



Local Government
Commission

Mana Kāwanatanga ā Rohe

**Decision of Local Government Commission
on whether or not to adopt a reorganisation
plan for boundary alterations between
Western Bay of Plenty District
and Tauranga City**

November 2020

Purpose of document

This document sets out the Local Government Commission's decision on whether to develop and adopt a reorganisation plan for the transfer of areas at Belk, Keenan and Tara roads from Western Bay of Plenty District to Tauranga City. This decision is part of the investigation the Commission is undertaking in response to an application seeking the inclusion of the Tauriko West area in Tauranga City, and alternative applications relating to Belk, Keenan and Tara roads.

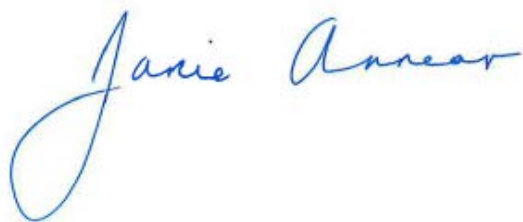
Commission decisions

The Local Government Commission has **resolved**, pursuant to clause 12 of Schedule 3 of the Local Government Act 2002, to develop and adopt a reorganisation plan for:

- The transfer of areas at Belk, Keenan and Tara Roads from Western Bay of Plenty District to Tauranga City
- The transfer of the "Hurst" property from Tauranga City to Western Bay of Plenty District



Brendan Duffy
Chairperson



Janie Annear
Commissioner



Sue Piper
Commissioner

Background

1. On 1 November 2018, the Local Government Commission received an application from the Western Bay of Plenty District Council for the transfer of an area at Tauriko West from Western Bay of Plenty District to Tauranga City. The Commission agreed to assess the application and in March 2019 publicly notified it and called for alternative applications.
2. Seven responses were received by the Commission in response to the call for alternative applications. These included suggestions that the boundaries of Tauranga City be further extended to include:
 - an area at Belk Road (to facilitate the future extension of the Tauriko Business Estate)
 - the area around Keenan Road
 - an area at Tara Road in Papamoa.
3. In May 2019, the Commission agreed to consider these additional options for boundary alterations, as they related to the need for the Western Bay of Plenty sub-region to provide an adequate supply of land for residential and industrial development and for the areas to be developed to be entirely in Tauranga City.
4. During 2019, in relation to the alternative applications, the Commission met at various times with the Tauranga City Council, Western Bay of Plenty District Council, Bay of Plenty Regional Council, tangata whenua, the alternative applicants, and, through two public meetings, more than 80 landowners in the affected areas. We also engaged with Waka Kotahi NZ Transport Agency and the Ministry of Housing and Urban Development.
5. Amendments to the Local Government Act coming into force on 22 October 2019 changed the process for dealing with the applications. The Commission was given greater flexibility to itself determine the process it would follow, but was required to adopt (after consultation) a “reorganisation investigation process document” setting out how the original and alternative applications would be dealt with.
6. The Commission adopted a reorganisation investigation process document stating that we would:
 - a. proceed immediately with action relating to the original Tauriko West boundary alteration, with consideration of the other possible changes to follow over a longer timeframe¹; and
 - b. Seek public submissions on its intended course of action in relation to each area before any decision to make a “reorganisation plan.
7. This document describes the consultation carried out in relation to the alternative applications in line with the process document and sets out the decisions we have arrived at following that process.

¹ On 20 July 2020 the Commission issued a reorganisation plan providing for the boundary alteration at Tauriko West. This was subsequently given effect to by the Local Government Reorganisation (Tauriko West) Order 2020.

Consultation process

8. On 18 June 2020 the Commission, having considered the criteria in clauses 10 and 12, Schedule 3 of the Local Government decided that there was a prima facie case for adopting a reorganisation plan providing for the transfer of the Belk, Keenan and Tara roads areas from Western Bay of Plenty District to Tauranga City.
9. In accordance with the reorganisation investigation process document, the Commission undertook consultation on the proposals to include these areas in Tauranga City.
10. Twenty two submissions were received in response to the consultation documents. These are summarised in the table below.

Submitter	Area of interest	Position	Particular issues
Tauranga City Council	All areas	Supports	
Western Bay of Plenty District Council	All areas	Supports	<ul style="list-style-type: none"> • Drew attention to two areas where the proposed boundary does not follow property boundaries and supported this being the case
Russel Wenn	All areas	Opposed	<ul style="list-style-type: none"> • Not in financial interests of Tauranga City ratepayers • Infrastructure costs of greenfield development are too high • It is better to keep current boundaries and increase density
Taurikura Holding Ltd and TBE3 Ltd	Belk Road	Supports	Seeks the addition of three properties to the Belk Road area – at 149 and 150 Griffin Road (of which it is the owner) and 165 Belk Road (see submission from the Shaw Family Trust)
Shaw Family Trust	Belk Road	Supports but, should include additional land	Seeks the addition of 165 Belk Road to the area to go into the city
Russell and Leonie Hunter	Keenan Road	Opposed	A detailed submission not accepting the rationale for change
Rodney Bell	Keenan Road	Opposed	Productive land should not be used for housing
Marianne Miller	Keenan Road	Opposed	<ul style="list-style-type: none"> • Concerned at impact on rates while awaiting provision of services and development • Boundary change should be delayed
Jason Rowling	Keenan Road	Supports	
Peter and Beryl Kristensen	Keenan Road	Supports	

Colin McGregor	Keenan Road	Neutral but raises issues he considers will need to be addressed	Considers the following issues will need to be addressed if the boundary alteration takes place: <ul style="list-style-type: none"> • Rates increases following boundary change • Uncertainty about options pending development • Traffic issues
Neill and Mary Cavell	Keenan Road	Supports	
Christine Wildhaber	Keenan Road	Neutral but raises issues she considers will need to be addressed	Considers the following issues will need to be addressed if the boundary alteration takes place: <ul style="list-style-type: none"> • Traffic routes and volumes • Alternative transport options • Retention of paper road off Gasson Lane • Opportunities for passive recreation
Waka Kotahi NZTA	Tara Road	Supports	
Ministry of Housing and Urban Development	Tara Road	Supports	
Bill Jackson	Tara Road	Neutral on a boundary change but opposed to development	Tara Road land is not suitable for intensive urban development
Pam Antrill	Tara Road	Supports	
Phil Dovaston on behalf of William Dovaston	Tara Road	Neutral but concern about potential development	Concerned at potential effect on land drainage affecting productive capacity of neighbouring land
Graeme and Julie Thompson	Tara Road	Neutral but concern about potential development	Concern at impact of future development on flood control
Bluehaven Group	Tara Road	Supports	Any future development needs to be properly planned
MacMar Farms (Noel and Marilyn Mcleod)	Tara Road	Neutral but concern about potential development	Concern at drainage implications of potential development and increased flooding on neighbouring farmland

David Hurst	Tara Road	Neutral but concern about potential development	Also seeks a further boundary change in relation to a nearby property on the Western Bay of Plenty District side of the Eastern Link Road but currently within Tauranga City
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11. Submitters were offered the opportunity to speak to their submissions at hearings held in Tauranga on 2 and 3 September 2020. The following submitters attended and spoke at the hearing:

- Western Bay of Plenty District Council
- Tauranga City Council
- Neil Cavell
- Russell and Leonie Hunter
- Bluehaven Group
- MacMar Farms (Noel and Marilyn McLeod)
- Taurikura Holdings Ltd and TBE3 Ltd
- Shaw Family Trust

Discussion of submissions

General

12. This section deals with some of the broader issues, particularly as they relate to Belk Road and Keenan Road.

13. Both the affected councils support the proposed changes.

14. The Western Bay of Plenty District Council states in its submission that:

The Keenan Road and Belk Road areas have been included in SmartGrowth urban growth strategies for many years. More recently the sub-regional Urban Form and Transport Initiative has confirmed them as important in the short to medium term to enable integrated urban development that can support more sustainable transport strategies.

When urbanisation occurs in any of the proposed areas, it would be more practical and efficient for Tauranga City Council to provide the network infrastructure and regulatory services than for Western Bay of Plenty District Council to do so. Once developed, the areas would form part of the contiguous urban development of the City and it would be appropriate for the residents of these areas to look to Tauranga City Council for local democratic representation and community amenities as well.

15. The Tauranga City Council in its submission stated that:

At present, Tauranga City Council's land supply falls short of that required under the NPS-UDC in the medium term (3-10 years) and long-term (10-30 years). This shortfall was forecast as part of the independent residential review prepared by Veros Property services. The shortfall was reviewed taking into account the latest Statistics New Zealand data. It is predicted that the city will face a shortage of around 600 new dwellings before mid-2022 if current demand for new housing continues. The review looked at available

land for housing development in the next three to ten years and projected the shortfall would increase further until sufficient new supply becomes established.

16. One submission, from Russell Wen, opposed each of the three proposed boundary changes. He argued that:
 - It is not in the financial interests of Tauranga ratepayers to take on more debt to cover the development costs of additional areas
 - The cost of greenfield developments is too high
 - It is better to retain the city's existing boundaries and to increase the density of housing and industry in the city
17. A further submission, from Russell and Leonie Hunter, questioned the overall rationale for change. Although the submission relates specifically to the Keenan Road area it does raise issues about long term planning and housing supply that have wider application. In particular they suggest that as the Keenan Road area may not be developed until 2026 there is no need to transfer the area to the City at this stage. As impediments to development they refer to the fragmented land ownership structure at Keenan Road (in contrast to Belk Road) and that, in contrast to Belk Road and Tara Road, there is not a sole developer waiting to act.
18. As stated by the councils and elsewhere in this document, planning for growth in the Western Bay of Plenty sub-region has been undertaken over a number of years through the SmartGrowth partnership. Smartgrowth involves the Western Bay of Plenty District Council, the Tauranga City Council, the Bay of Plenty Regional Council, and tangata whenua, along with Waka Kotahi NZ Transport Agency as an implementation partner. This planning has signalled for some years the likely future urban development at Belk and Keenan roads as part of the Western Growth Corridor. In turn this has been reflected in the Bay of Plenty Regional Council's regional policy statement.
19. It is acknowledged that development of some areas may not start immediately. However it is important that there is certainty about future local government arrangements to give councils confidence to plan for the future. A situation where a series of consecutive proposals for boundary changes are initiated is not conducive to good local government or good decision-making about local government structures.
20. If there is a requirement for some of the short term effects of the transition to be mitigated there are mechanisms to do that, either through the Commission's reorganisations implementation scheme, or through administrative actions of the councils.

Belk Road

21. There were two submissions in support of the Belk Road proposal, from Taurikura Holdings LTD and TBE 3 Ltd; and from the Shaw Family Trust. Both also sought the transfer of additional land to Tauranga City.
22. Taurikura Holdings LTD and TBE 3 Ltd sought the inclusion of 3 additional areas – at 149 and 150 Griffin Road (which it owns) and 165 Belk Road (see below in relation the submission from the Jack Shaw Family Trust).
23. The proposal document provided for part of 149 Griffin Road to be transferred but none of 150 Griffin Road. The submission sought the transfer of the whole of both properties

to facilitate the earth working of an escarpment on the edge of the area proposed to be developed.

24. The Western Bay of Plenty District Council opposed the transfer of both properties as it involved an area greater than will be required for the development, and that land on those properties likely to remain as orchards should remain in the district.
25. Subsequent to the hearing the council and the developers met and agreed on a slightly extended and more precise boundary that would better facilitate the development of the escarpment. This involves a very small increase in the area of 149 Griffin Road proposed to be transferred, and the transfer of a small part of 150 Griffin Road. We agree with this outcome.
26. The Shaw Family Trust sought the transfer to Western Bay of Plenty District of 22.2 hectares it owns at 165 Belk Road to Tauranga City. The Trust submitted that the land is suitable for industrial development.
27. The Western Bay of Plenty District Council opposed the transfer of 165 Belk Road, as it considered:
 - Extending industrial development into this area is likely to increase the risk to water quality
 - Due to the contour of the land the developable area is only about 6 hectares
 - The supply of new industrial land in the sub-region is currently sufficient for demand, and development of 165 Belk Road is not required.
28. The Western Bay of Plenty District Council's arguments that the block is not suitable for development are disputed by the Trust². The issues under debate are essentially about land-use and ultimately would involve decisions under the Resource Management Act. Such decisions are the responsibility of the affected councils, not the Local Government Commission which must focus on the appropriate overall governance arrangements.
29. We have decided that the Shaw Family Trust's submission should not be agreed to at this stage. This decision does not, however, preclude this issue being raised at a later date, and we suggest that the Trust approach the councils directly about proposals it has for future use of the property.

Keenan Road

30. Four submissions supported the transfer of the Keenan Road area to Tauranga City.
31. One submission, from Christine Wildhaber, did not express a view on the transfer but did set out a number of issues that should be addressed if the boundary alteration took place. One of the submitters in support, Colin McGregor, also listed issues that should be addressed. These matters will be referred to the Tauranga City Council for its consideration.
32. Three submissions opposed the transfer of Keenan Road. The submission from Russell and Leonie Hunter has been discussed in the previous section. The other two are discussed below.

² Letter from Boffa Miskell, 30 October 2020.

33. Rodney Bell who is an avocado grower argued that highly productive land should not be used for housing.
34. The Western Bay of Plenty District Council has advised that land in the Keenan Road area contains either class 2 or class 3 soils. Such land is considered to be “Highly Productive Land” in the proposed National Policy Statement on highly productive land.³
35. The quality of soils was considered when the urban growth limits were established as part of the Bay of Plenty Regional Council’s regional policy statement. The rationale was that in some cases councils have little choice but to designate such land for development, and that where development occurs on land with high quality soils the developed land should be used in the most efficient way, i.e. for intensive urban use, then lifestyle blocks.
36. By way of background, the draft National Policy Statement does not establish a blanket prohibition on the use of highly productive land for urban uses. Rather, in summary, it requires:
 - The identification and mapping of highly productive lands and their identification in regional policy statements and district plans
 - Prioritising the use of highly productive land for primary production, including protecting highly productive land from inappropriate subdivision
 - Prohibiting urban expansion on highly productive land unless there is a shortage of development capacity to meet demand
 - Management of rural subdivision to avoid fragmentation
 - Recognition of the potential consequences of sensitive and incompatible activities being adjacent to highly productive land
37. Again, however, it needs to be said that land use decisions are not the Commission’s responsibility. The decision that Keenan Road be included within the urban growth limits was one made by the collective local authorities of the Western Bay of Plenty sub-region and reflected in the Regional Council’s regional policy statement.
38. Marianne Miller was concerned that the likely length of time between the Keenan Road area becoming part of Tauranga City and development taking place meant that ratepayers would pay higher rates immediately but the ability to develop land would be some years away. She argued that the transfer of Keenan Road to Tauranga City should be delayed.
39. The issues of rate increases was also raised in Colin McGregor’s submission (although he supported the boundary change).
40. Advice from Tauranga City Council is that re-zoning of Keenan Road is proposed to be dealt with in its district plan review. The plan review is proposed to be notified in 2024 and become operative in 2026. The timing of actual development itself would be dependent on individual landowners and developers.
41. A consequence of boundary changes is that areas will become subject to a different rating regime, and this could result in an increase in rates. The Tauranga City Council has advised, however, that it has a rates postponement policy which could be utilised by

³ Ministry for Primary Industries and Ministry for the Environment, *Valuing highly productive land: A discussion document on a proposed policy statement for highly productive land*, August 2019.

ratepayers affected by these boundary changes. It could allow the amount of rates attributable to increased development potential to be postponed. Postponed rates are able to be written off after 5 years if the land concerned has not been subdivided or sold, or its use changed.

42. The Tauranga City Council has also advised that the rates postponement policy was applied to an earlier boundary alteration in 2008 involving the, now, Tauriko Business Estate and will be available for ratepayers affected by the Tauriko West boundary alteration.

Tara Road

43. The Western Bay of Plenty District Council and the Tauranga City Council support the transfer of Tara Road to Tauranga City because its location north of the Eastern Link Toll Road means that it is more logically administered as part of Tauranga City.
44. Waka Kotahi NZ Transport Agency as administrating agency for most of the land involved supports the change, as does the Ministry of Housing and Urban Development which states that if urbanisation of the land takes place it makes sense that services are provided by Tauranga City Council.
45. There were no submissions opposing the change. However several submitters expressed concerns about possible development on this block:
 - Bill Jackson considered that the low lying peat present in the Tara Road area means that the land is unsuitable for residential development, and that it should remain as the Tara Road Structure Zone as currently designated under the Western Bay of Plenty District Council’s district plan.
 - Four submissions – from Phil Dovaston, Graeme and Julie Thompson, MacMar Farms and David Hurst - expressed concern about residential development occurring at Tara Road and the effect this would have on drainage flowing to their properties, each being farms south of the Tauranga Eastern Link Toll Road.
 - The Bluehaven Group (involved with land development in neighbouring Papamoa) considered that a strong direction should be given to the Tauranga City Council, if the boundary change takes, place that ad-hoc and non-complying development should be resisted until such time as a comprehensive spatial plan has been developed that properly integrates the land within the longer term planning framework. It noted that the Western Bay of Plenty District Council had recently consented an out of zone commercial development in the Tara Road area “with no consideration of longer-term development outcomes”.
46. These are issues that can, and should be, considered by the relevant territorial authority if and when any proposal for development is submitted to it. In the case of Bluehaven’s concerns a boundary change would provide the opportunity for a planning regime that integrates planning for Tara Road with that for adjacent areas of Tauranga City. The current arrangements do not permit this.
47. As noted in the councils’ submissions the immediate issue relating to Tara Road is that construction of the Eastern Link Toll Road has meant that while the Tara Road block is in Western Bay of Plenty District it can only be accessed from Tauranga City. Logic suggests that it should therefore be part of Tauranga City. In addition Tara Road (the roadway) is split between the two districts although nearly all traffic using the road will be using it to access properties in Tauranga City.

Hurst Property

48. David Hurst (who also submitted on Tara Road) sought the transfer of a 6 hectare block owned by him from Tauranga City to Western Bay of Plenty District on the basis that it is “landlocked” by the Eastern Link Toll Road and has no direct access from Tauranga City.
49. Mr Hurst’s block forms part of a farm, the remainder of which is located in Western of Plenty District. Like Tara Road it is logically best administered by the council from whose district it can be directly accessed from. Additionally any issues relating to the land will impact neighbouring properties in Western Bay of Plenty District rather than properties in Tauranga City.
50. At the hearing both councils verbally agreed to the transfer as requested by Mr Hurst. Logically an adjacent block of Crown land would also be transferred to the district from the city. Waka Kotahi NZ Transport Agency which administers the land has agreed to the transfer.

Statutory criteria

51. There are two sets of relevant criteria the Commission must take into account in deciding on this matter. Firstly, in considering the desirability of options during a reorganisation investigation it must consider how best to achieve the objectives set out in clause 10, Schedule 3 of the Act. Secondly, in deciding whether to adopt a reorganisation plan it must take into account and the things set out in clause 12. Each of these are set out below.

Reorganisation investigation

52. Clause 10 states that in assessing the desirability of options for the reorganisation of local government in the affected area, the Commission must take into account how best to achieve—
 - a. better fulfilment of the purpose of local government as specified in section 10; and
 - b. productivity improvements within the affected local authorities; and
 - c. efficiencies and cost savings; and
 - d. assurance that any local authority established or changed has the resources necessary to enable it to effectively perform or exercise its responsibilities, duties, and powers; and
 - e. effective responses to the opportunities, needs, and circumstances of the affected areas; and
 - f. enhanced effectiveness, efficiency, and sustainability of local government services; and
 - g. better support for the ability of local and regional economies to develop and prosper; and
 - h. enhanced ability of local government to meet the changing needs of communities for governance and services into the future; and
 - i. effective provision for any co-governance and co-management arrangements that are established by legislation (including Treaty of Waitangi claim settlement legislation) and that are between local authorities and iwi or Māori organisations.

Adoption of reorganisation plan

53. Clause 12(1) states that the Commission may develop and adopt one or more reorganisation plans “during or at the completion of an investigation”. Clause 12(2) states that, in deciding whether to adopt a reorganisation plan, the Commission must have regard to—
- a. the scale of the potential benefits of the proposed changes to users of local government services in that area, in terms of the objectives set out in clause 11 and the likelihood of those benefits being realised; and
 - b. the financial, disruption, and opportunity costs of implementing the proposed changes at the proposed time; and
 - c. the risks and consequences of not implementing the proposed changes at the proposed time; and
 - d. existing communities of interest and the extent to which the proposed changes will maintain linkages between communities (including iwi and hapū) and sites and resources of significance to them; and
 - e. the degree and distribution of demonstrable public support for the proposed changes within communities in the affected area; and
 - f. the degree and distribution of any public opposition to the proposed changes within communities in the affected area.

Previous consideration

54. The Commission’s decision to consult on the proposed boundary changes reflected a consideration of these tests based on the information available to the Commission at that time. The Commission concluded that the proposed changes did appear appropriate, and that it should consult on the basis of its intention to proceed with them. Any final decision to adopt a reorganisation plan to actually make the changes must follow a revisiting of these tests in the light of the results of the consultation. This is set out below.

Consideration of Statutory requirements - The reorganisation investigation

55. This part sets out a consideration of the factors the Commission must consider as part of a reorganisation investigation.

Better fulfilment of the purpose of local government as specified in section 10

56. The purposes of local government in section 10 are:
- a. to enable democratic local decision-making and action by, and on behalf of, communities; and
 - b. to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future.

Democratic decision-making

57. The proposed changes do not alter the structure of democratic community governance affecting either the district or the city. They are merely concerned with the movement of several defined areas from one jurisdiction to another.

58. The future urban population of areas envisaged for residential development, and most of those likely to find employment in the proposed new industrial area, will for practical purposes comprise part of the urban Tauranga community. It is most appropriate that the areas should be part of the city for governance, representation and accountability purposes.
59. None of these changes require immediate change to the structure of governance and representation in either district. The numbers of current residents in these areas are modest. The impacts of the larger changes in population that may follow urban development in these areas can be addressed through future council representation reviews.

Promotion of wellbeing

60. The availability of adequate land for residential and commercial development provides places for people to live and work. This is basic to promoting the social, economic, environmental, and cultural well-being of communities. The Western Bay of Plenty sub-region is one of the fastest growing areas in New Zealand.⁴
61. A shortfall in land supply available in both the short and medium term for residential development has been identified. Similarly, the need has been identified for additional industrial land supply for the period out to 2027.
62. As noted previously in this document the two larger proposed boundary changes (Keenan Road – residential, and Belk Road - industrial) are both in areas that have long been signalled in sub-regional growth planning carried out by the Smartgrowth partners as areas for future urban development as part of a western growth corridor. This is reflected in the urban growth limits set out in the Bay of Plenty Regional Council’s regional policy statement. The proposed change at Tara Road falls outside these agreed sub-regional plans but also reflects an aspiration by some for residential development on the land.
63. The agreed approach of the two affected territorial authorities is that urban development should be undertaken under the jurisdiction of Tauranga City Council. This would allow it to be planned and developed in an integrated manner as part of the broader urban area. It also reflects the practical necessity for infrastructure to be provided by the city as there are no adjacent district networks.
64. The proposed boundary alterations at Belk and Keenan roads better fulfil the purpose of local government relating to community wellbeing by facilitating the chosen pathway of the affected local authorities for making provision for population and employment growth in the sub-region and supporting their aspiration to ensure that sufficient land is available for residential and industrial development.

⁴ A Stats NZ news release, 22 October 2020, stated that “Bay of Plenty provisionally had the highest percentage population growth of all regions in the year end June 2020 ... This was driven by the high growth in Tauranga City and Western Bay of Plenty District.”

65. The proposed change at Tara Road has not been previously planned and signalled in this way. The fact that the Tara Road land remains in the Western Bay of Plenty District when it is effectively “landlocked” by the S.H 2 expressway is, however, clearly anomalous. If the area is to be developed it will require connection to Tauranga City infrastructure and will for practical purposes be part of the Tauranga urban area. If it is not developed it is still more logically placed in Tauranga City.
66. The Hurst property is not proposed to be developed and the same issues do not apply. However its location in Tauranga City is now anomalous and it should logically be located in Western Bay of Plenty District.

Productivity improvements within the affected local authorities and efficiencies and cost savings

67. In the most direct sense a boundary adjustment is unlikely to make a material difference to the productivity or efficiency of council operations. Each council will continue to provide services at similar scale, and institutional arrangements around service provision, beyond the areas of the three proposed boundary changes, will not be affected.
68. Boundary alterations moving these areas into the city are clearly far more efficient, however, than the alternatives of either Western Bay of Plenty District undertaking the provision of the necessary urban infrastructure, or the city providing it under some form of cross boundary arrangement. This takes advantages of the scale of urban infrastructure already in place in adjoining areas of the city, and will facilitate integrated urban planning, and the application of standard regulatory settings across the urban area.

Assurance that any local authority established or changed has the resources necessary to enable it to effectively perform or exercise its responsibilities, duties, and powers

69. The scale of change being considered is not sufficient to have a material impact on the adequacy of the resources of either of the two affected councils. Both councils would continue to have their existing powers, and both would continue to have the necessary resources to undertake their responsibilities, duties and powers.

Effective responses to the opportunities, needs, and circumstances of the affected areas

70. As discussed above, the Western Bay of Plenty sub-region is one of the fastest growing areas in New Zealand. Meeting demand for land for housing and business arising from this is arguably the greatest challenge facing the sub-region. The Western Bay of Plenty has a well-established sub-regional growth planning approach through the Smartgrowth partnership. The extent of the challenge is detailed in reports referred to earlier in this document. The sub-region has an immediate shortfall in land available for residential development, and the need for additional industrial land for the period beyond 2020 has previously been identified.
71. The planned sub-regional response involves facilitating most growth as part of the Tauranga City Council’s jurisdiction where new areas can be connected to existing urban infrastructure (either through intensification or extension of the city boundaries to include green field areas).

Enhanced effectiveness, efficiency, and sustainability of local government services

72. The alteration in the boundaries to allow the Tauranga City Council to provide services as part of its city-wide networks represents the most effective option for providing these services to the future populations and workforces of the areas in question. Having the area under the jurisdiction of a single territorial authority for planning and other regulatory purposes can be expected to be more efficient and effective than it being divided between districts.

Better support for the ability of local and regional economies to develop and prosper; and Enhanced ability of local government to meet the changing needs of communities for governance and services into the future

73. While the proposed boundary changes do not in themselves solve the issues of land availability, they help clear the way for councils to take steps towards addressing them. The potential economic impacts are highly significant.

74. After reviewing Tauranga City's projections of land available for housing, the New Zealand Institute of Economic Research estimated that the city was at risk of significant housing cost appreciation as a result.⁵ It concluded:

- Its impact on growth would lead to foregone GDP of \$272.7 million over the next 3 years, growing to \$725.5 million by year 10; and
- Its impact on the median house price would be \$40,119 per annum in the short term (1 – 3 years), increasing over the medium term (10 years) to \$702,082

75. The proposed changes, especially those at Belk and Keenan roads, will facilitate the councils implementing agreed strategies for meeting the challenges of growth and, at least partly, addressing the impacts of a shortage in land supply.

Effective provision for any co-governance and co-management arrangements that are established by legislation (including Treaty of Waitangi claim settlement legislation) and that are between local authorities and iwi or Māori organisations

76. The proposed boundary alterations do not affect any co-governance and co-management arrangements that are established by legislation.

In conclusion

77. Consideration of the factors set out in clause 10 provides strong support for the Commission further advancing the consideration of the three proposed boundary changes at Keenan, and Belk Roads, and suggests that the proposed change at Tara Road and the Hurst property would be appropriate.

Consideration of Statutory requirements - Adoption of reorganisation plan

78. This part sets considers the factors the Commission must have regard to before adopting a reorganisation plan (clause 12(2)). This provides the second part of the criteria on which the Commission must base its decision.

⁵ NZIER, Impact of Housing Shortages: Assessing the Effect for Tauranga City, February 2020

Scale of the potential benefits

79. This criterion effectively summarises the factors previously considered in the course of the reorganisation investigation (as set out in clause 10).
80. The scale of the challenge facing the sub-region in responding to growth driven demand for land for housing and industry is a large one, and its ability to respond goes to the core of the role of local authorities. The NZIER estimate noted earlier of the potential costs of failing to adequately meet the demand for land for housing shows the magnitude of the potential impacts of a failure to respond adequately.
81. While the proposed boundary changes do not in themselves address this, they will better position the sub-region to respond more effectively than it would otherwise be able to.

Financial, disruption, and opportunity costs of implementing changes

82. The financial, disruption and opportunity costs of implementing the change are not significant. While there are considerable costs of preparing an area for urban development these do not arise directly from the boundary adjustment. The change affects relatively small areas of land, and a relatively small number of landowners and current residents, in order to make effective provision for the future. Conversely the financial cost to the Western Bay of Plenty District Council of not implementing changes, through having to provide required infrastructure, would be very significant.

Risks and consequences of not implementing changes

83. The risk of not proceeding with the change at this time is that the response of the sub-region's councils to growth pressures is delayed or impeded.
84. The work done through Smartgrowth draws a clear picture of the growth challenges facing the sub-region and a strategy to respond has been adopted seemingly with wide community support. The sub-region faces real pressure in providing sufficient land for development to accommodate the expected population growth. This has been confirmed by a recent report on the sub-regions residential development capacity undertaken during 2019.⁶ The NZIER assessment previously quoted demonstrates the magnitude of the risks of not facilitating an effective response by the local authorities.
85. These are changes that need to be addressed with some urgency. The process of developing land for residential and industrial use has long lead times and the boundary alterations under consideration are only one, early step in this process. There are risks that delay in the consideration of the boundary alterations could have a significant negative impact on timing for the process as a whole.
86. While this is not so clearly the case with the proposed Tara Road change, there is potential for this to make a contribution to meeting demand for land for housing, and the current situation is clearly an anomaly following the development of the Eastern Link Toll Road.

⁶ "Western Bay Sub-Region Residential Development Capacity Review" by Veros Property Services, May 2019

Communities of interest and the extent to which the proposed changes will maintain linkages between communities (including iwi and hapū) and sites and resources of significance to them

87. The proposed change will facilitate significant change in communities of interest in the affected area, as what are now predominantly rural areas in Belk and Keenan roads will become available for urban development. The process of that development will lead to the growth of new local communities in the affected areas, which will form part of the broader Tauranga urban community.
88. The Commission has engaged, through the “Te Kauae a Roopu” group, with the hapu identified as having interests in the “western growth corridor” . The hapu raised no concerns about adverse effects on sites or resources of significance and have generally expressed support for the proposed change.
89. The Commission has also consulted Ngā Pōtiki of Papamoa who have also expressed support and are understood to be keen to participate in future consideration of the use of the Tara Road land.

Degree and distribution of demonstrable public support for the proposed changes and Degree and distribution of any public opposition to the proposed changes

90. In August 2019 the Commission wrote to affected property owners across all three areas informing them that the proposed changes were under consideration and inviting them to attend one of two meetings. Around 80 people attended one or other of these. These gave some insight into community opinion among that group of people. This suggested a general level of support for the proposed change at Keenan Road but more mixed views, over the Belk Road proposal, with some individuals expressing strong opposition. Clearly some residents of the affected areas see the prospect of a change in land use as an opportunity, while others see it as impacting on their current lifestyles.
91. So far as the Kennan and Belk Road changes are concerned, however, these are changes that have been clearly signalled for some time and tested as elements of the broader Smartgrowth growth strategy relating to the western corridor, which have involved public consultation. This is not, however, the case for the proposed change at Tara Road, but the Commission’s consultations, while identifying issues needing to be addressed, has not resulted in objections to the transfer of this area to Tauranga City.
92. The change involving the Hurst property has not been widely consulted on but has the support of the landowner as well as Waka Kotahi NZ Transport Agency, the administering authority of adjacent land.
93. Hapu representatives (Te Kauae a Roopu hapu) have been part of this process, and were also directly consulted by the Commission. The Commission also consulted Ngā Pōtiki of Papamoa who supported the change in relation Tara Road.

Conclusion

94. The proposed boundary alteration offers significant benefits in facilitating the response of the sub-region’s councils to the demands of expected population growth for land for residential and industrial development and the potential negative consequences of the sub-region failing to respond adequately to growth pressures are significant. The proposed boundary changes are likely to facilitate a better outcome than would otherwise be likely.

95. The costs of proceeding with the change, beyond the impact on current residents who may feel displaced by changing land-use, do not appear significant. In the cases of Belk and Keenan Roads the change is one that has been clearly signalled through Smartgrowth and regional planning exercises, over a long period.
96. The Commission has therefore decided to prepare and adopt a reorganisation plan providing for:
 - The transfer of areas at Belk, Keenan and Tara Roads from Western Bay of Plenty District to Tauranga City; and
 - The transfer of the “Hurst” property from Tauranga City to Western Bay of Plenty District.

Next steps

97. The next statutory step is the preparation and adoption of a reorganisation plan formally providing for the boundary alterations, followed by the making of an Order in Council to give effect to it.
98. After that the Commission will develop a reorganisation implementation scheme setting out the detailed transitional arrangements. Once the Commission has adopted the scheme this is given effect by an Order in Council. This will complete the process.