



30 March 2026

Submission to the Bay of Plenty Regional Council

Re: Long Term Plan Amendment & Annual Plan 2026/27 – Consultation on Optimising Regional Benefits from Council Investments

Introduction

UTF appreciates the opportunity to provide feedback on the proposed Long Term Plan (LTP) Amendment and Annual Plan 2026/27. We submit firmly and unequivocally that Quayside Holdings Ltd must retain its current mandate, management rights, and full operational control of the Bay of Plenty region's \$3bn+ investment portfolio.

This portfolio—carefully built over more than 30 years—is a taonga for the region's community. It must remain under specialist, commercially disciplined stewardship, protected from structural fragmentation and the risks associated with political influence, short-termism, and bureaucratic intervention.

1. Quayside Has Demonstrated Exceptional Investment Capability and a Proven Multi-Decade Track Record

The consultation documents reaffirm that Quayside has grown the region's initial \$53 million Port of Tauranga shareholding (1991) into a \$3.14 billion diversified portfolio by June 2025.

This growth represents:

- Disciplined commercial investment.
- Deep sectoral expertise (property, commercial development, private equity, capital markets)
- Strong governance and risk management
- A stable intergenerational mindset rather than a political cycle mindset

Quayside's performance is not theoretical—it is demonstrated over three decades of uninterrupted portfolio growth, delivered through multiple economic cycles. Few investment entities in New Zealand have achieved such results.

This is not an organisation that requires restructuring. It is an organisation that requires protection and liberated from erosion of mandate.

2. The Portfolio Must Not Be Split or Divested into Multiple Entities

The consultation document outlines options involving fragmentation of the portfolio—particularly separating Special Purpose Assets or splitting assets across new trust structures.

We oppose all restructuring options except the status quo.

Splitting the fund risks:

- Loss of scale (which weakens returns)
- Increased overheads
- Governance duplication and higher transaction costs
- Diluted investment discipline
- Conflicted mandates between commercial performance and political pressure
- A greater potential for regional inequity or geographically preferential allocation

The documents themselves acknowledge these dangers. Option 3 (hybrid model), for example, introduces complexity, higher risk, and multiple governance vehicles. The assessment criteria shows that the current Quayside structure continues to perform strongly on efficiency, commercial capability, and ease of implementation.

A single, unified, professionally managed investment entity is the globally recognised model for large perpetual funds, sovereign funds, and intergenerational trusts.

Fragmentation destroys value.

3. The Portfolio Must Be Protected from Political and Bureaucratic Influence

UTF expresses strong concern about proposals that would:

- Shift ownership or control closer to elected officials.
- Embed the fund within new Regional Council-controlled trust structures.
- Introduce non-commercial mandates into investment decision-making.
- Expand access to the fund for political, infrastructure, or sub-regional initiatives.

The consultation paper itself highlights that growing pressure to use Quayside's assets for specific political or regional projects presents serious risks. If the focus shifts to smaller localised projects, this undermines the fund's ability to grow, preserve capital, and maintain intergenerational benefit.

Political cycles change every three years. Investment horizons span decades.

These two realities are incompatible.

The capital base must be insulated from:

- Election-driven allocation
- Localised political advocacy
- Short-term rate-relief pressures
- Bureaucratic budget balancing
- Reactive responses to Central government reforms & direction
- Portfolio decisions influenced by councillors lacking investment expertise.

The portfolio belongs to the people of the Bay of Plenty, not to political structures that may shift, merge, or disappear entirely under broad local government reform currently being considered by the Crown.

4. Quayside's Independence Is Critical to Maintaining Investment Returns and Intergenerational Value

Quayside currently:

- Operates commercially.
- Manages risk-adjusted returns through portfolio diversification.
- Maintains independence from political decisions.
- Funds 23% of Regional Council income through dividends (\$48m in 2024/25)
- Provides approximately \$400 per household in rates relief (in 2024/25) without eroding capital.

This model works.

Any shift to Regional Council management, or even indirect control via new CCO trust structures, would reduce independence and increase the risk of:

- Lower investment yields
- Capital erosion.
- Governance conflict
- Political interference
- Loss of strategic capability
- Reduced confidence from partners and markets

You do not “fix” a world-class model by replacing it with one of lower certainty and greater political exposure.

5. Retaining the Status Quo Is the Only Option That Protects the Fund’s Scale, Capability, and Purpose.

We strongly support Option 1: Status Quo.

Justifications:

- Proven, high-performing model - Quayside’s track record outperforms what any new structure could guarantee.
- Lowest risk option - Other structures introduce legal, tax, governance, and implementation risks—including the need for tax exemptions, multiple new entities, and transitional complexity.
- Strongest structural protection from political drift - Quayside has independent governance and commercial mandates.
- Ensures investment expertise remains embedded - The existing team has decades of institutional knowledge and sector strength not matched by council bureaucracy.
- Supports intergenerational equity - The purpose of the fund is long-term resilience, not short-term political priorities.
- Maintains scale and compounding growth - Large funds must remain whole to preserve compounding returns—splitting them is financially destructive.

6. The Fund Should Never Be Controlled or Absorbed by the Regional Council

The consultation documents are clear:

The Regional Council does not have the investment skills or structure to manage this portfolio directly.

The Council’s own analysis confirms:

- Specialised investment skills are required.
- Independence from regulatory functions is important.
- Direct council ownership introduces conflict and inefficiency.

Any move that places assets under direct Regional Council control—whether through new CCOs, trusteeships, or trust arrangements—risks the very outcomes this consultation proposes to avoid.

UTF is concerned that the proposed restructuring is not motivated by investment excellence but by political access to capital. That must never be allowed to occur.

Conclusion:

Quayside Must Retain Full Management Rights and Autonomy Over the Endowment Fund.

UTF strongly supports:

- ✓ Retaining the current structure
- ✓ Keeping Quayside as the sole manager of the investment portfolio
- ✓ Quayside maintaining portfolio independence, scale, and commercial discipline
- ✓ Rejecting any proposal that splits, restructures, or politicises the fund
- ✓ Protecting the capital base for future generations

The investment portfolio is the Bay of Plenty's greatest intergenerational economic asset. It has been grown successfully, prudently, and expertly.

We cannot risk handing this taonga, professionally & commercially built over 30 years to short-term political decision making or bureaucratic control. The fund must remain whole, resilient, and professionally managed by the experts who built it.

Quayside Holdings Ltd is the right entity to continue this stewardship.

UTF wishes to speak to its submission during the Hearings process.

Yours faithfully,



Scott Adams

Urban Task Force - Chair

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