater Management and the National Environmental Standards for Freshwater; and
- Improving the Accredited Employer Work Visa to focus the immigration system on attracting the workers and skills New Zealand needs.

We further support your approach to enhanced investment processes and outcomes through:

- City and regional infrastructure deals, allowing Public Private Partnerships, road pricing and greater opportunities for value-capture rating to fund regional infrastructure. Noting that Tauranga is exploring variable road pricing as a means of reducing congestion, improving travel time reliability and generating revenue to bring forward network improvement projects;
- Establish a Regional Infrastructure Fund with \$1.2 billion in capital funding over the Parliamentary term;
- Financial incentives for councils to enable more housing and infrastructure investment, including consideration of sharing the GST collected on new builds; and
- Establishing a National Infrastructure Agency.

Other policies Council strongly supports are:

- Prioritising roads of national significance, which would include significant improvements to SH29 and SH29A and Takitumu Northern Link Stage 2;
- Facilitating the development and efficiency of ports, strengthening international supply networks and prioritising strategic infrastructure that supports heavy industry in New Zealand; and
- Making the Medium Density Residential Standards optional for councils.

We believe there is an opportunity, through strong and decisive Government leadership, to quickly implement change which delivers tangible benefits for our community, and for the country as a whole. You will have our full cooperation in enabling that process and the commissioners and Council executive team will make themselves available to the relevant Ministers and their staff to assist wherever we can.



Anne Tolley
Commission Chair
Tauranga City Council



Bill Wasley
Commissioner
Tauranga City Council



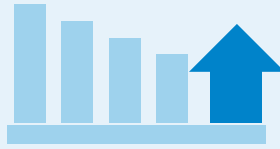
Shadrach Rolleston
Commissioner
Tauranga City Council



Stephen Selwood
Commissioner
Tauranga City Council

A Snapshot of Tauranga City

NZ's 5th largest and fastest growing city



Population: **+76%** since 2000 (35% nationwide)

(Source: Infometrics – 2023 estimated resident population)



161,206
people



57,140
homes



14,191
hectares

(Source: Tauranga City Council – Statistical Information Report 2023)

NZ's least affordable city



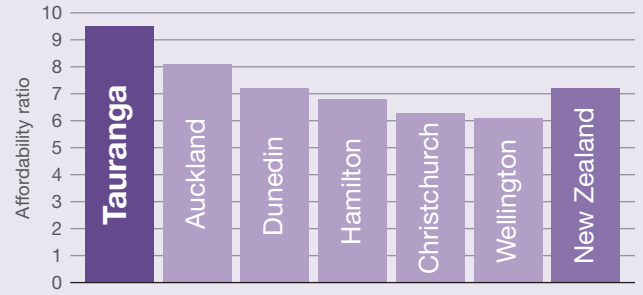
Average house value in Tauranga

\$1,023,618



Average household income in Tauranga

\$108,292



9.5

Affordability ratio

(property value to income)

NZ Average 7.2

(Source: CoreLogic as @ Q2 2023)

Regional economic engine



GDP +140% since 2000
(82% nationwide)

(Source: Infometrics – GDP Growth 2000-2022)

NZ's largest, busiest, fastest-growing port



42% of NZ shipping containers
37% of NZ export trade

(Source: Port of Tauranga Annual Report 2023)

City centre transformation

Over **\$2b** committed investment in the next 10 years

\$1.5b

private investment

\$370m

local government investment

\$180m

central government investment

600+
new dwellings

in the city centre in the next 10 years



40%

more usable open space on the waterfront in the next 5 years



15,000

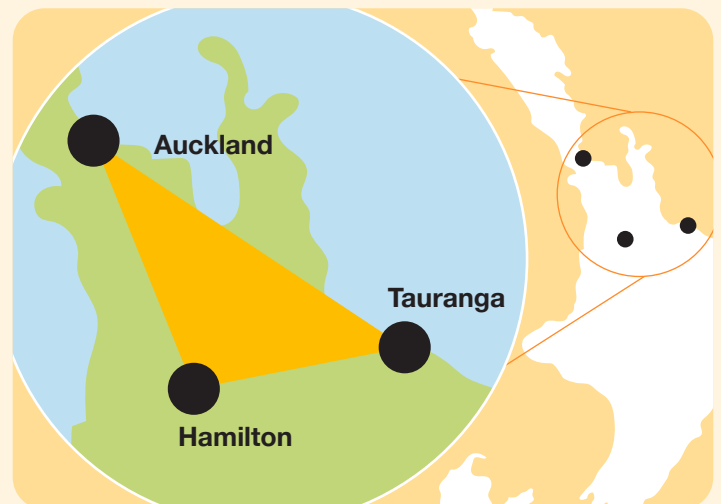
more people living on the Te Papa peninsula in the next 30 years

The Golden Triangle

connecting the regions

42% of freight

50% of NZ population and GDP



Tauranga City Council

Tier 1

High-growth metro sector council



7 Council Controlled Organisations

Bay Venues Limited

Tourism Bay of Plenty

Tauranga Art Gallery

Bay of Plenty Local Authority Shared Services

Te Manawataki o Te Papa Limited

Te Manawataki o Te Papa Charitable Trust

Local Government Funding Agency



Over **1,000 FTEs**



>**\$7b assets**



\$1b debt @ November 2023



First IFF funding in NZ \$177m

(leveraging a total of \$814m on key projects)



\$4.7b capital investment next 10 years

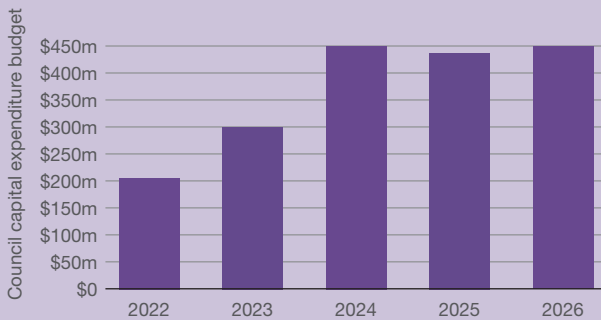
of which

\$1.7b Transport

\$1.6b Waters

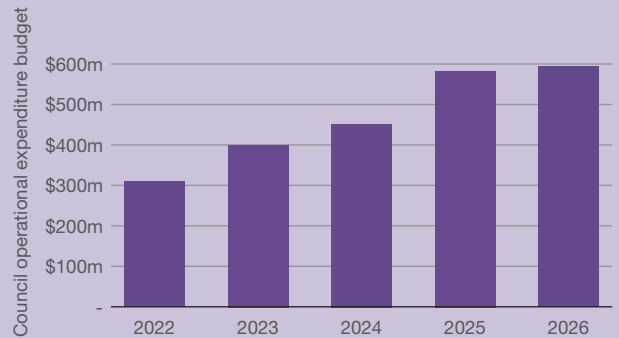
Scaling up investment in the City

~125% increase 2022-2026



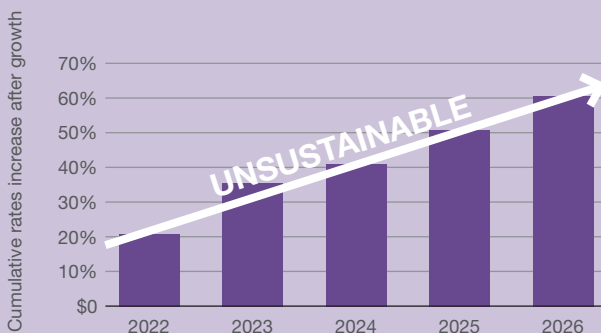
Scaling up operational spend

investment drives increased operational costs



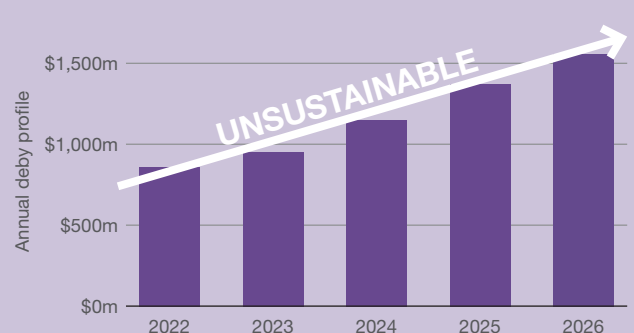
Scaling up rates

~40% increase 2022-2026

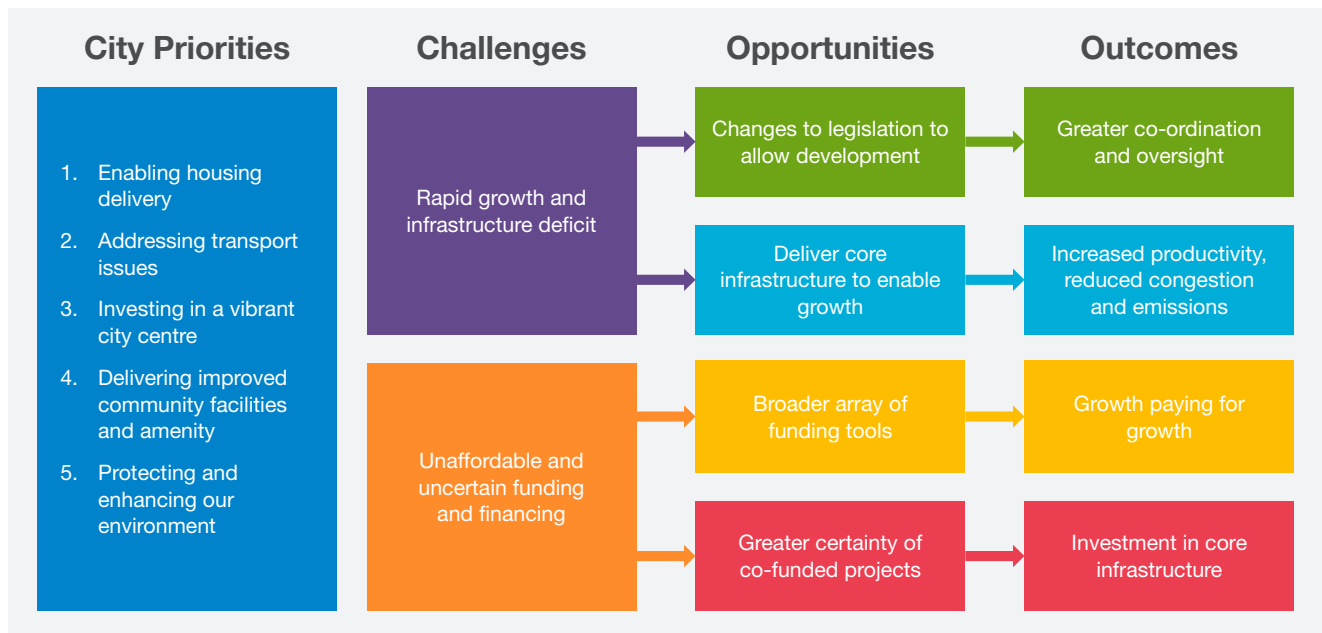


Scaling up debt

~75% increase 2022-2026



Our Strategic Challenges - Managing Rapid Growth



Biggest challenges for Tauranga

Rapid Growth and Infrastructure Deficit

Tauranga has the least-affordable housing in the country, has a severe housing shortfall and experiences extreme congestion.

Key Issue	Opportunity /Solutions	Key Outcomes
Restrictive legislation and policy is holding back agreed growth areas being realised to meet need.	<ul style="list-style-type: none"> • Changes that enable development of agreed locations (specifically RMA, NPS-FM, and NPS-IB). • A pathway which enables conflicting National Policy Statements to be addressed with priority provided to housing supply, aligned with agreed urban growth strategies. • Simplify and accelerate rezoning processes. • Provide for accelerated resource consent processes. 	<ul style="list-style-type: none"> ▲ Improved housing supply and affordability ▼ Housing shortage reduced ▲ Private sector investment and commitment

Key Issue	Opportunity /Solutions	Key Outcomes
Delays to infrastructure that unlock development to cater for growth.	<ul style="list-style-type: none"> Partnership between local and central government to plan, procure and deliver core infrastructure with commitment and certainty (including City Deals). Commitment to funding to be outcome driven, not just individual projects. Progress SH29 with urgency. 	<ul style="list-style-type: none"> ↑ 30,000 new homes ↑ 200 new businesses and 10,000+ jobs ↑ GDP by \$3.5B ↑ Multimodal shift / PT access ↓ Emissions ↓ Travel times by 20%
Insufficient funding for required transport investment - with current demand on network impacting local economy and quality of life.	<ul style="list-style-type: none"> Enact legislation that enables Variable Road Pricing (SmartTrip) to manage congestion and poor network service. 	<ul style="list-style-type: none"> ↑ Productivity and GDP ↑ Resilience ↑ Funding availability ↑ Wellbeing ↓ Congestion
<p>Limited long-term certainty for the delivery of an agreed transport plan.</p> <p>Projects are managed in a stop/start and elongated way, as they progress through a multi-approval process.</p>	<ul style="list-style-type: none"> A long-term commitment to funding and delivery of agreed priority transport projects funding including: <ul style="list-style-type: none"> - Guaranteed FAR subsidy for local road component of projects - 100% NZTA/Crown funding for State Highway improvements Changed approach to funding commitments – ensure large scale, high-priority year transport investments are incorporated into multi-year budget processes as part of an infrastructure pipeline. Expedited planning / Business Case processes to bring projects to construction in a timely manner (particularly when strongly-aligned to agreed urban growth and transport strategies by all stakeholders). 	<ul style="list-style-type: none"> ↑ Alignment and committed local and central government funding to deliver key projects ↑ Timely and cost effective project outcomes ↓ Cost of individual projects including escalation and delay

* Further detail provided in briefings

Unaffordable and uncertain financing and funding

Tier 1 high-growth Councils in New Zealand are facing increasing and unsustainable debt levels and unaffordable rates increases. Councils are unable to afford the critical infrastructure delivery required to support our growing cities and regions. Constraining investment in infrastructure results in suboptimal outcomes for housing supply, transportation, water services, and economic development.

Key Issue	Opportunity /Solutions	Key Outcomes
Current funding model for local government is unsustainable.	<ul style="list-style-type: none"> • Enable diversified local government funding and access to alternative funding streams for core infrastructure. This includes opportunities for private sector investment and user pays. • Alternative financing ability to build and maintain key infrastructure, such as Waters. 	<ul style="list-style-type: none"> ▲ Funding delivered for core infrastructure, specifically related to growth. ▼ Reduced inequity and financial burden on ratepayers ▲ Increased housing supply ▲ Productivity and GDP ▲ Taxation revenue ▲ Resilience of network and services (transport and water)
Misaligned and disincentivised funding and financing model.	<ul style="list-style-type: none"> • Allow earn back mechanisms to return incremental taxation revenue such as GST to local government to enable investment in infrastructure. • Provide for value capture opportunities to improve availability and equity of funding and financing. 	<ul style="list-style-type: none"> ▲ Improved investment in key infrastructure ▲ Incentives for local government to invest in enabling (growth) infrastructure ▲ Revenue base
Changes to government priorities leads to uncertainty for key growth projects.	<ul style="list-style-type: none"> • Provide better certainty for co-funded projects such as transport to lock in projects and secure pipeline that goes out at least 10 years. • Greater certainty will result in wider private investment. 	<ul style="list-style-type: none"> ▲ Cost effective delivery ▲ Faster realisation of benefits and outcomes
The Infrastructure Funding and Financing Act (IFF) is complex, expensive and time consuming - limiting uptake.	<ul style="list-style-type: none"> • Amendments to IFF to streamline legislation and process. • Consider Local Government Funding Agency (LGFA) as an investment partner or administrator to enhance IFF opportunity. • Remove GST on the IFF. 	<ul style="list-style-type: none"> ▲ Uptake of IFF as a key financing tool ▲ Investment to meet core infrastructure needs ▲ Economic growth and tax revenue
Disproportionately cost of growth is falling on local authorities and ratepayers. <i>Growth is not currently paying for growth.</i>	<ul style="list-style-type: none"> • Legislative changes required to more fairly fund and facilitate growth such as; the transfer of Development Contributions (DCs) to other developments; amend the DC calculation method and improve required timing of payment provisions. • Allow rating and DCs on urban crown land. 	<ul style="list-style-type: none"> ▲ Growth paying for growth ▼ Reduce ratepayer burden of growth related costs and debt.

* Further detail provided in briefings

Planning in a time of uncertainty

We encourage continued Government consultation with the Tier 1 growth councils which are most directly and acutely affected by growth related issues.

Tauranga City Council has continued to progress the development of its draft Long-term Plan, whilst recognising the uncertainty around the repeal of RMA and Waters Reforms legislation. We welcome the opportunity to work with the Government to establish a plan which provides a clear direction and the opportunity to deliver key infrastructure, with better outcomes for our communities.

Key focus areas for the Tauranga Commission

Tauranga City Council has identified the following key focus areas where a collaborative approach will provide enhanced outcomes for Government and our communities.

Delivering the Long-term Plan 2024-34

Tauranga's fiscal challenges have shaped the approach to Council's upcoming Long-Term Plan (LTP), which has resulted in a constrained capital programme with key projects deferred past the 10-year timeframe of the LTP and instead scheduled in years 11-20 (and reflected in our draft 30-year Infrastructure Strategy).

Council's plans for the future can be summarised as a continuation of the strategic priorities that have guided our actions since the Commission was appointed and align with the last amended LTP (the LTPA), with limited new projects or initiatives being added. Council's high priority areas for investment over the upcoming 10-year LTP period (waters excluded from year three onwards as required by current legislation), are listed below:

- **Transport network upgrades – \$1.399b** – Council is committed to increasing the capacity and quality of the city's transport network, making it easier and safer to get around the city.
- **Growth in the West (Tauriko enabling works) – \$79m** – this work is an essential part of addressing existing housing shortages and providing for Tauranga's growing population, as well as delivering commercial and industrial infrastructure. This investment will facilitate the delivery of up to 4,000 homes, improvements to the state highway networks and connections, and an additional 100-150 hectares of business land providing for an additional 2,000 jobs as a first-stage to the larger planned growth area.
- **Growth in existing zoned areas (including Te Papa/City Centre) – \$356m** – investing in growth in a managed way in existing zoned areas will deliver additional housing in Wairakei (east Pāpāmoa) and enable intensification in areas such as Te Papa and Ōtūmoetai. This work includes the delivery of the Pāpāmoa East Interchange, linking east Pāpāmoa with the Tauranga Eastern Link highway. Over time, this investment will enable construction of an additional 2,000 to 3,000 homes in currently zoned areas.
- **Revitalising the city centre – \$546m** – Te Manawataki o Te Papa, a key initiative to deliver much-needed amenity for our existing communities, draw visitors to the city centre and meet the needs of our future residents as the city grows. Projects included are the redevelopment of the waterfront, delivery of a new museum and exhibition centre, and a new library and community hub.
- **Community facilities and amenity – \$616m** – this investment will deliver much-needed amenity for our existing communities, increasing vibrancy and wellbeing. Community facilities in growth areas are a focus and delivery is a key part of Council meeting its responsibilities under the Connected Centres Programme - a SmartGrowth partnership initiative for the sub-region, focusing on delivering well-planned intensification.
- **Sustainability and resilience – \$119m** – we are planning for the future by ensuring the city adapts to our changing environment, does its part to address climate change (including reducing emissions per capita) and can stay connected in the event of an emergency and/or natural disaster.

There is a critical need for Tauranga City Council's future governance to maintain the current momentum and continue with investments which are required to meet the city's needs. Delivering the work programme set-out in the draft 2024-34 LTP will ensure the gains made during the last few years are built upon.

Transitioning Tauranga towards Democracy

The Commission term is currently due to end in July 2024, with the previous Minister of Local Government confirming an election date for Council of 20 July. In anticipation of a return to democracy, and in line with the Commission's Terms of Reference, work is ongoing to understand the best governance options for the City of Tauranga.

The following pieces of work have been undertaken to inform a recommendation to the Minister regarding the return to democracy in Tauranga:

1. Development of a Work Plan and associated Risk Assessment outlining the key strategic and governance issues the Commission is progressing, and which would likely be areas of focus for the incoming governance body.
2. Engagement of Martin Jenkins to provide advice on governance options for returning Tauranga to democratic governance and draw upon the lessons learnt from similar events involving transitional governance arrangements, such as the Environment Canterbury (Transitional Governance Arrangement) Act.
3. Assessment of potential options for a transitional governance model comprised of appointed and elected members, in the short term.

The Commission believes that it is in the best interests of Tauranga that the Council should transition to an elected Council in a staged manner, through a hybrid model in July 2024, with a clear plan to return to full democracy by October 2025. In addition, the following governance structures are recommended to ensure the key strategic direction set by the Commission remains in place and identified risks are mitigated. Key mitigations include:

- Continuation of independent governance structures and project arrangements for high-risk, high-value and complex projects. This includes Te Manawataki o Te Papa and the five main transport projects collectively in excess of \$1.5billion.
- Having an appropriate, skills-based governance structure in place for identified Specified Development Projects (SDPs) and any 'city deal' agreements with central Government.

In addition, the Commission continues to plan for and focus on how to best enable a successful return to democracy for Tauranga. This includes education and awareness campaigns for future elected members; demystifying the role of an elected member; and encouraging participation in democracy. The Commission has developed a programme to encourage quality candidates to stand for election (as required by its Terms of Reference) with a framework and attributes required to guide good governance.

Negotiating a City Deal – a catalyst for achieving key outcomes

Both the National Party policy manifesto and the Coalition Agreements identify the role of City Deals in creating long-term partnership agreements between central and local Government. A City Deal for Tauranga (and the Western Bay of Plenty) will enable implementation of the collectively agreed long-term plan and provide the platform for coordinated investment, reform, governance, and delivery across the region. The deal will see a commitment to shared outcomes through a true partnership between central and local government.

The City Deal is strategically important to the region's and New Zealand's economic growth, reflecting the city's status as a key gateway to global trade and the country's fastest-growing city.

The City Deal that Tauranga is proposing has two key economic objectives – *Boosting Export Earnings and Enabling Future Growth* – and will be enabled by the social and environmental objective – *A Sustainable, Resilient and Liveable City*.

We have a strong plan for growth, but this needs to be supported by the enablement of effective tools for use at a local level. This will unlock greater economic value and tax take, which can be reinvested for longer-term benefits. Such tools include; long-term funding certainty between local and central government, new, improved and innovative funding and financing, alignment of funding outcomes, road network pricing to provide a long-term, locally-generated income stream, and enabling different delivery methods that include providing value through greater pipelines of work and public private partnership options.

The City Deal for our region will provide a testbed and a range of specific opportunities for important enabling factors and policy shifts covering facets of the Local Government Act, National Policy Statement (NPS) for Freshwater Management, NPS for Indigenous Biodiversity, National Planning Standards, RMA, and Transport business case and funding processes.

We look forward to working with the Government through the City Deal process.

Reform opportunities to give effect to Government priorities

This document has identified a range of opportunities for Government - where changes would deliver tangible benefits for Tauranga and its residents. Many of these opportunities would also have national application, with the associated benefits centring around funding, financing, infrastructure delivery and legislative reform. Importantly, the current system and legislative frameworks and policy settings are limiting the investment and delivery of key infrastructure required to effectively manage growth, by Central Government and Councils as well as the private sector.

We appreciate these issues are complex and detailed. We would welcome the opportunity for a further briefing to provide greater detail on the opportunity to give effect to change and lead key priorities for the Government.

A list of key briefing papers (some of which we have already been received by Government Advisors and officials) are outlined below.

Briefing Papers

Funding and Financing Challenges and Opportunities for Tauranga City Council, including IFF funding

Growth Planning Opportunities for Tauranga City Council

Identified Policy and Legislative Change Opportunities

City Deal Framework and Foundation Documents

Going for Housing for Growth Policy – feedback from Tauranga City Council

Tauranga City Council Identified Issues with the Urban Development Act (Specified Development Projects)

Tauranga City Council Identified Policy and Legislation Quick-Wins for Government

Transitioning Tauranga Towards Democratic Governance

Future for Local Government review recommendations

In addition to the major challenges and relevant opportunities outlined previously, Tauranga City Council continues to identify and promote reform ‘quick-wins’ which could be implemented at pace and create greater improvements across the local government sector. Primarily, this relates to outdated or futile policy settings and we welcome the opportunity to discuss these further, to enable meaningful and timely change. Some examples are briefly summarised below, but we can provide a further, in-depth briefing paper on these ‘quick-wins’.

Topic	Outcome sought
Legislation that limits the fees or charges that Council can set (and the level fees are set at, at a national level)	The ability for Council to set fees at levels which reflect actual costs and the level of service provided. Ensuring a quality of service, user pays and reduces rates cross-subsidisation.
Ratepayer Assistance Scheme.	Provide a low cost financing mechanism specifically focused on supporting: <ul style="list-style-type: none"> • rates postponement • deferred development contributions • property improvement loans.
Change IFF legislation to the definition of Protected Māori land allowing for inclusion of collected development contributions.	Consistency with rating approach to ensure equity and practicality of funding.
Bylaw setting on roading networks.	Enable Council to set bylaws to restrict cycling on roads where dedicated cycle paths are provided.

Links to further documents that we think would be helpful

- 📄 **Commission Terms of Reference:** [Terms of Reference for a Commission from 26 April 2022](#)
- 📄 **Minister's extension to Commission term to July 2024:** [Appointment of further Commission to the Tauranga City Council](#)
- 📄 **Commission's latest quarterly report:** [Report to Local Government Minister 30 September 2023](#)



Tauranga City

Notes from Meeting with Minister McAnulty 19th July 2023

The Minister (Minister) opened the meeting by acknowledging and thanking the Commissioners for their great work and the outcomes they had achieved. Further noting that most of the feedback he now receives, by the exception of a minor few, is very complimentary and commending of the excellent work programme and hard work that's been done by the Commissioners.

1. Tauranga Local Government elections

Minister confirmed the date and the proposed term (4 years) to align with the local government election in 2028.

Crown Observer – Minister advised he was not opposed to the recommendation but wanted to avoid any perception that was a continued overreach by the government into local government. He agreed with the recommendation that a continued supporting function, in some shape, would assist the new Council. His view was this would be a government appointed support / guidance role for a finite (temporary) timeframe, similar to a process if a new district (with Council) was to be established. Minister advised his office would work on this directly (with DIA) to ensure the communications addressed the confidence the government has in the local democracy system, while also in this instance provides a support role to assist the new Council establish / and imbed.

Note. we didn't discuss timeframes for the announcement of the election date, term etc.

Action: Cashy will reach out to DIA to clarify and seek further direction on this, in order to align our communications etc.

*Information out of scope of
request*

Megan Yardley

From: Cashy Ball
Sent: Wednesday, February 28, 2024 11:39 AM
To: Maree King
Subject: FW: IN CONFIDENCE: Tauranga 2024 election

From: Cashy Ball <Cashy.Ball@tauranga.govt.nz>
Sent: Friday, 23 June 2023 2:11 pm
To: .Commission <Commission@tauranga.govt.nz>
Cc: Christine Jones <Christine.Jones@tauranga.govt.nz>
Subject: FW: IN CONFIDENCE: Tauranga 2024 election

Kia ora Commissioners,
Please find below latest information from DIA regarding election decisions.

Note this information has been provided in confidence. Please let me know if there are others you believe need this information now.

Please let me know if you have any thoughts on these decisions, that you would like me to share back with DIA, by **29 June**.

Ngā mihi
Cashy

From: [REDACTED] <[REDACTED]@dia.govt.nz>
Sent: Thursday, 22 June 2023 11:48 am
To: Cashy Ball <Cashy.Ball@tauranga.govt.nz>
Cc: [REDACTED] <[REDACTED]@dia.govt.nz>; [REDACTED] <[REDACTED]@dia.govt.nz>; Fergus Campbell <[REDACTED]@dia.govt.nz>
Subject: Re: IN CONFIDENCE: Tauranga 2024 election

CAUTION:External Email.

****IN CONFIDENCE****

Kia ora Cashy,

The Minister has agreed to the Tauranga elections to be held on 20 July 2024. Additionally, the Minister has also agreed to postpone the 2025 triennial elections until 2028. The rationale for this advice is that the members elected in July 2024 will need stability to make substantial progress.

As these decisions are in principle, we are now working on the process to officialise them. Could you please provide any feedback that you may have on the two decisions above by COP 30 June 2023?

We also acknowledge that in their last letter, the Commissioners recommended the Minister to appoint a Crown Observer following the election in July 2024. We are currently working on our advice on this matter and will be in touch with you with further updates. We will also be in touch in terms of any media announcements needed.

I understand that BOP Iwi have also been part of the consultation in this process. Would you have any contacts that you can share for me to reach out to them?

Thank you and any questions, please let me know 😊

Jorge

██████████ [\(he/him\)](#)

Kaitātari Kaupapahere - Policy Analyst | Operational Policy | Ue te Hīnāture - Local Government Branch

The Department of Internal Affairs Te Tari Taiwhenua

Email: ██████████ [@dia.govt.nz](#)

45 Pipitea Street | PO Box 805, Wellington 6140, New Zealand | www.dia.govt.nz



Te Tari Taiwhenua
Internal Affairs

Megan Yardley

From: Maree King
Sent: Tuesday, April 4, 2023 5:33 PM
To: k.mcanulty@ministers.govt.nz; kieran.mcanulty@parliament.govt.nz
Subject: Condensed Analysis of Governance Related Work Programme 2022-2025
Attachments: 2023-04-04 Signed Letter to Hon Kieran McAnulty Governance Work Programme.pdf;
Condensed Analysis of Governance Related Work Programme 2022 to 2025 - report
back Mar 2023.pdf

Dear Minister

Please see attached letter from Commissioners.

Regards
Maree

Maree King | Executive Assistant: Commissioners Office
Tauranga City Council | [REDACTED] | maree.king@tauranga.govt.nz | www.tauranga.govt.nz

4 April 2023



Hon. Kieran McAnulty
Minister of Local Government

By email: Kieran.Mcanulty@parliament.govt.nz

Dear Minister

We are writing to update you on the progress the Commission is making against the governance work programme previously provided to Hon. Nanaia Mahuta and referred in our Terms of Reference. Also, please refer to the Commission's latest Quarterly Report, provided to you on 31 March, which reports on the broader range of actions set-out in our Terms of Reference.

This letter includes a recommendation that following the term of the Commission, you consider putting in place a Crown Observer for a period of 15 months. We believe there is sufficient justification, under Part 10 of the Local Government Act 2002, for you to take this course of action, and this letter outlines our reasoning.

The Commission was originally appointed by the Crown due to entrenched elected governance issues, which in the words of the Minister, were "likely to impair the good local government of the Council's district" and that the Council was "unable to effectively address the problem". In appointing the Commission, the Minister noted that "Tauranga is a rapidly growing city with substantial infrastructure needs. I am deeply concerned that through its actions, the Council is putting the growth of Tauranga City and wider region at risk."

Issues and Risks

Since February 2021, the Commission has been working to identify and address the critical issues facing the city. Many of the issues have come about from sustained underinvestment in Council assets and services, compounded by significant population growth. In December 2021, the Commission delivered to the Minister an analysis of the governance-related work programme for the 2022-25 triennium, which was required to ensure continued progress is made in addressing the significant risks identified. These risks fell broadly under the themes of: Providing leadership for the City's Challenges; Preparing for the Future in a Rapidly Changing Environment; and Trust, Credibility, Confidence and Capability. This work plan was considered by the Minister as part of the decision in April 2022, to reappoint a Commission through to July 2024.

In making that decision, the Minister tasked the Commission with the primary objective of delivering Council's Long-term Plan 2024-34. This aligned with the analysis provided by the Commission regarding the governance workplan and the need to ensure sufficient progress was made towards a number of actions, to ensure the issues facing the city and the previous lack of investment were sufficiently addressed.

Assessment of Progress

Attached to this letter is an updated assessment of the progress made by the Commission against the work programme defined in December 2021. It identifies the risk status that remains following the work undertaken to date. Whilst the assessment identifies that considerable progress has been made, some of the major issues facing the city are so significant that the mitigating actions underway will take significantly more time to achieve the intended outcomes; specifically in the areas of housing, business land provision, carbon emissions reduction and transport.

The nature and scale of these risks requires strategic and aligned actions on behalf of all parties, and it is critical for the future of the City that an effective and proactive governance team is in place to continue to guide the city's direction. Therefore, appropriate support for the future elected governance team is considered to be critical, as well as mechanisms to mitigate any potential move away from the necessary long-term direction established for the city.

Crown Observer

The Commission believes that consideration should be given to mechanisms that would allow the Minister to closely monitor the Council's progress in addressing the city's identified issues, once the Council has returned to elected governance, and in particular, how the Council is giving effect to the adopted Long-Term Plan 2024-34. For this reason, the Commission would recommend that, at the conclusion of the Commission term, the Minister appoint a Crown Observer, in accordance with Section 258B (1)(a)(ii) of the Local Government Act 2002; *'the appointment of a Crown Observer is necessary to enable, or better enable, the Minister to monitor the local authority's progress in addressing the problem'*.

By July 2024, the Council will have adopted the Long-Term Plan 2024-34, setting in motion a plan of action to continue to move the city forward. As noted earlier, the delivery of the plan is a clear task assigned to the Commission by the then-Minister of Local Government. However, the implementation of the Long-term Plan will continue to be a critical responsibility of the new Council, if real and continuing progress is to be made in addressing Tauranga's significant issues. Of specific concern is that if decisions of importance made by the Commission are revoked or amended by the new Council, the significant progress envisioned through the Long-term Plan could be compromised. This represents an ongoing risk that the Commission believes requires continued monitoring and, therefore, ongoing government intervention, albeit at a lesser level. There is a serious concern within the Council organisation and our key strategic and community partners that the progress made in the city over the last two-plus years could be undone if continuing commitment to address the identified issues facing Tauranga, and their proposed solutions, does not occur; and that a return to democratic arrangements in Tauranga could result in dysfunctional governance similar to that experienced prior to the Commission's appointment.

The Commission recommends that a Crown Observer be utilised to ensure some continuity and certainty over delivery of the actions commenced under the term of the Commission. In fact, if a Crown Observer was confirmed earlier than July 2024, the Council would consider appointing that same person as an informal observer, for the final section of the Commission term. This would allow the (future) Crown Observer to understand the city's issues and the Commission's approach to those issues, and be 'up-to-speed' before the new elected Council takes office in July 2024. Utilising a Crown Observer would provide confidence to the community that the direction established through the

Long-term Plan, will continue after the return to democratic governance. The Commission would therefore recommend that a Crown Observer be put in place to assist the new Council from July 2024 through until October 2025, in line with the date of local government elections.

In addition, we believe the appointment of a Crown Observer would provide confidence to potential candidates (bearing in mind that most of the new Council could be new to local governance) that independent expertise and advice would be available to provide high level guidance and direction for a defined timeframe, during a period when the governance team is settling into its new role.

Election Term

The Commission would not recommend that Tauranga has another election in 2025. In the interest of attracting quality applicants, efficiency and pragmatism, the Commission would recommend that the Council members elected in July 2024 have a term of four-plus years, through to the 2028 local body elections. The alternative, a term of only 15 months, is likely to deter quality candidates from investing the effort and resource to be elected, when the ability to make a meaningful contribution is limited and as a result, the prospect of their re-election may be hindered. In line with its current terms of reference, the Commission is looking at how best to attract and support the participation of high-quality candidates in the electoral process.

We would welcome the opportunity to discuss the matters outlined above, or any other matters relating to our term and experiences, at a time that is convenient to you.

Yours sincerely



Anne Tolley
Commission Chair
Tauranga City Council



Bill Wasley
Commissioner
Tauranga City Council



Shadrach Rolleston
Commissioner
Tauranga City Council



Stephen Selwood
Commissioner
Tauranga City Council

Appendix:

Condensed Analysis of Governance Related Work Programme 2022 to 2025

Megan Yardley

From: Maree King
Sent: Tuesday, August 30, 2022 3:06 PM
To: Jodie Cayford
Subject: Copy of Article regarding Commissioners
Attachments: Local Government Magazine Article - Commissioners.pdf

Hi Jodie, Anne asked me to forward the attached article to you.

Regards
Maree

Maree King | Executive Assistant: Commissioners Office
Tauranga City Council | [REDACTED] | maree.king@tauranga.govt.nz | www.tauranga.govt.nz

From: Maree King <Maree.King@tauranga.govt.nz>
Sent: Tuesday, 30 August 2022 3:04 pm
To: k.mcanulty@ministers.govt.nz
Subject: Copy of Article regarding Commissioners

Dear Minister

Commission Chair Anne Tolley asked me to send you a copy of the attached article.

Regards
Maree

Maree King | Executive Assistant: Commissioners Office
Tauranga City Council | [REDACTED] | maree.king@tauranga.govt.nz | www.tauranga.govt.nz

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Tauranga City Council | [REDACTED] | maree.king@tauranga.govt.nz | www.tauranga.govt.nz

WHEN LOCAL GOVERNMENT GOES BAD

a commissioner's view on responsible governance



Anne Tolley

When Tauranga City Council's Commissioners attended the recent LGNZ conference, they fielded repeated questions about the difference between elected and appointed governance; and what lessons from their experience might be incorporated in the 'Future of Local Government' review. **Anne Tolley** – Tauranga City Council Commission Chair, explores those themes.

Ministers of local government don't lightly decide to dismiss a council's elected representatives and replace them with a commission – I know, because I used to be that Minister.

Without dwelling on the details, there were a number of reasons why Tauranga City Council's elected members had their governance powers removed, but at the heart of the matter was their inability to work together and a failure of collective responsibility.

The city was heartily tired of the continual bad behaviour and there was a collective wish for the council's governance to get back on course and start dealing with Tauranga's chronic issues.

To a significant degree, those issues – insufficient and unaffordable housing and a transport network which can no longer cope with the demands of Tauranga's fast-growing population – can be traced to a failure to fully-implement the long-term plan (LTP) work programmes adopted to address the city's infrastructure needs. The infrastructure investment required would naturally have had an impact on rates and when it came to the crunch, the rates rises set out in successive LTPs were pared-back, with inevitable consequences for the Council's capital works programme.

In many instances, that desire to avoid making unpopular rating decisions undoubtedly related to concerns about re-election prospects. That pressure is not something a commissioner experiences, because we are appointed for a limited timeframe and, typically, with some clear expectations about what we are expected to achieve in that timeframe.

It's often claimed that, as Government appointees, we are just here to do the Government's bidding. That is not the case. Our terms of reference speak to engaging with the community, building trust and confidence in Tauranga City Council and making good long-term decisions on behalf of our community. That's exactly what we have done and a measure of the Commission's and the Council's success over the past 18 months has been the level of community support there has been for an LTP work programme that involves significant capital investment (more than \$4.5 billion in the 2021-31 LTP), together with the rate rises needed to fund that investment.

While rate rises are never popular, our community has largely accepted that they need to happen if Tauranga is going to make progress and remain a great place to live, work, learn, play and visit. Here, particular credit needs to go to our business community, which has borne the brunt of the increased rate costs, due to changes in our rating policy to bring commercial rates more into line with other centres.

That level of support was the result of many honest conversations and a general acknowledgement that it was time we addressed a longstanding underinvestment in community facilities and infrastructure. It was also a result of the Commissioners' willingness to facilitate opportunities to have those honest conversations by meeting with as many individuals and community and business organisations as possible. Many people did not expect that level of openness and availability from unelected governance and it's an approach we plan to continue.



Above: Tauranga City Council Commissioners (from left): Bill Wasley; Shad Rolleston; Anne Tolley; and Stephen Selwood, pictured in the recently redeveloped Wharf Street dining and entertainment precinct.

If there's a lesson in this for the elected members of any council (or other organisation, for that matter), it's that we're here to do what's right for our communities, regardless of what impact that might have on our electoral futures. We all have to make some tough decisions at times, but if we genuinely engage with our communities and ensure that people understand the reasons those decisions have been made, we should be able to put our faith in those same people to make informed decisions at the next election.

Reflecting on how our experience might inform what local government looks like in the future is by no means simple, but there could perhaps be a place for a model that includes elected and appointed governance. The elected members could speak for the community's concerns and priorities, while appointed members could bring the specific experience and knowledge needed to ensure that the best possible decisions are made, for today and for the future.

Many elected councils lack the expertise in planning, infrastructure development, engineering and economics that good decision-making needs. Many councils also lack an understanding and appreciation of te ao Maori and the positive influence it can have, although we can hope that will change as more local authorities introduce Maori wards and ensure that mana whenua have a long-overdue seat at the decision-making table.

Getting the right people sitting at that table, people who understand the governance role and can bring a range of skills and experience to bear, can only be a good thing. While a hybrid elected/appointed governance model wouldn't completely eliminate the possibility of bad decisions, it would make them much less likely and reduce the opportunity for blinkered thinking to tip the decision-making balance, to a community's long-term detriment.

As with any governance system, well thought-through checks and balances would be required, but the Future of Local Government review panel has the time and the expertise to 'debarb' any fishhooks. **LG**

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