

Mā tō tātou takiwā
For our District

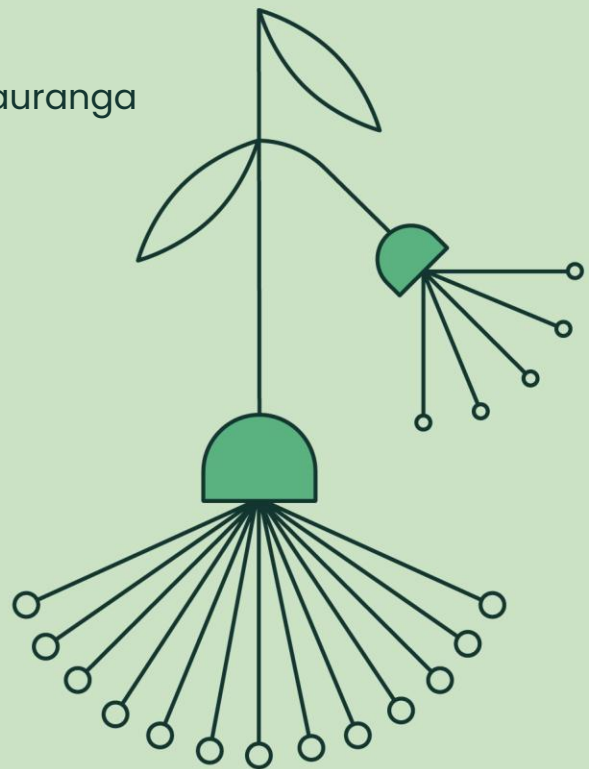
Council

Te Kaunihera

CO26-7

Thursday, 2 April 2026, 9.30am

Council Chambers, 1484 Cameron Road, Tauranga



Council

Membership:

Chairperson	Mayor James Denyer
Deputy Chairperson	Deputy Mayor Margaret Murray-Benge
Members	Councillor Shane Beech Councillor Tracey Coxhead Councillor Grant Dally Councillor Darlene Dinsdale Councillor Graeme Elvin Councillor Rodney Joyce Councillor Laura Rae Councillor Allan Sole
Quorum	Five (5)
Frequency	Monthly

Role:

The Council is responsible for:

- Ensuring the effective and efficient governance and leadership of the District.
- Ensuring that all functions and powers required of a local authority under legislation, and all decisions required by legislation to be made by local authority resolution, are carried out effectively and efficiently, either by the Council or through delegation.

Power to Act:

To exercise all non-delegable functions and powers of the Council including, but not limited to:

- The power to make a rate;
- The power to make a bylaw;
- The power to borrow money, purchase, or dispose of assets, other than in accordance with the Long Term Plan;
- The power to adopt a Long Term Plan, a Long Term Plan Amendment, Annual Plan or Annual Report and to receive any related audit report;
- The power to appoint a chief executive;

- The power to adopt policies required to be adopted and consulted on under the Local Government Act 2002 in association with the Long Term Plan or developed for the purpose of the Local Governance Statement;
- The power to adopt a remuneration and employment policy;
- The power to approve or change the District Plan, or any part of that Plan, in accordance with the Resource Management Act 1991;
- The power to approve or amend the Council's Standing Orders;
- The power to approve or amend the Code of Conduct for Elected Members;
- The power to appoint and discharge members of committees;
- The power to establish a joint committee with another local authority or other public body;
- The power to make a final decision on a recommendation from the Parliamentary Ombudsman where it is proposed that Council not accept the recommendation.
- To exercise all functions, powers and duties of the Council that have not been delegated, including the power to compulsorily acquire land under the Public Works Act 1981.
- To make decisions which are required by legislation to be made by resolution of the local authority.
- To authorise all expenditure not delegated to officers, Committees or other subordinate decision-making bodies of Council, or included in Council's Long Term Plan or Annual Plan.
- To make appointments of members to Council Controlled Organisation Boards of Directors/ Trustees and representatives of Council to external organisations.
- To monitor the performance of and make decisions on any matters relating to Council Controlled Organisations (CCO), including recommendations for modifications to CCO or other entities' accountability documents (i.e. Letter of Expectation, Statement of Intent).
- To approve joint agreements and contractual arrangements between Western Bay of Plenty District Council and Tauranga City Council and/or any other local authority including the requirement to review the terms of any such agreements or contractual arrangements.
- To approve the triennial agreement.
- To approve the local governance statement required under the Local Government Act 2002.
- To approve any changes to the nature and delegations of Committees.
- To approve a proposal to the Remuneration Authority for the remuneration of Elected Members.
- To develop, review and approve policies, bylaws, strategies and plans in accordance with legislation including determination of the nature and extent of community engagement approaches to be deployed.
- To approve submissions on proposed legislation, plan changes or policy statements.

- To receive reports from Community Boards and resolve appropriate actions as necessary.

Procedural matters:

- Approval of elected member training/conference attendance.
- Receipt of minutes from Committees.

Power to sub-delegate:

- Council may delegate any of its functions, duties or powers to a subcommittee, working group or other subordinate decision – making body, subject to the restrictions on its delegations and any limitation imposed by Council.

Mayor's Delegation:

- Should there be insufficient time for Council to consider approval of elected member training/conference attendance, the Mayor (or Deputy Mayor in the Mayor's absence) is delegated authority to grant approval and report the decision back to the next scheduled meeting of Council.
- Should there be insufficient time for Council to consider approval for a final submission to an external body, the Mayor (or Deputy Mayor, in the Mayor's absence) has delegated authority to sign the submission on behalf of Council, provided that the final submission is reported to the next scheduled meeting of Council.

Notice is hereby given that a Meeting of Council will be held in the
Council Chambers, 1484 Cameron Road, Tauranga on:
Thursday, 2 April 2026 at 9.30am

Order Of Business

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1 KARAKIA

Whakatau mai te wairua
Whakawātea mai te hinengaro
Whakarite mai te tinana
Kia ea ai ngā mahi

Āe

Settle the spirit
Clear the mind
Prepare the body
To achieve what needs to be
achieved.
Yes

2 PRESENT – NGĀ MEMA KEI KONEI**3 IN ATTENDANCE – I TAE AKE****4 APOLOGIES – NGĀ WHAKAPAHĀ****5 CONSIDERATION OF LATE ITEMS – NGĀ TAKE TŌMURI****6 DECLARATIONS OF INTEREST – NGĀ TUKITUKINGA****7 TRANSFER OF PUBLIC EXCLUDED ITEMS – TE WHITINGA O TE AO MĀRAMA KI NGĀ TAKE MUNA****8 PUBLIC FORUM – WĀHANGA TŪMATANUI**

9 REPORTS - NGĀ PŪRONGO

9.1 LOCAL WATER DONE WELL - PROGRESSING THE DELIVERY OF WATER SERVICES

File Number: A7173863

Author: Ariell King, Programme Manager – Water Organisation Establishment

Authoriser: Adele Henderson, Programme Director – Water Organisation Establishment

EXECUTIVE SUMMARY

1. This purpose of this paper is for Council to decide whether or not to proceed with the establishment of a multi-council Water Organisation (WO) with Tauranga City Council.
2. It summarises the process to date and information presented to Council that supports the recommendation to proceed with the establishment of the WO. This information includes financial analysis and modelling, consultation with the community, development of the Water Services Delivery Plan, the due diligence reports and the development of the commercial terms for the preparation of the WO foundation documents.

RECOMMENDATION

1. That the Programme Manager – Water Organisation Establishment’s report dated 2 April 2026 titled ‘Local Water Done Well – Progressing the delivery of water services’, be received.
2. That the report relates to an issue that is considered to be of **high** significance in terms of Council’s Significance and Engagement Policy.
3. That Council confirms that a robust due diligence process has been completed and notes that several matters identified through this process (including key terms) require further development. These matters will be progressed through good-faith partnership discussions as part of establishing and transitioning to a multi-Council Water Organisation and agrees these will be included in a forward work programme.
4. That Council approves the establishment of a multi-council Water Organisation with Tauranga City Council, with a proposed ‘go-live’ date of 1 July 2027.
5. Notes that Council remains open to working with other councils that may wish to consider joining the multi-council Water Organisation in the future and will be subject to appropriate due diligence and Council approval.
6. That Council directs the Chief Executive Officer and Programme Director – Water Organisation to work with Thames–Coromandel District Council with the intention

that Thames–Coromandel District Council is able to join the Water Organisation with Western Bay of Plenty District Council and Tauranga City Council, in accordance with the directive from the Minister of Local Government (**Attachment 1**). Council will work with Tangata Whenua to address previously expressed concerns.

BACKGROUND

3. This report seeks a Council decision as to whether to continue to establish a multi-council Water Organisation with Tauranga City Council (TCC). It follows a comprehensive programme of work considering matters agreed by Council on 14 November 2025 as part of the 'Multi-Council Water Organisation Summary Plan' (including Due Diligence).
4. Council's preferred approach to date, and the one reflected in Council's Water Services Delivery Plan, is to form a multi-council Water Organisation with TCC.

SIGNIFICANCE AND ENGAGEMENT

5. The Local Government Act 2002 requires a formal assessment of the significance of matters and decision in this report against Council's Significance and Engagement Policy. In making this formal assessment there is no intention to assess the importance of this item to individuals, groups, or agencies within the community and it is acknowledged that all reports have a high degree of importance to those affected by Council decisions.
6. The Policy requires Council and its communities to identify the degree of significance attached to particular issues, proposals, assets, decisions, and activities.
7. In terms of the Significance and Engagement Policy this decision is considered to be of high significance because of the proposed change in approach to the delivery of water services and the transfer of assets to the Water Organisation. This decision is consistent with Council's decision on 28 August 2025 to adopt a Water Services Delivery Plan prepared on the basis of a multi-council Water Organisation with TCC. The consultation required on this matter was undertaken in March and April 2025.

ENGAGEMENT, CONSULTATION AND COMMUNICATION

8. Taking into consideration the above assessment, that the decision is of high significance, officers are of the opinion that no further engagement is required prior to Council making a decision, as consultation has already occurred in 2025.
9. However, if Council decides against forming a joint WO with TCC, and chooses an alternative water services delivery model, then further public consultation would be required, followed by developing an amended WSDP and resubmitting it for approval by the Department of Internal Affairs by 3 September 2026.

SUMMARY OF COUNCIL DECISIONS TO DATE

10. The table below provides a summary of the council reports from September 2024 in regard to Local Water Done Well.

Date	Report	Resolution #
26 Sep 2024	Local Water Done Well – Next Steps	CL24-9.10
3 Mar 2025	Local Water Done Well – Water Service Delivery Models for Consultation	CL25-2.1
18 March 2025	Local Water Done Well - Approval of the consultation document for the water service delivery model consultation	CL25-3.3
13 May 2025	Local Water Done Well Hearings	CL25-6.2 CL25-6.3
27 May 2025	Deliberations on the Future Water Services Delivery Model	CL25-7.15
5 Aug 2025	Adoption of the Water Services Delivery Plan	CL25-10.2 CL25-10.3 CL25-10.4 CL25-10.5 CL25-10.6 CL25-10.7
5 Aug 2025	Approve the Commitment Agreement for a Joint Council Water Services Council-Controlled Organisation	CL25-10.8
28 Aug 2025	Adoption of the Water Services Delivery Plan	CL25-12.2
28 Aug 2025	Approve the Commitment Agreement for the potential establishment of a Multi-Council Water Organisation	CL25-12.3
14 Nov 2025	Endorsement of summary plan and appointment of members for the Elected Members Governance Group	CO25-1.2 CO25-1.3 CO25-1.4 CO25-1.5 CO25-1.6 CO25-1.7
16 Dec 2025	Water Organisation Establishment Update	CO25-3.11 CO25-3.12 CO25-3.13 CO25-3.14

Date	Report	Resolution #
		CO25-3.15 CO25-3.16 CO25-3.17
16 Dec 2025	Local Waters Done Well – Approval of Digital Business Case and Memorandum of Understanding (Confidential)	CO25-3.21
24 March 2026	Local Water Done Well <ul style="list-style-type: none"> - Project update - Due diligence – Asset Management, operations and Stormwater - Due diligence – Finances, Costs remaining with Council, and cross boundary issues - Commercial Terms 	CO26-6.3 through to CO26-6.18

SUMMARY OF INFORMATION PRESENTED TO COUNCIL THAT SUPPORTS A DECISION TO ESTABLISH A JOINT WATER ORGANISATION WITH TAURANGA CITY COUNCIL

11. Council engaged MartinJenkins to provide financial modelling, analysis and assessment against the legislative requirements. This included long-term considerations regarding anticipated capital infrastructure requirements, debt sustainability, revenue sufficiency and affordability and the agreed strategic objectives for Council to consider when assessing the available water service delivery models.
12. The outcomes of the initial and subsequent financial modelling, analysis and assessment prepared by MartinJenkins confirmed a joint Council WSCCO had the strongest alignment with Council’s strategic objectives including financial sufficiency and affordability.
13. Council adopted a Water Services Delivery Plan (WSDP) prepared on the basis of a multi-council Water Organisation. This plan was submitted to the Secretary for Local Government on 2 September 2025 and was accepted 14 November 2025. Council must provide quarterly reports to Department of Internal Affairs (DIA) on the progress made toward implementing the WSDP.
14. Further advice from MartinJenkins was presented to Council on 17 March 2026 regarding the water service delivery models. The following table presents the financial impacts of the three water service delivery models that Council considered.

Parameter	In-house delivery as per the Long-Term Plan	Single-council COO	Multi-council COO established with TCC as described in the WSDP
Description	Creation of dedicated ring-fenced water services unit within WBOPDC, with revenues reflecting LTP forecasting	WBOPDC establishes its own COO	New COO established owned by WBOPDC and TCC to deliver water services
Average cost per connection in FY34 (in FY34 dollars - nominal)	~\$6,250	~\$4,425	~\$3,450
	Note: the benefits of compounding efficiencies are significant. They are only starting to become evident in FY34 and will be much more meaningful by FY44, advantaging the multi-council option.		
Council financial position	<p>Including water services, Council debt-to-revenue ratio (including three waters) is expected to be 91% in FY34 and sees a peak debt-to-revenue ratio of 183% in FY29.</p> <p>We did test scenarios targeting debt at 400% and 500% but these were assessed as creating too much risk for the rest of Council finances. In this case it was considered a theoretical but not preferable possibility.</p>	<ul style="list-style-type: none"> - When water services revenues and debt are removed from the Council, the Council's net external debt position would peak at 59% in FY34. - In FY34, the Council would have around \$350 million of additional debt headroom when compared to retaining water services in-house (against the LGFA limit of 280%). - This compares to debt headroom of around \$260 million if water services are retained in-house, and revenues are set at a level of 400% debt-to-revenue. 	

15. Both Councils have undertaken a robust due diligence process. This process considered legal, financial, people and workforce, and asset management, operations and stormwater. The outcomes of this process were presented to and generally accepted by both Councils on 24 March 2026.
16. There was one matter identified during due diligence where the Councils did not resolve an agreed position. This matter is in regard to cross boundary funding arrangements. However, both Councils have agreed to good faith negotiations to progress these conversations.
17. In addition to the due diligence process the Councils have generally agreed the commercial terms that will be used to prepare the WO foundation documents including the Constitution, Shareholders Agreement and Statement of Expectations.
18. There were two changes supported by TCC. One was that the TCC membership of the proposed Joint Committee would only be Elected Members. Council supported this and agreed that Western Bay of Plenty District Council's membership would only be Elected Members and appointed by Council.
19. There were two additional changes supported by Council. These were to the matters in commercial term 4 regarding stormwater charging where Council supported including more operational direction for shareholders for matters other than charging. The second change was in regard to commercial term 40 where a binding poll was suggested as an addition for protection against privatisation. These matters will be discussed by both Councils during the preparation of the foundation documents.
20. The information referenced above is available on Council's website [Local Water Done Well - Western Bay of Plenty District Council](#) and on the Tō Wāhi/Your Place website [Local Water Done Well - Western Bay of Plenty District Council](#).

WORKING WITH OTHER COUNCILS

21. As Council is aware, there have been ongoing conversations with Thames-Coromandel District Council (TCDC) regarding the proposed WO. The Minister for Local Government directed Council (**Attachment 1**) to *'prioritise efforts to secure water services collaboration with Thames-Coromandel using the tools and framework provided by the Coalition Government under Local Water Done Well'*.
22. Council has continued to discuss this matter with Tangata Whenua via several forum including discussions with Iwi Chairs. Council will continue to work with Tangata Whenua to address this matter and address previously expressed concerns.
23. Council is also signalling that it remains open to working with other councils that may wish to consider joining the WO in the future and that this would be subject to appropriate due diligence and Council approval.

FINANCIAL IMPLICATIONS

24. The following points set out the primary financial considerations for Council related to establishing a WO:
 - (a) Council’s share of the combined establishment and digital budget for the WO (leading up until July 2027) is projected to be \$3.8M, inline with the original budget. This cost is debt funded opex and will be transferred to the WO upon its establishment.
 - (b) Once water services transfer, approximately \$1M in overheads will remain within Council.
25. Both Council and TCC are anticipated to require a reset and right-size of existing operations once the WO has transitioned to being a largely independent organisation. Changes are expected to be signalled through the 2027-37 Long-term Plan and the subsequent annual plan for 2028/29.
26. The transition process for staff will commence post-April 2026 and is expected to be largely completed within two years. Transition pathways for existing staff will be developed as a part of this process. For existing water services staff this process is governed by the Local Government (Water Services) Act 2025. For non-waters staff (such as those providing corporate services) this process will occur as part of negotiations between Council and the WO.
27. For further information refer to the Local Water Done Well reports from 24 March, specifically the Project Update Council Report and the Financial Implications Council Report.

ISSUES AND OPTIONS ASSESSMENT

Option 1: Form a multi-council Water Organisation in partnership with Tauranga City Council (with the option of additional councils joining at a later date).

28. This option reflects the agreed water service delivery model of the accepted Water Services Delivery Plan. Council has undertaken a robust due diligence process and generally agreed on the commercial terms that will be used to prepare the foundation documents for the WO.

Advantages	Disadvantages
<ul style="list-style-type: none"> • Lowest cost option for the community/user • Delivers a fully integrated sub-regional approach for water, maximising environmental benefits and emergency management responses. 	<ul style="list-style-type: none"> • The WO will have a sub-regional focus which may risk prioritisation of Western Bay of Plenty specific issues. • Degree of separation between the community and operational decisions for water services.

Advantages	Disadvantages
<ul style="list-style-type: none"> • Increased economies of scale, efficiencies and access to shared expertise. • Initial ring-fencing prevents cross-subsidisation (can only be removed via subsequent Council decision). • Attractive employment option for specialist staff. • Day-to-day governance provided by a competency-based Board of Directors. • Covenants provided by the LGFA provided higher ratios of debt to revenue which will create investment capacity. • The removal of the waters business (and associated debt) means Council is not forecast to breach its debt limits. • Legal protections will prevent privatisation. • Council can still influence the direction of the WO via founding documents (including the Statement of Expectations). • Strongest alignment with central government's preferred service delivery model. 	<ul style="list-style-type: none"> • There may be confusion from the community as to who is responsible for different services. • Council will need to address \$1M of overheads remaining in the business via transition arrangements with the WO and right sizing the remaining organisation.

Option 2: Do not form a multi-council Water Organisation in partnership with Tauranga City Council (with the option of additional councils joining at a later date).

29. This option would require Council to reconsider the water service delivery models available in the legislation. This would include financial modelling and assessment, community consultation and submitting a new Water Services Delivery Plan (WSDP) by 3 September 2026. This option would also rely on the Secretary for Local Government accepting the new WSDP. It has been made clear that if a new WSDP was submitted that the proposed service delivery model must offer a better outcome for the community than the current outcomes anticipated in the existing WSDP.

Advantages	Disadvantages
<ul style="list-style-type: none"> Past submitters who did not support the multi-council Water Organisation option may consider this a positive outcome. 	<ul style="list-style-type: none"> Further costs required to undertake the necessary financial modelling and analysis, community consultation and preparation of the new Water Services Delivery Plan. Financial modelling and analysis may indicate that a multi-council Water Organisation still provides the best outcome for the Western Bay of Plenty community. May jeopardise Council’s ability to comply with the new requirements of the Local Government (Water Services) Act in terms of regulation, monitoring and reporting. Potential for a high-level of staff dissatisfaction with this option and the consequences could include the loss of staff.

STATUTORY COMPLIANCE

30. Council’s work regarding water service delivery models is in response to the coalition Government’s ‘Local Water Done Well’ reform programme, which aims to:
- Enable fit-for-purpose service delivery models and financing tools, primarily by encouraging councils to establish water organisations for the delivery of water services (having the effect of removing water-related debt and expenditure from council balance sheets).
 - Ensure water services are financially sustainable. Each council must submit a financially sustainable WSDP to Government by 3 September 2025.
 - Introduce greater central government oversight via increased regulatory requirements.

31. The 'Local Water Done Well' legislative framework was introduced in three stages.
 - i. The Water Services Acts Repeal Act 2024 (enacted in February 2024) dealt with the repeal of previous legislation relating to water services entities.
 - ii. The Local Government (Water Services Preliminary Arrangements) Act 2024 (enacted in September 2024) introduced the Local Water Done Well framework and the preliminary arrangements for the new water services system.
 - iii. The Local Government (Water Services) Act 2025 (enacted in August 2025) (the **Act**). The Act finalises the 'Local Water Done Well' legislative reform programme.
32. Under the Act, councils can choose whether to deliver water services via a ring-fenced internal business unit or via a Water Organisation (WO). A WO can be a single/standalone council-owned WO; a multi-council owned WO; a mixed council/consumer trust owned WO; or a consumer trust owned WO.
33. All water service delivery entities (in-house and WO) are subject to increased regulatory and reporting requirements under the Act and will need to plan for sustainable water service delivery with sufficient investment.

ATTACHMENTS

1. **Minister for Local Government letter to Mayor Denyer and Mayor Drysdale** [↓](#) 

Hon Simon Watts

Minister of Climate Change
Minister for Energy
Minister of Local Government
Minister of Revenue



MIN079

Mayor Mahé Drysdale
Tauranga City Council
mayor@tauranga.govt.nz

Mayor James Denyer
Western Bay of Plenty District Council
James.Denyer@westernbay.govt.nz

Cc: Mayor Peter Revell
Thames-Coromandel District Council
peter.revell@tcdc.govt.nz

Dear Mayors Drysdale and Denyer

I wish to offer you my congratulations on the Secretary for Local Government's acceptance of your water services delivery plan (plan) in November 2025.

By working together to provide water services to your constituents, you are putting in place the foundations for a more secure and prosperous future for the region and communities you have been elected to serve.

Beyond water services, your willingness to work together also bodes well for a constructive ongoing relationship with Central Government. I am excited by the potential this offers for your wider region going forward. In this context, I commend you on being shortlisted for consideration for a City and Regional Deal.

Mayor Denyer, I note your 21 August 2025 letter to my Cabinet colleague, Treaty of Waitangi Negotiations Minister Paul Goldsmith. I agree strongly with your view that a water organisation that includes Thames Coromandel District Council, along with Western Bay District Council and Tauranga City Council would be beneficial to the ratepayers of each of the councils.

That is why I want to be clear in my expectation that you prioritise efforts to secure water services collaboration with Thames-Coromandel using the tools and framework provided by the Coalition Government under Local Water Done Well.

I understand that a renewed focus on discussions and engagement with iwi / Māori may offer a way forward in terms of addressing the challenges you have faced regarding a water services arrangement with Thames-Coromandel.

As I would like to follow any progress, I have instructed my officials from the Department of Internal Affairs to meet with you and determine actionable next steps to support your efforts in this regard.

In addition, please do not hesitate to contact my office should you wish to discuss how I may be of assistance in progressing a joint water services delivery arrangement with Thames-Coromandel and the further opportunities this arrangement may unlock.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Simon Watts', with a long horizontal flourish extending to the right.

Hon Simon Watts
Minister of Local Government

10 INFORMATION FOR RECEIPT – KŌRERO TE WHIWHIA**11 RESOLUTION TO EXCLUDE THE PUBLIC – WHAKATAU KI TE PORO I TE MAREA****RESOLUTION TO EXCLUDE THE PUBLIC****RECOMMENDATION**

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

The general subject matter of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48 of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
11.1 - Appointment of the Water Organisation Establishment Chief Executive	<p>s7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons</p> <p>s7(2)(i) - the withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</p>	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7