



AGENDA

Emergency Council Meeting Tuesday, 14 April 2020

**I hereby give notice that an Emergency Meeting of Council will be held
on:**

Date: Tuesday, 14 April 2020

Time: 11.30am

**Location: Tauranga City Council
Council Chambers
91 Willow Street
Tauranga**

*Please note that this meeting will be livestreamed and the recording will be publicly available on
Tauranga City Council's website: www.tauranga.govt.nz.*

**Marty Grenfell
Chief Executive**

Terms of reference – Council

Membership

Chairperson	Mayor Tenby Powell
Deputy chairperson	Cr Larry Baldock
Members	Cr Jako Abrie Cr Kelvin Clout Cr Bill Grainger Cr Andrew Hollis Cr Heidi Hughes Cr Dawn Kiddie Cr Steve Morris Cr John Robson Cr Tina Salisbury
Quorum	<u>Half</u> of the members physically present, where the number of members (including vacancies) is <u>even</u> ; and a <u>majority</u> of the members physically present, where the number of members (including vacancies) is <u>odd</u> .
Meeting frequency	Six weekly or as required for Annual Plan, Long Term Plan and other relevant legislative requirements.

Role

- To ensure the effective and efficient governance of the City
- To enable leadership of the City including advocacy and facilitation on behalf of the community.

Scope

- Oversee the work of all committees and subcommittees.
- Exercise all non-delegable and non-delegated functions and powers of the Council.
- The powers Council is legally prohibited from delegating include:
 - Power to make a rate.
 - Power to make a bylaw.
 - Power to borrow money, or purchase or dispose of assets, other than in accordance with the long-term plan.
 - Power to adopt a long-term plan, annual plan, or annual report
 - Power to appoint a chief executive.
 - 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.
 - All final decisions required to be made by resolution of the territorial authority/Council pursuant to relevant legislation (for example: the approval of the City Plan or City Plan changes as per section 34A Resource Management Act 1991).
- Council has chosen not to delegate the following:
 - Power to compulsorily acquire land under the Public Works Act 1981.
- Make those decisions which are required by legislation to be made by resolution of the local authority.
- Authorise all expenditure not delegated to officers, Committees or other subordinate decision-making bodies of Council.

- Make appointments of members to the CCO Boards of Directors/Trustees and representatives of Council to external organisations.
- Consider any matters referred from any of the Standing or Special Committees, Joint Committees, Chief Executive or General Managers.

Procedural matters

- Delegation of Council powers to Council's committees and other subordinate decision-making bodies.
- Adoption of Standing Orders.
- Receipt of Joint Committee minutes.
- Approval of Special Orders.
- Employment of Chief Executive.
- Other Delegations of Council's powers, duties and responsibilities.

Regulatory matters

Administration, monitoring and enforcement of all regulatory matters that have not otherwise been delegated or that are referred to Council for determination (by a committee, subordinate decision-making body, Chief Executive or relevant General Manager).

Order Of Business

1	Apologies	7
2	Declaration of Conflicts of Interest.....	7
3	Business.....	8
3.1	Crown Infrastructure Partners COVID Economic Stimulus Package Application	8
3.2	Covid-19 - Short term business sector relief options	40
4	Discussion of Late Items.....	45

1 APOLOGIES

2 DECLARATION OF CONFLICTS OF INTEREST

3 BUSINESS

3.1 Crown Infrastructure Partners COVID Economic Stimulus Package Application

File Number: A11376057

Author: Christine Jones, **General Manager: Strategy & Growth**

Authoriser: Christine Jones, **General Manager: Strategy & Growth**

PURPOSE OF THE REPORT

1. This report seeks Council approval of Tauranga City Council's application to the Crown Infrastructure Partners (CIP) Economic Stimulus process.

RECOMMENDATIONS

That the Council:

- (a) Approves the package of projects described in the "Overview Statement" for submission to the Crown Infrastructure Partners Economic Stimulus Process; or
- (b) Approves the package of projects as described in the "Overview Statement" for submission to the Crown Infrastructure Partners Economic Stimulus Process with the following amendments:

EXECUTIVE SUMMARY

2. The Government is seeking information on public infrastructure projects which could provide economic stimulus when the COVID 19 Response Level enables activity to recommence.
3. Tauranga City Council is submitting an application into the process and Elected Member approval for that application is sought.

BACKGROUND

4. Crown Infrastructure Partners (CIP) is supporting the Infrastructure Industry Reference Group (the Reference Group) to provide Ministers with information on 'shovel ready' infrastructure projects that could be part of an economic stimulus package. The information in the following paragraphs is sourced from the CIP website.
5. Ministers have advised that they wish to understand the availability, benefits, geographical spread and scale of 'shovel ready' projects in New Zealand. These projects will be considered in the context of any potential Government response to support the construction industry, and to provide certainty on a pipeline of projects to be commenced or re-commenced, once the COVID 19 Response Level is suitable for construction to proceed.
6. Applications will be assessed on the following criteria:
 - Construction Readiness - the extent to which the project is construction-ready now or within a realistic 6 - 12 months;
 - Public or Regional Benefit - the project must be of an infrastructure nature, either horizontal or vertical, and must demonstrate public or regional benefit infrastructure;
 - Size and Material Employment Benefits;
 - Overall Risks and Benefits of the Project.

7. Construction Readiness - projects will be categorised into:
- Projects which currently are (or were) in the construction phase but have been put on hold due to COVID 19 and are likely not to progress, or to progress at a much slower rate or scale/scope, if not supported post COVID 19.
 - Projects which have a high expectation of commencing the construction phase within the next six months (by 31 October 2020), but are unlikely to do so due to COVID 19.
 - Projects which could have been expected to commence the construction phase within the next 12 months (by 30 May 2021) but are unlikely to do so due to COVID 19.
8. Specific information is required to be provided on 'Construction Readiness' in terms of where the project is currently in a procurement phase, including where a:
- suitable tender has been completed;
 - Tender evaluation is in progress;
 - Request for Tender is in the market; or
 - the principal is about to put out a Request for Tender to the market.
- This may also include maintenance and asset replacement projects which require little design or consenting, such as local/regional roading and three waters projects.
9. Public or Regional Benefit - projects will have two separate classifications:
- Infrastructure activity: being one or more of transport, three waters, buildings and structures, or other infrastructure;
 - Infrastructure purpose: being one or more of critical infrastructure, new infrastructure, replacement/refurbished infrastructure, or repurposed infrastructure.
10. Size and Employment Benefits - will include consideration of whether the project is of a size and has material employment benefits of \$10m+. This can include programmes of work - for example a series of road maintenance/resealing projects or a series of three-water pipe renewals/replacements.
11. Overall Risks and Benefits - this will include consideration of:
- Benefits:
 - Economic/Social/Environmental benefits; and
 - Regional/Nationwide benefits.
 - Risks:
 - Risk of the project not commencing within the advised timescale;
 - Risk the project will not be completed on time, to cost or to specification; and
 - Risk the project will not obtain the benefits outlined in the Overall Benefits section above.

Each risk is required to be ranked as high, medium or low and include a short explanation why it was given that risk rating.

12. Information also is required on the impacts that COVID 19 has had on the project, including:

- Likelihood of the project recommencing once the COVID 19 Response Level is suitable for construction to proceed, whether it would recommence but required to be scaled down, or stopped indefinitely;
- An estimate of the financial implications of COVID 19 on the project; and
- Confirmation whether the project has already benefitted, or is likely to benefit, from already announced Government-led financial support for businesses e.g. wage subsidy scheme, business finance guarantee scheme.

TAURANGA CITY COUNCIL APPLICATION

13. The proposed application from Tauranga City Council to the CIP Economic Stimulus process is made up of the following:
 - Overview Statement which provides a summary of the key issues for the city;
 - Package of projects focused on 'Creating Communities and Housing for All';
 - Package of projects focused on "Employing Our People".
14. A copy of the Overview Statement, which includes a summary of the package of projects, is included in the attachment to this report for Council consideration and approval.
15. The application is required to be submitted by 5pm Tuesday 14 April 2020 (today).
16. The Bay of Plenty Mayoral Forum is meeting in the afternoon of Tuesday 14 April with the view to considering and endorsing the applications of each of the Councils. It is intended that a joint letter signed by Chairman Leeder and all the Mayors in the region is submitted in support of the applications of the Councils in the Bay of Plenty.
17. Some significant projects were considered but not included in the application due to extent of readiness or priority relative to other projects. These included the Mt Visitor Centre and I-Port, central library, administration building.

CONSULTATION / ENGAGEMENT

18. The projects included in the application are all at different stages of consultation with the community. Most have been included in previous Annual Plan, Long Term Plan, or urban growth planning consultation processes. Each of the detailed application forms notes engagement issues where they are relevant to the project. As has previously been advised to Elected Members, engagement for some projects continues through COVID lockdown by a range of mechanisms including online, radio etc.

SIGNIFICANCE



19. Tauranga City Council's Significance and Engagement Policy determines whether a matter is significant. In making the assessment against this policy, 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. Materiality is defined as being something that would influence the decisions or assessments of those reading or responding to the consultation document.
20. In terms of the Significance and Engagement Policy the matters raised, and the budget associated with the projects are deemed to be significant. The Draft Annual Plan which is currently out for public consultation notes the financial issues Council is facing, and that the impact of COVID 19 on Council continues to be assessed. The Draft Annual Plan Consultation Document noted that Council would be engaging with Government on opportunities for investment.

NEXT STEPS

21. CIP may advise that they seek additional clarification on the project information received, and will require responses no later than 5 pm on Monday 27 April 2020.

22. CIP and the Reference Group will provide information on the projects to Government. CIP intends to contact all parties that provide project information once Government has advised what the next steps are.

ATTACHMENTS

1. **CIP Economic Stimulus Application - Tauranga City Council Overview Statement - A11375882** [↓](#) 
2. **Letter of Support Tauranga Business (Not fully signed yet) - A11376164** [↓](#) 



Tauranga City Council's Project Information

In response to

**Crown Infrastructure Partners
'Shovel Ready'
Infrastructure
Request**



EXECUTIVE SUMMARY

1. Prior to the COVID-19 event Tauranga City Council was facing significant challenges especially in respect of:
 - a broad range of issues across the housing continuum (homelessness, affordable housing, housing and land supply and transitioning to a more sustainable urban form)
 - delivering a well-functioning transport network that can support urban growth, deliver better multi-modal choices and support NZ's economy by providing efficient transport links to and from NZ's largest port.
 - significant funding challenges to deliver the infrastructure required for a current and growing city.
2. In the face of COVID-19 these challenges are now all the greater and new challenges will emerge, especially providing employment and supporting the business sector. Tauranga City Council is well placed to positively contribute to these challenges. We have a range of infrastructure projects which are (or are nearly) ready to go. We applaud initiatives such as CIP's request for applications for large scale projects that support the acceleration of much needed work to the benefit of 'immediate return' employment and supporting capacity for future urban and economic growth.
3. Tauranga City Council's CIP application is focussed on maintaining a viable economy in Tauranga and the Western Bay region, and creating capacity for future growth, by clear focus on two priority areas:
 - Creating Communities and Housing for All
 - Employing Our People
4. **Creating Communities and Housing for All** - \$674.6 million. Investment required to provide serviced land for residential, industrial and commercial development. Creating complete and connected communities with multi-modal transport options, community amenity, education and employment opportunities.
5. The 'Creating Communities and Housing for All' projects were also included in the Urban Growth economic stimulus package submitted to MHUD by SmartGrowth Partnership (Bay of Plenty Regional Council, Tauranga City Council, Western Bay of Plenty District Council and Tangata Whenua) on 6 April 2020. The projects in this CIP application reflect those that can be commenced within 6 to 12 months. The projects implement the urban settlement pattern which has been agreed by the SmartGrowth partnership.
6. **Employing Our People** – \$396.89 million. Immediate investment in a wide range of projects that will support our small and medium sized businesses, particularly those involved directly and indirectly with the construction industry. These projects aim to support individuals, families and communities that need help the most.
7. There is also genuine co-investment commitment by developers associated with the major growth areas to invest in infrastructure and housing on their land holdings if key public infrastructure to service those areas is provided. This will provide a second wave of economic stimulus
8. Key to this application is understanding that:
 - The construction sector represents 12% of total employment in Tauranga

- The city has a shortage of readily available residential and business land supply which is negatively impacting on median house prices and business activity.
 - NZIER estimates¹ that the shortage of residential land supply will result in:
 - Median house price of \$966,000 in five years (compared to current circa \$710,000)
 - Lower direct residential construction employment of 196 – 290 workers in the short term and 1,140 – 1,680 in the medium term
 - Direct impact of residential construction on GDP is reduction of \$30 million in year 1, with a cumulative impact of \$546 million by year 5 and \$2.5 billion by year 10
 - The balance sheet of the City is severely constrained as Council is near to the debt to revenue ratio ceiling of 250%. Prior to COVID-19 Council was projecting a shortfall in financial capacity to deliver the required level of infrastructure of between \$0.5b to \$1b over the next 5 to 10 years. Revenue reductions due to COVID-19 mean severe reductions to the planned capital programme will be required immediately to remain within prudent debt levels.
 - Due to the forecast reductions in revenue and current debt levels the planned capital programme of \$244 million for 2020/21 will, in the best-case scenario, need to be halved and, in a worst-case scenario, Council's ability to deliver capital in 2021 will be virtually non-existent. This reduction in capital investment will significantly affect jobs and the local economy.
9. Given the financial capacity constraints, which have been exacerbated by reduced revenue forecasts, Council is unable to take on further debt without revenue support. Revenue support should be considered as complimentary to direct investment support to enable current planned investment to continue.
10. While additional funding is essential to enable infrastructure projects and for the economy to recover, this alone won't be enough. As such we believe that in order to maximise the effectiveness of the CIP stimulus programme it is essential that the following matters are also addressed:
- streamlined processes for resource consents, designations and other authorisations (e.g. Heritage NZ authorisations) for infrastructure and urban development projects that better balance the benefits and costs of projects and better provide opportunity to balance competing priorities
 - streamline processes to enable land to be zoned for development (or to avoid the zoning process altogether and proceed directly to resource consent)
 - ability to fast track land acquisition and easements for infrastructure projects
 - more efficient and streamlined NZTA business case approach
 - better mechanisms and more financial support to partner with Maori Land Trusts to enable development of their land in accordance with their aspirations and enabling the delivery of essential infrastructure through Maori Land to enable development of adjoining land.

¹ NZIER Report 27 February 2020 Impact of a Housing Shortage – Assessing the Effect for Tauranga City

- Off balance sheet debt arrangements to be repaid by funding sources such as development contributions and road tolls.

INTRODUCTION

11. The Government is seeking to identify 'shovel ready' infrastructure projects that have been impacted by COVID-19 and that could be reinvigorated rapidly to mobilise the construction industry and stimulate the economy.
12. We wholeheartedly endorse the objectives of the Industry Reference Group and those outlined on 5th April by the Construction Sector Accord in its Response Plan. A rapid, flexible and ongoing response will be needed to re-establish not just the horizontal infrastructure industry but to maintain those parts of our economy, our community and our environment on which it relies.
13. Our proposed programme is supported by Priority One - the Western Bay of Plenty region's economic development organisation, key business leaders in the City and major developers. It is also endorsed by the Bay of Plenty Mayoral Forum, being made up of the Bay of Plenty Regional Council, and all the Councils within the wider Bay of Plenty.
14. We are submitting a suite of projects that meet the criteria and that will provide much needed stimulus to the sector in Tauranga, with flow-on job retention and creation in the wider Bay of Plenty and New Zealand economy.

CONSTRUCTION INDUSTRY IS KEY TO TAURANGA EMPLOYMENT AND ECONOMY

15. Construction industry leaders in the Bay of Plenty have made their position clear in the last few days that the sector is experiencing significant challenges, but also that it is well positioned to bounce-back as soon as level 4 restrictions are removed. It is essential that it does as the sector provides almost 9,000 jobs in Tauranga, 12% of our total employment and is integral to the ongoing social and economic wellbeing of our city and region. The resilience of the Tauranga-Western Bay economy in the face of COVID-19 and its readiness to respond to and maximise the benefits of the CIP stimulus makes it a low risk, high return location for investment.
16. Rebooting infrastructure projects in Tauranga will also provide a major catalyst to the wider New Zealand economy. Our rapid economic and population growth, horticultural and manufacturing sectors and exports through the Port of Tauranga rely on infrastructure capacity and on the availability of affordable homes and commercial land. The quicker that capacity is in place, the quicker those industries can create new jobs for those displaced from sectors that will be slower to recover and the quicker export revenues and GST returns will be generated, recycling the Government's economic stimulus.
17. Tauranga forms part of the Upper North Island 'golden triangle' and there is critical economic infrastructure needed to support immediate and long-term economic growth and wellbeing. That infrastructure is already constrained and having negative impact on business expansion, attraction of skills, and productivity.
18. Investment is needed to support our economy. As an example, transport and three waters infrastructure projects within our applications will enable 3,000 new jobs within businesses that choose to locate in future stages of the Tauriko Business Estate, including Winstone Wallboards (GIB) which has recently announced \$400m of

investment to relocate its manufacturing and distributing facilities from Auckland. The Tauriko Business Estate is the only large-scale industrial area under development in the Bay of Plenty and the release of future zoned stages and the planned future extension are essential to deliver sufficient industrial sections to meet demand.

COVID-19 PLACES TRANSFORMATIONAL GROWTH AT RISK

19. Whilst our proposed programme of works speaks to the urgency of the situation and to the creation of jobs, it will also achieve longer-term, transformational outcomes. The programme aligns to our sub-regional approach to urban development which aims to overcome some of the challenges of a shortage of both residential and commercial land. The *Urban Form and Transport Initiative* sets out a development pathway for the creation of healthy, connected and thriving communities, based on quality urban form with high density urban centres and efficient, low carbon transport networks. Our intention through this programme is to create physical capital that enables improved environmental outcomes – cleaner water, low emissions transport options and resilience to natural hazards as well as social wellbeing through access to homes, employment, active living and community facilities and social connectedness.
20. The Capex programme of Tauranga City Council is the primary enabler of a high growth city. It is integral to the wellbeing of the infrastructure sector and the community, both through its own infrastructure projects and through the flow-on construction opportunities those create. Housing, business land and water shortages in Tauranga that are already an issue will become acute without timely and sufficiently scaled delivery of key infrastructure projects.

TAURANGA CITY COUNCIL'S FINANCIAL POSITION AND THE IMPACT OF COVID-19

21. COVID 19 has, unfortunately, also hit our own balance sheet capacity hard with our revenue now expected to be \$53m - \$77m less than forecast for the 2020-21 financial year. Due to our obligation to keep our debt to revenue ratio below 250%, this now puts in jeopardy our capital programme.
22. Before COVID-19, the 2002-21 Capex programme of \$244 million and emerging Long-Term Plan (2021-31) capital needs were already placing significant pressure on our borrowing covenants and our ability to borrow through the Local Government Funding Agency. This has been acknowledged through on-going conversations with Government Ministers on the need for new ways to fund and finance much needed growth infrastructure. The balance sheet of the City is severely constrained and therefore too is the ability of the Council to provide serviced land for residential and commercial development. The pre-COVID assessment was that Tauranga City Council has a shortfall in financial capacity to deliver the required level of infrastructure of between \$0.5b to \$1b over the next 5 to 10 years. The Council had initially proposed an Annual Plan rates rises of 12.6% to start to address the City's infrastructure needs but reduced this to 7.6% in its draft Annual Plan (currently under community consultation) in recognition of the financial stress Covid is having on our communities.
23. Over the last week, we have been remodelling our forecasting assumptions and have developed various scenarios of revenue stream impacts from COVID-19. High level estimates (subject to further analysis) see revenue forecasts reduced between 13% to 27% for 2020-21 due to:
 - User fee revenue down by \$20m- \$34m (reduction 23% to 40%)

- Bay Venues Limited (CCO operating swimming pools, indoor sports facilities and community halls) external revenue down by \$10m- \$16m (reduction 66% to 96%)
 - Development contributions and other capital contributions down by \$10m-\$14m (reduction 19% to 26%)
 - Rates being lower by up to \$13m (reduction up to 8%).
24. The extent of the loss in revenue will depend on the restrictions on activity that may continue into next financial year depending on the alert level and the extent to which housing construction and infrastructure capital investment can continue. With our already constrained balance sheet, the impact of this revenue loss would be a reduction of our capital programme by \$90m to \$200m in the coming financial year. **In a best-case scenario, our capital programme would be approximately halved and in a worst-case scenario our ability to deliver capital in the 2021 year would be virtually non-existent.**
25. This would mean that not only would Council be unable to deliver on key infrastructure projects to allow growth and hence housing supply to the city, it would also be unable to maintain its existing assets through its renewal programme. Further projects required to build a community would not continue.
26. Due to the severity of this financial position, we have now integrated and prioritised many 'shovel ready' projects that are in our draft 2020/21 Annual Plan into this CIP application process. Top priority projects and programmes of work reflect the key outcomes for the city as outlined in our current Long-Term Plan and draft Annual Plan for 2020-21 – addressing growth and transport challenges, environmental resilience and community wellbeing.

OPPORTUNITIES FOR CROWN INFRASTRUCTURE PARTNERS CONSIDERATION

27. TCC's CIP package is categorised into two key themes that together will support our communities to recover from COVID-19 as quickly as possible. It will also help create communities within the city that offer housing and employment for all.
28. The priorities for action are:
- **Urban Growth - Creating Communities and Housing for All**
 - **Employing our people**
29. It should be noted that both priorities for action are of equal significance for recovery from COVID-19. Many projects are interrelated and will deliver different aspects of economic recovery as well as delivering across Treasury's Living Standard's Framework and the four wellbeings of the Local Government Act, 2002. Without both categories being progressed, recovery from COVID-19 will be less effective and will have a detrimental effect on both our communities and our infrastructure.
30. TCC has prioritised projects within each theme. Projects have been prioritised as either priority 1, 2 or 3. Prioritisation of projects has been based on the community benefits that will be delivered, employment opportunities and wider regional and national benefits demonstrated, as well as how 'shovel ready' projects are. Prioritisation is also influenced by consideration of the impact that failure to deliver would have on our community and our infrastructure.
31. There are very few projects categorised as low, these projects are ones which would have minimal impact in terms of Council delivering on its infrastructure priorities, but which still deliver value to the community and create jobs.

URBAN GROWTH - CREATING COMMUNITIES AND HOUSING FOR ALL

32. Tauranga is an attractive city, and people will continue to move here. Growth creates many benefits. However, it also creates higher house prices, a lack of rental options, increased congestion, and the need to invest in infrastructure, community wellbeing and safer communities.
33. The number of people living in Tauranga City has doubled in the past 30 years and is expected to grow by at least 45,000 more in the next 30 years. We are short of land for housing and expect a shortfall of 600 homes within 1-3 years and a further 3,500 homes in 4-10 years.
34. If we do not plan well, we will end up with fragmented suburbs and even more pressure on our roads, water supply, wastewater systems and community amenities. Failure to deliver the infrastructure needed for growth will make homes more costly and is likely to drive more housing stress, rough sleeping and homelessness. It will also hold back our economy, because workers and new businesses will not be able to find affordable properties.
35. TCC has been working on this problem with local and regional partners for years. This has resulted in planning new greenfield growth areas at Te Tumu and Tauriko West, while considering fresh approaches to housing more people within our existing city footprint. The latter aspect is being explored through our Te Papa Spatial Plan and Housing Choice city plan change projects which focus on residential intensification.
36. New land must be zoned and appropriately serviced with infrastructure before homes can be built. Achieving this is difficult because of our city's topography, land ownership, and financial ability to fund the required infrastructure as well as the challenges of RMA processes and reliance on third party infrastructure providers, especially NZTA investment in the State Highway system which is an integral component of the city's local transport network.
37. Further progress depends on delivering more infrastructure that supports the creation of communities to deliver the benefits so desperately needed, particularly housing opportunities for all. The inability to invest in infrastructure means that there is a shortage of land available for housing and as a result, land prices continue to increase. This creates a huge challenge for building the homes we need in fast growing areas like Tauranga.
38. NZIER recent analysis (February 2020) identified that the projected shortfall in housing supply in Tauranga would increase median house prices by \$40,000 per annum over each of the next three years and by year five the median house prices would have increased from the current \$710,000 to \$966,000. NZIER predicts an associated lower construction employment of 196 – 290 workers in the short term and 1140 – 1680 less construction workers in the medium term. The assessed impact on GDP is a reduction of \$30 million in year 1, and a cumulative impact of \$546 million by year 5 and \$2.5 billion by year 10.
39. As such, significant infrastructure investment is required to unlock new development opportunities to enable the labour intensive residential and commercial construction sectors to thrive.
40. The SmartGrowth Partnership (Tauranga City Council, Western Bay of Plenty Council, Bay of Plenty Regional Council and Tangata Whenua) supported by Priority 1 (sub-regional economic development agency) submitted to MHUD (6 April 2020) a package of Urban Growth-related investments to deliver both economic stimulus and achieve strategic urban growth objectives. The projects in 'Creating Communities and Housing for All' represent those urban growth projects Tauranga City Council can proceed within the next 6 to 12 months.

41. Capital investment under 'Creating Communities and Housing for All' totals \$674.6M and includes planning and investing in core infrastructure needed in the next few years to support the efficient functioning of our growing city and to ensure the next growth areas are underway. This consists of a mixture of greenfield and brownfield investments, along with an opportunity for residential housing development on Council owned land (which could be completed in conjunction with Kainga Ora).
42. The prioritised projects for the 'Creating Communities and Housing for All' theme are summarised in attachment 1.
43. Much of the investment in 'Creating Communities and Housing for All' is planned to be funded by way of Development Contributions. The lack of Council balance sheet capacity is holding back delivery. If an off-balance sheet arrangement could be implemented the debt could subsequently be repaid by development contributions as the development occurs. Some discussions on possible options have been held with central government officials over the past few weeks on this matter.
44. Developers with large land holdings in the main growth areas have provided a written letter of support (attachment 3). They make the following key points:
 - They are ready, willing and able to invest in the Urban Growth areas identified in the TCC application, however they are unable to do this without commitments by Councils and/or the Government to fund and provide the key public infrastructure required to service the Urban Growth Corridors.
 - This group of experienced developers recognise that whilst most developers are averse to land development during recessions, they recognise the opportunities post COVID-19 to develop more cost effective and efficient approaches by stripping out costs and streamlining what has become an unnecessarily complex construction supply chain in NZ. It is historically the best time to undertake land development so that when the market takes off again no momentum is lost.
45. Key Tauranga businesses including Port of Tauranga, Craigs Investment Partners, Winston Wallboards, Trustpower, Balance, and Zespri have signed a letter of unequivocal support for the package of investment proposals being submitted to Crown Infrastructure Partners. They place particular emphasis on the projects that deliver residential, commercial and industrial land and which will deliver a more multi-modal transport system and intensified urban design. (Refer attachment 4).

EMPLOYING OUR PEOPLE

46. At this point, the extent of the impact of COVID-19 on the local construction and development industry is unclear. However New Zealand's construction and development industry is one of the key sectors identified as vulnerable to the impacts of COVID-19.
47. Paul Blair, Chief Executive of the sector's main industry body Infrastructure New Zealand, has indicated he believes that as many of 30% of the jobs in the sector are at risk within the next three months (unless a staged return to work can be arranged). That loss of nearly one-third of staff in three months refers to contracting and construction companies, while firms providing advisory and other support services could expect to be in the same critical position within six months.
48. Additionally, construction is one of Tauranga's most significant sectors in terms of employment. Approximately 12% of all of Tauranga's employees are employed by the construction sector, around 9,000 people (Infometrics).

49. Adequate job opportunities for those that have lost jobs, or have faced significant reduction in hours, is key to recovering as quickly as possible from COVID-19. Job creation through this suite of projects is focussed at high labour force numbers at the entry level of the job market, thereby supporting those individuals and families that need it most.
50. Investment in the 'Employing Our People' package (\$396.89 million) provides opportunity for immediate investment in a wide range of projects that will support our small and medium sized businesses, particularly those involved directly and indirectly with the construction industry. These projects aim to support individuals, families and communities that need help the most.
51. To further support local business, Council will also be considering the best way to support local business through the procurement process.
52. In these uncertain times, the creation of employment through these projects will not only have a direct positive impact on individuals and families, but also will indirectly benefit the economic and social fabric of the wider community. There will be a cascade of benefits including induced employment creation, regional spill-overs, induced economic multiplier effects (those which occur outside the value chain of the enterprise concerned, for example, the newly employed worker spends more in the local shops, creating multiplier effects) as well as social and potential environmental benefits from projects being delivered.
53. The capital investment required to unlock the benefits through delivery of the 'Employing Our People' project suite are summarised in attachment 2. Investment in these categories involves several smaller projects across a wide range of sectors which are likely to provide local employment and economic stimulation for smaller infrastructure and construction firms and parks service providers.

ATTACHMENTS

- 1. Summary Project Table; Urban Growth – Creating Communities and Housing for All**
- 2. Summary Project Table – Employing Our People**
- 3. Developers Letter of Support and Commitment**
- 4. Economic Development Agency and Key Business Letter of Support**
- 5. Bay of Plenty Regional Mayor Forum Letter of Endorsement**
- 6. CIP Applications**

URBAN GROWTH - CREATING COMMUNITIES AND HOUSING FOR ALL

SUMMARY TABLE

PROJECT	BENEFITS	KEY COMPONENTS	\$'S
<p>Western Corridor, including Tauriko Business Estate and Urban Growth Area</p> <p>Infrastructure to enable significant expansion of the Tauriko Business Estate of over 200ha's.</p> <p>Infrastructure supports delivery of a new greenfield urban growth area of approximately 3,000 dwellings.</p> <p>Priority: 1 Total Investment \$78.5M Support Required:</p> <ul style="list-style-type: none"> - Capital investment - Fast-tracked processes: NZTA, consenting, land acquisition, procurement 	<p>Create jobs in construction and professional services sectors, and for the housing and commercial development that will be enabled as a result of the infrastructure.</p>	<p>Transport - Roundabout SH29 and Redwood Lane</p>	<p>\$14.5M</p>
	<p>This infrastructure provides the transport access and water/wastewater connections to the growth areas. Developers have committed to co-investment with developer funded infrastructure within the growth areas. This provides further economic stimulus.</p>	<p>Transport Ring Road & Roundabout SH36</p>	<p>\$28.5M</p>
	<p>Enables around 3,000 long-term jobs in the Tauriko Business Estate and essential to enable Winstone Wallboards (GIB) to relocate from Auckland to Tauranga as recently announced. The GIB project alone is a \$400m investment.</p>	<p>Wastewater Infrastructure</p>	<p>\$26 M</p>
	<p>Development will make significant contribution to addressing current shortage in available residential and industrial land.</p>	<p>Water Supply Infrastructure</p>	<p>\$4M</p>
	<p>Estimated spend within 12 months \$52.65 m (being \$8.5m professional services, \$24.4m land and \$20.1 physical construction). Further flow on investment enabled in following years.</p>	<p>Water Treatment Plant Upgrade</p>	<p>\$3.5M</p>
		<p>Public infrastructure constructed by Developer and reimbursed.</p>	<p>\$2 M</p>

<p>Te Papa Spatial Plan – Early Transport Interventions</p> <p>Multi-modal transport projects enable intensification in Te Papa Peninsula.</p> <p>Priority: 1 Total Investment \$84.3M Support Required:</p> <ul style="list-style-type: none"> - Capital investment - Fast tracked processes: NZTA, procurement 	<p>Project supports implementation of the spatial framework for Te Papa which will provide more housing choice within walking distance of high quality, efficient public transport, urban centres, open space and amenities. In order to develop a transport network that encourages intensified development, a range of projects have been identified for implementation in the short term.</p> <p>Growth projections are for up to 29,000 additional residents, 19,000 additional homes, and a 15,000 (60%) increase in employees throughout the peninsula. Considered to be a nationally significant urban development and renewal project.</p> <p>Provides key public transport link to the Western Corridor and into City Centre (through Cameron Road).</p> <p>Estimated spend within 12 months \$16.9 m (being \$1.6m professional services and \$15.3m physical construction). Further flow on investment enabled in following years.</p>	Enabling & early works – Cameron Road	\$9.6M
		Enabling & early works - Peninsula	\$6.5M
		Multi-modal, connectors, intersection & safety improvements	\$68.2M
<p>Tauranga Eastern Corridor Growth - Te Tumu Urban Growth Area & Wairakei Town Centre Infrastructure</p> <p>Infrastructure delivery across transport and 3 waters activities to enable development of Te Tumu, a new urban growth area of approximately 7,700 dwellings, 60 hectares of employment land with an adjoining zoned town centre located in the Wairakei Urban Growth Area (including an additional 2,300 houses).</p>	<p>This initiative will transform the shape of the city, and the delivery of works, will provide employment for many professional services, such as engineers, planners, surveyors and more. The construction phase will employ large numbers also, ranging from entry level positions through to skilled workers.</p> <p>This infrastructure provides the transport access and water/wastewater connections to the growth areas. Developers have committed to co-investment with developer funded infrastructure within the growth areas. This provides further economic stimulus.</p> <p>These enabling works will allow for the creation of new communities, unlocking severely needed housing</p>	Transport	\$89.25M
		Wastewater	\$23.1M
		Water	\$2.69M
		Stormwater	\$2.3M

<p>Priority: 1 Total Investment \$117.34M Support Required:</p> <ul style="list-style-type: none"> - Capital investment - Accelerated processes: Maori Land Court response, procurement - Financial and technical support for Maori Land Trust 	<p>opportunities and increasing housing affordability. The new growth areas are designed with strong multi-modal transport options, amenity, employment and recreation opportunities.</p> <p>Estimated spend within 12 months \$27.769 m (being \$5.14m professional services and \$22.54m physical works). Further flow on investment enabled in following years</p>		
<p>Western Stormwater Growth Infrastructure</p> <p>Stormwater infrastructure to service zoned land. Will enable more than 500 dwellings to be constructed.</p> <p>Priority: 1 Total Investment \$17.9M Support Required:</p> <ul style="list-style-type: none"> - Capital investment - Accelerated consenting processes, acquisition processes and fast tracked procurement. 	<p>A programme of projects which will provide jobs, directly through the delivery of the projects, and indirectly by enabling the delivery of housing by the construction industry. Developers are ready to go in these areas to provide developer funded infrastructure and build house. They are only waiting for these enabling works to be carried out.</p> <p>Community benefits include addressing existing flooding issues and/or preventing future flooding issues. These stormwater projects also improve water quality and enhance stream health.</p>	<p>Programme includes Nanako Stream catchment, Kopurererua Stream catchment and Bethlehem catchment.</p>	<p>\$17.9M</p>
<p>Waiari Water Supply Scheme</p> <p>Construction of a new water supply scheme that will service both residential and employment areas</p>	<p>Expect construction will require 90 - 100 full time skilled and unskilled trades staff (for approximately 20 months) with additional economic and employment benefits flowing out of the supply chain stimulation.</p>	<p>Water treatment plant and reservoir. (Tenders due to close 11 May).</p>	<p>\$58.4M</p>

<p>of the growing sub-region.</p> <p>Priority: 1 Total Investment \$117M Support Required: - Capital investment</p>	<p>Project is a key enabler of growth in the city. Construction of the water treatment plant construction is programmed to commence July 2020. The scheme is required to be commissioned by November 2022 to meet the forecast community and growth demands.</p> <p>There is a significant risk that the currently in progress contracts will need to be paused to manage Councils financial position. Pausing of these contracts will incur significant costs and may result in affected contractors seeking termination of the contracts to pursue other opportunities.</p>	<p>Construction of 22km of pipeline (underway)</p>	<p>\$43.4M</p>
<p>Wastewater Te Maunga Outfall Pipeline – Landward Upgrade</p> <p>Upgrade ocean outfall pipe currently in poor condition and at risk of failure.</p> <p>Priority: 1 Total Investment \$25M Support Required: - Capital investment - Fast track procurement (ability to appoint current contractor)</p>	<p>Address current failure risk and provide capacity for wastewater flows due to growth.</p> <p>Construction programmed to commence late 2020 – major stimulus of local market (both skilled and unskilled labour) and supply chain within next 12 months.</p>	<p>Construction late 2020 to September 2022</p>	<p>\$15.2M</p>

<p>Wastewater Growth Infrastructure – Te Maunga Bioreactor</p> <p>Wastewater bioreactor required for growing city.</p> <p>Priority: 1 Total Investment \$31.86M Support Required: - Capital investment, fast track procurement</p>	<p>Second wastewater bioreactor required to be operational by 2023 to provide sufficient capacity for projected growth.</p> <p>Construction programmed to commence early 2021 - major stimulus of local market (both skilled and unskilled labour) and supply chain within next 12 months, in addition to public health and environmental outcomes.</p>	<p>Tender expected to market October 2020 and construction commencing February 2021</p>	<p>\$31.86M</p>
<p>Memorial Park Recreation and Leisure Hub</p> <p>1. Aquatics and indoor facility Priority: 2 Investment \$75M</p> <p>2. Visitor leisure facilities Priority: 3 Investment \$23.7M</p> <p>Support Required: Capital investment Accelerated consenting</p>	<p>Will provide a sub-regional scale aquatics and recreation facility in Tauranga city centre to meet current and future need in the Te Papa peninsula, including indoor and outdoor aquatics and play spaces rebuilt indoor courts and a Spa & Wellness Centre. The project is split for consideration between the core community facilities and the facilities which make a commercial return.</p> <p>Provides amenity in residential intensification area so strategic important Direct job creation is calculated at 347.</p> <p><i>NOTES: Application provided by Bay Venues Limited (Council Controlled Organisation) Memorial Park Aquatic and Indoor is higher priority than Western Corridor below as per Needs Assessment completed 2019)</i></p>	<p>1. Redevelopment and upgrade of Memorial pool Upgrade of indoor sports centre</p> <p>2. Wellness and Fitness Centre, Spa & hot pools.</p>	<p>\$75M</p> <p>\$23.7M</p>
<p>Western Corridor – Community Facilities</p> <p>Priority: 2 Total Investment \$49M</p>	<p>Creates jobs in construction and professional services during design and construction phases. Will create ongoing service sector jobs in the running of the facilities. Total direct job creation estimated at over 100.</p>	<p>Aquatic Facility Library Community Space</p>	<p>\$49M</p>

<p>Support Required:</p> <ul style="list-style-type: none"> - Capital investment - Accelerated consenting process 	<p>Provides essential community facilities by way of a new aquatics centre and a library with community space in a key growth corridor.</p>		
<p>Residential Development Opportunity</p> <p>Priority: 3</p> <p>Total Investment \$55M</p> <p>Support Required:</p> <ul style="list-style-type: none"> - Capital investment - Accelerated consenting processes, acquisition processes and enabling of increased density, in line with proposed City Plan change. 	<p>Opportunity to develop Council owned sites for housing. <i>(Details confidential – refer supporting application form).</i></p>	<p>Development Site 1</p>	<p>\$22.5M</p>
		<p>Development Site 2</p>	<p>\$32.5M</p>
<p>TOTAL URBAN GROWTH – CREATING COMMUNITIES AND HOUSING FOR ALL</p>			<p>\$674.6M</p>

EMPLOYING OUR PEOPLE – SUMMARY TABLE

PROJECT	BENEFITS	KEY COMPONENTS	\$'S
<p>Stormwater Super-package</p> <p>Stormwater upgrades to deal with safety, flooding and environmental issues.</p> <p>Priority: 1 Total Investment \$24.6M Support Required:</p> <ul style="list-style-type: none"> - Capital investment - Fast track consenting 	<p>Flexibility to undertake projects individually or as a package.</p> <p>Construction can commence on first project from September 2020. Immediate jobs for not only construction workers and professionals, but also Mana Whenua, numerous consultant/designers and the complex supply chain within next 12 months.</p> <p>Outcome benefits include mitigation to address 'safety to person' risk, flood protection of land and buildings, protection of the environment and health & safety management.</p>	Programme of 8 projects	\$24.6M
<p>Mt Maunganui & Arataki Multi Modal and Transport Improvements</p> <p>Improve safety and attractiveness of active modes (cycling, walking and public transport) and access to the Port of Tauranga.</p> <p>Priority: 1 Total Investment \$19.59M Support Required:</p> <ul style="list-style-type: none"> - Capital investment - fast track processes 	<p>Project will support employment of a range of suppliers with a wide range of skills including roading contractors, drainage contractors, streetlighting contractors and electricity, water and gas utility providers.</p> <p>Walking and cycling improvements in high traffic area which is a key connection for students accessing schools.</p> <p>New connection to support freight associated with Port and reduce impact of freight movements on local communities.</p>	Programme of 3 projects	\$19.59M

Long Term Plan Renewals Programme Priority: 1 Total Investment \$31.9M Support Required: <ul style="list-style-type: none"> - Capital investment - Fast track procurement 	<p>The renewal projects are currently included over the next three years of our Long-Term Plan but are at risk of not being completed due to Covid-19 impacts on Tauranga City Council's ability to borrow money.</p> <p>Projects will be delivered by various consultants and contractors under current and future contracts over a 3-year period similar to what was proposed before the Covid-19 lock-down period.</p>	Water, wastewater and stormwater renewals	\$8.7M
		Transportation renewals	\$12.4M
		Parks, Property and other renewals	\$10.8M
Totara Street Operational and Safety Improvement Projects Priority: 1 Total Investment \$10.9M Support Required: <ul style="list-style-type: none"> - Capital investment - Fast track processes 	<p>Supporting commercial traffic operations in vicinity of Port of Tauranga and improved safety for people walking and cycling.</p> <p>Project will support employment of a range of suppliers with a wide range of skills including roading contractors, drainage contractors, streetlighting contractors and electricity, water and gas utility providers.</p>	<p>Improved safety for active modes</p> <p>Road rehabilitation</p>	\$10.9M
Wastewater Upgrades Priority: 1 Total Investment \$22.8M Support required: <ul style="list-style-type: none"> - Capital investment - Fast tracking of consent processes and procurement 	<p>A programme of works across the network aimed at increasing pipe size to address capacity constraints. This will deliver environmental and public health benefits and also remove current restrictions on development proposals which have been stalled by lack of network capacity.</p>	<p>A wide ranging programme of capacity upgrades across the wastewater network.</p>	\$22.8M
City Footpath Renewal <p>Upgrades to around 8% of city footpaths which are in substandard condition and not fit for purpose.</p> Priority: 2 Total Investment \$24.6M	<p>Construction programme over 1-2 years. Flexibility of delivery, with a preference being to carry out the bulk of the work during the winter months where other civil construction work is more restricted by inclement weather, and multiple contractors across multiple sites.</p> <p>Significant public health benefits, with immediate focus on vulnerable users in vicinity of rest homes, schools, hospitals</p>	<p>Footpath renewals across City – procurement to commence immediately when COVID level 4 lifted</p>	\$18M

<p>Support Required:</p> <ul style="list-style-type: none"> - Capital investment - Fast track procurement 	<p>and medical centres.</p> <p>High labour content, estimated 300 FTEs over 12 months - major stimulus of local market and supply chain within next 12 months.</p>		
<p>Tauranga CBD Placemaking</p> <p>Priority: 2</p> <p>Total Investment \$47M</p> <p>Support required:</p> <ul style="list-style-type: none"> - Capital investment 	<p>Upgrades to four key streetscapes in Tauranga city centre to create safer, walkable, high amenity spaces and to catalyse private investment in housing and office space. Supports high density, sustainable transport outcomes across Te Papa peninsula.</p> <p>Programme supports linear and vertical construction jobs across a range of sub-sectors and professional services. Immediate start possible for two projects post Level-4.</p>	<p>Street upgrades, infrastructure works, planting</p>	<p>\$47M</p>
<p>Safety and Speed Management Package</p> <p>Programme of work contributing to the Road to Zero Strategy - includes a range of improvements that enhance safety and liveability and support transport choices.</p> <p>Priority: 2</p> <p>Total Investment \$18.5M</p> <p>Support Required:</p> <ul style="list-style-type: none"> - Capital investment - Fast track processes 	<p>Major public health and safety benefits.</p> <p>Package of works which can be delivered by numerous consultants and contractors, under current and future contracts. Numerous projects ready for commencement in 2020 - major stimulus of local market and supply chain within next 12 months (and for up to 3 years).</p>	<p>Category B Shovel Ready Projects (Safety and Access improvements)</p>	<p>\$7M</p>
		<p>Category C Shovel Ready Projects (Safety and Access improvements)</p>	<p>\$11.5M</p>
<p>City Wide Open Spaces Programme</p>	<p>Significant public health, environmental and employment benefits, including numerous high labour low skill opportunities available immediately.</p>	<p>Part 1 – Annual Plan Capital Works Delivery (25 projects)</p>	<p>\$2.5M</p>

<p>Package of works focussed on developing and enhancing green spaces and creating a range of employment opportunities.</p> <p>Priority: 2 Total Investment \$16.8M Support Required:</p> <ul style="list-style-type: none"> - Capital investment - Fast track consents 	<p>Variety of works (for example landscape planting) able to commence in 2020 – significant stimulus of local market (skilled and unskilled) within next 12 months.</p>	Part 2 – Kopurererua Valley development and enhancement	\$6.5M
		Part 3 – Ohauti Reserve Sportsfield Development	\$6.8M
		Part 4 – Mauao (Mount Maunganui) small improvement projects	\$1M
<p>Connected City - Digital</p> <p>Priority: 2 Total Investment \$80M Support Required:</p> <ul style="list-style-type: none"> - Capital investment - Changes to AoG agreements to enable Councils to act as a reseller, and/or provide access to small business to advantages provided to central and local government agencies 	<p>Opportunity to provide communications infrastructure, education, compliance, & business support solutions that will achieve real change for Tauranga. This will support small businesses, community groups and those worse hit by COVID 19 enabling them to recover and thrive.</p>	<p>Communications infrastructure, education, business support solutions</p>	\$80M
<p>Waste Package</p> <p>Priority: 2 Total Investment \$34.6M Support required:</p> <ul style="list-style-type: none"> - Capital investment - Fast tracking of building consent process 	<p>A package of projects that will move Tauranga City towards a circular waste economy, benefiting the environment and creating a significant number of permanent jobs. Many of these jobs would be suitable for those with entry level skills and have the potential to offer employment to people transitioning from other industries, due to job loss, thereby supporting those individuals and families that need it most.</p>	<p>Transfer stations, kerbside collection, optical sorting equipment, cleanfill and resource recovery park.</p>	\$34.6

<p>Te Papa Community Facilities Projects</p> <p>Package of works focussed on creating better facilities for operators in the community, social, arts and cultural sectors</p> <p>Priority: 3 Total Investment: \$13M Support Required:</p> <ul style="list-style-type: none"> - Funding - Fast track processes 	<p>Significant social and cultural benefits – enhanced ability of social sector to deliver, and opportunity for Mana Whenua to tell their stories through art and traditional practices.</p> <p>Numerous projects ready for commencement within next 12 months – significant employment opportunities including for local iwi artists.</p>	Merivale Community Centre (extension / redevelopment)	\$5M
		Historic Village Building Upgrades (39 projects)	\$6M
		Wharewaka structure/resource centre – CBD waterfront	\$2M
<p>Community Events Centre (Bay Venues Limited)</p> <p>Development of a multi-functional events centre for the Bay of Plenty</p> <p>Priority: 3 Total Investment \$26.4M Support Required:</p> <ul style="list-style-type: none"> - Capital investment - Protections to encourage local procurement/supply chain 	<p>Purpose-built centre (expansion of existing site) to cater to both community and commercial activities and alleviate extreme pressure on existing indoor sporting facilities.</p> <p>Significant social benefits, and construction (to commence January 2020) estimated at providing approximately 250 FTEs - significant stimulus of local market and supply chain within next 12 months.</p> <p><i>NOTE: application provided by Bay Venues Limited (Council Controlled Organisation)</i></p>	Community facilities – events centre	\$26.4M
<p>Blake Park Sporting Precinct (Bay Venues Limited)</p> <p>Package of works (four projects) to expand existing sporting facilities at Blake Park, Tauranga.</p>	<p>Blake Park is a premier sport and recreation park. Expanded facilities would cater for increased demand and ensure fit for purpose facilities for multiple sporting codes at all levels.</p> <p>Significant social benefits plus employment benefits - construction is estimated at providing approximately 300</p>	1. Bay Oval pavilion and development project	\$6M
		2. Adams Centre for High Performance Expansion Project	\$5.3M

<p>Priority: 3 Total Investment \$26.2M Support Required: - Capital investment</p>	<p>FTEs. Work ready to commence in next 12 months, significant stimulus of local market and supply chain.</p> <p><i>NOTE: application provided by Bay Venues Limited (Council Controlled Organisation)</i></p>	3. Bay of Plenty Rugby Union Accommodation Facility	\$7M
		4. Tauranga Hockey Pavilion and Development Project	\$7.9M
<p>TOTAL EMPLOYING OUR PEOPLE</p>		<p>\$396.89M</p>	

ATTACHMENT 3 – DEVELOPERS LETTER OF SUPPORT AND COMMITMENT

3 April 2020



Rebecca Maplesden
 Manager, Places and Partnerships
 Urban Development Branch
 Ministry of Housing and Urban Development
 Level 5, Aon Centre, 1 Willis Street
WELLINGTON 6011

Dear Madam,

Re : Government Urban Growth Programme

We write in strong support of the Western Bay of Plenty Sub-region submission to the Government Economic Stimulus Urban Growth Programme.

Introduction

The Developers' that are signatories to this letter have completed and are undertaking the following significant developments in Tauranga and the surrounding Western Bay of Plenty sub-region:

<u>Bluehaven Holdings Ltd:</u>	<p>Papamoa East (Wairakei)</p> <ul style="list-style-type: none"> • 2,200 residential sections / units to date. • 11,500 m2 of commercial & industrial development to date. • 2,000 future residential sections. • 232,000 m2 of future Town Centre mixed-use development
<u>Carrus Corporation Ltd:</u>	<p><u>City Wide including The Lakes</u></p> <ul style="list-style-type: none"> • 5,000 residential sections throughout Western Bay of Plenty to date. • 110,000 m2 (GFA) of commercial development to date. <p><u>Papamoa East (Te Tumu)</u></p> <ul style="list-style-type: none"> • 1,400 future residential sections.

<u>Classic Developments Ltd:</u>	<u>City Wide</u> <ul style="list-style-type: none"> • 4,000 residential sections to date. <u>Tauriko West</u> <ul style="list-style-type: none"> • 3,500 future residential sections.
Element IMF Ltd:	<u>Tauriko</u> <ul style="list-style-type: none"> • 1,350,000 m2 net industrial development to date. • 910,000 m2 of net future industrial / commercial development. <u>Tauriko West</u> <ul style="list-style-type: none"> • 700 of future residential sections.

Key Challenges & Issues Facing Tauranga and the Western Bay of Plenty Sub-Region

The key issues are:

- | | |
|--|---|
| a) Re-Zoning and unlocking Land Supply | There is available land supply in the two large Urban Growth Areas which are currently being planned at Te Tumu and Tauriko West. The re-zoning process is however constrained by uncertainties around the funding and provision of infrastructure and the conventional Resource Management Act (RMA) processes which take many years. |
| b) Funding and provision of Infrastructure for the Urban Growth Corridors; and | The funding and provision of Infrastructure is critical to unlocking the Urban Growth Corridors, delivering much needed housing and building communities.
The TCC balance sheet cannot sustain the level of funding required to plan and deliver the required infrastructure. |
| c) Regulatory process and restrictions under the RMA | The traditional RMA Schedule 1 Plan Change Process combined with the requirements under the Bay of Plenty Regional Policy Statement has considerable regulatory hurdles and time risks. The fast-tracked RMA streamlined regulatory process is required in order to open up the much-needed land supply planned for Te Tumu and Tauriko West. |

Developers' Undertakings

The Developers wish to provide the Government with assurance that economic stimulus investments it makes in the urban growth areas in the Western Bay of Plenty Sub-region will be supported by genuine co-investment by the private sector. This will mean that not only will the Government's initial investment in public infrastructure deliver tangible economic stimulus, but it also will create a second wave of economic stimulus within the private sector with developers proceeding with investment with the view to having market ready land when the economy picks up again post COVID-19.

Furthermore, having been through several property cycles this group of experienced developers recognise that whilst most developers are averse to land development during recessions, we recognise that there are opportunities post Covid-19 to develop more cost-effectively and efficiently by stripping out cost and streamlining what has become an unnecessarily complex construction supply chain in NZ. It is historically the best time to undertake land development so that when the market takes off again no momentum is lost.

In summary:

1. The Developers strongly support the Western Bay of Plenty Sub-region submission.
2. The Developers are ready, willing and able to invest in the Urban Growth Corridors identified in the Western Bay of Plenty Sub-region submission, they are however are unable to do this without commitments by Councils' and/or the Government to fund and provide the key public infrastructure required to service the Urban Growth Corridors.
3. The Developers have delivered a significant amount of the Western Bay of Plenty Sub-region growth over the last 15 years and have and are committed to collaboratively working with the Councils' to deliver communities in the Urban Growth Corridors.
4. The planning carried out in each of the Urban Growth Corridors is centred on multi-modal transport options which the Developers support.

Yours faithfully,

Bluehaven Holdings Limited



Nathan York: CEO

Email:

nathan@bhml.co.nz

Carrus Corporation Limited



Scott Adams: Managing Director

Email:

Scott@carrus.co.nz

Classic Developments Limited



Peter Cooney: Director

A handwritten signature in blue ink, appearing to read 'Peter Cooney', positioned above a horizontal line.

Email:

peter.cooney@classic-group.co.nz

Element IMF Limited



Bryce Donne: Director

A handwritten signature in blue ink, appearing to read 'Bryce Donne', positioned above a horizontal line.

Email:

bryce@elementimf.co.nz

[Date]

Mr Mark Binns
Chair
Crown Infrastructure Partners
Address etc

Dear Mark

We the undersigned, representing some of the most significant businesses in the Western Bay of Plenty (WBOP) region, are writing to express our unequivocal support for the package of investment proposals being submitted to Crown Infrastructure Partners by Tauranga City Council, and the Urban Growth Transformation package submitted to MHUD through the SmartGrowth regional partnership.

We understand that the SmartGrowth package also has the support of Tauranga City Council, the Western Bay of Plenty District Council and the Bay of Plenty Regional Council.

Our proposed approach draws on thinking developed jointly with central Government, led by the New Zealand Transport Agency, through the Urban Form and Transport Initiative (UFTI), which seeks to guide our region towards a more multi-modal transport system and intensified urban design.

The projects contained in our proposal will provide enormous stimulus to the economy of the Bay of Plenty region and beyond. Most are either shovel ready now or in the immediate future.

The counterfactual impact on investment in our region is very serious. Modelling done by Tauranga City Council indicates a revenue loss in 2021 resulting from the recession of \$53-77m effectively halving the city's capital works programme due to impacts on borrowing limits as well as direct revenue sources, with an estimated direct impact of up to \$200 million in 2020/21 alone, excluding multipliers.

By addressing critical constraints in transport, port access, three waters and other network infrastructure, our programmes will release additional value and create multiplier effects that will be even more important as the economy moves through recession and into recovery. Examples include:

- The Eastern Corridor, including interchanges off the Tauranga Eastern Link, Te Tumu infrastructure and Te Puke development. This helps unlock industrial and residential land to the east.
- The Hewletts / Totara / Hull corridor, which would see major improvement to transport capacity in this area supporting future growth of the Port of Tauranga, which handles 43% of New Zealand's exports, and surrounding businesses and exporters.
- The Western Corridor, with reorganisation of roading to unlock residential and industrial land vital to accommodate Tauranga's rapid population growth, and to provide better links to the strategic Upper North Island transport nexus.
- Intensification of the Te Papa peninsular to provide better housing and transport outcomes, better enabling affordability and access to work / key services.

Infrastructure investment in these areas would have the following benefits for businesses and the economy:

- Allowing commercial / industrial land to be opened along key strategic corridors. This is needed to accommodate growth in the eastern sectors of greater Tauranga, to support the forecast expansion in horticulture and to leverage the Government's strategic investment in the Upper North island "golden triangle".
- Improving business productivity through expanding the flow of freight to / from the Port of Tauranga, creating a multiplier effect.
- Enabling new residential development to accommodate a massive housing shortfall and spiralling unaffordability. Affordable housing is our key future constraint for talent. As you may be aware, future housing developments are being carefully managed to link to upgrades in public and multi-modal transport.
- Encouraging additional investment from the private sector (please note the accompanying letter from developers).
- The inclusion of community facility projects related to key growth sectors and development of education / skills in our community is thoroughly endorsed and noted to be important in delivering strong economic outcomes.

In summary, our local government leaders are focused on the eastern and western corridors together with intensification of existing areas, that will unlock thousands of houses and jobs and enable the Western Bay of Plenty to flourish over the next several decades. That will require investment in three waters infrastructure, transport networks and community facilities, as well as the state highway and rail routes to the port, which will be critical to New Zealand's recovery.

Mark, we know that Crown Infrastructure Partners will have a range of proposals before it from all regions of the country. This Western Bay of Plenty package has the advantage of drawing upon extensive planning work already in motion, so it is:

- At scale
- Shovel ready
- Well researched and documented
- Economically and strategically significant.

This package provides confidence to businesses and households, which is key to mitigating secondary effects of the immediate Covid-19 crisis.

By addressing key pre-existing infrastructure bottlenecks, it will better fit one of New Zealand's highest potential regions for a more productive future.

As business leaders in the Western Bay of Plenty region, we want you to be clear that these Tauranga City Council and SmartGrowth proposals have our full support.

Thank you for your consideration of this letter. We eagerly await your deliberations.

Yours sincerely

Signed on behalf of
Port of Tauranga



Signed on behalf of
Zespri International Ltd

Signed on behalf of
Trustpower Ltd



Signed on behalf of
Ballance Agri-Nutrients Ltd



Signed on behalf of
Winstone Wallboards Ltd



Signed on behalf of
The University of Waikato



Signed on behalf of
Toi Ohomai Institute of Technology



3.2 Covid-19 - Short term business sector relief options

File Number: A11376063

Author: Ross Hudson, Strategic Advisor

Authoriser: Christine Jones, General Manager: Strategy & Growth

PURPOSE OF THE REPORT

1. To enable Council to consider options to support the community and the business sector in the short-term in response to Covid-19.

RECOMMENDATIONS

That the Council:

- (a) Requests that staff report back to the next Council meeting on options for specific short-term community and business support measures, as identified and agreed in this meeting;
- (b) Commits to working with the business community through Priority One and the Chamber of Commerce to produce a comprehensive economic response to Covid-19.

EXECUTIVE SUMMARY

2. Covid-19 is having a significant negative impact on the Tauranga community and economy, especially on smaller businesses. The Chamber of Commerce has requested that Council give consideration to a set of measures that could provide financial relief to businesses in the near-term, in particular where businesses are incurring costs from Council itself.
3. This report focuses on support for the business sector; however, council will continue to look at options to support the wider community through the development of its 2020/21 Annual Plan. A number of the options outlined in this paper impact on both the business sector and the wider community.
4. Council itself is experiencing significant revenue declines as a result of Covid-19. The desire to support local businesses through short-term cost reduction measures must be balanced against the importance of maintaining revenue streams to enable Council to use its borrowing capacity to invest in job-creating infrastructure projects.
5. Council is putting together a set of significant funding requests to Government's Covid-19 support packages. These have the potential to create significant economic stimulus in Tauranga.

BACKGROUND

6. Council has been considering its options to support the community and business sector in response to Covid-19. A significant focus of this work has been on the creation of investment stimulus packages to be presented to government. This is essential to allow Tauranga and other areas of New Zealand to emerge quickly from a Covid triggered recession.
7. Council also has been considering further options noting its significant financial issues and recently the Chamber of Commerce has informally requested that Council consider a set of measures to provide short-term financial relief to the business sector. The same set of requests has been passed to the Regional and Western Bay councils. The Regional Council has responded informally to the Chamber on those measures of relevance.
8. Table 1 below captures these measures and provides an initial staff view as to whether each measure should be given further consideration or not.

	Request	Initial View
1	NZTA to make the region's state highways toll free until 30 June 2021.	A matter for NZTA to consider, however any reduction in revenue from NZTA needs to ensure there is no reduction in NZTA funding for the region as a result. This would not affect Council revenue.
2	All councils to remove user fees and charges for building and resource consent amendments, extensions of time and cancellations until 30 June 2020.	There are policy provisions in place to allow this. Further loss of revenue will inhibit the city's ability to raise debt to deliver on the current capital programme that is supporting the growth agenda.
3	Councils to remove user fees and charges for retailers (including hairdressers) and hospitality businesses until 30 June 2020. This includes registration fees, food safety plans and licences to occupy footpaths.	Further loss of revenue will inhibit the city's ability to raise debt to deliver on the current capital programme that is supporting the growth agenda. Noting this, options will be explored providing alternatives to deliver some support to these industries. In the short term, we suggest we continue to work with retailers on a case by case basis in terms of providing any assistance we can.
4	Councils to work with Government to urgently pass emergency legislation to streamline RMA and Building Act approval processes. This includes the ability for council inspectors to approve minor consent amendments while on site.	Fully support and a work stream is in progress. Revenue would be lower, but so would costs be.
5	Defer application fees until the building/resource consent or consent amendments are decided.	This is a possibility that can be considered.
6	Councils to pay accounts payable invoices within five working days.	This is a possibility that can be considered noting for regular payees this only creates a one-off cash flow benefit. We are endeavouring to pay more frequently as resources allow. Council's revenue loss and high debt levels constrain the ability to look at large forward payments. Some councils and other agencies have commenced early payment of suppliers in order to ensure they remain viable to operate post lockdown. We need clarification on payees' revenue levels before any early payment can occur.
7	Councils to give higher preference to using local businesses as suppliers.	This is a possibility that can be considered in our procurement policies. Cost-effectiveness should be retained. The government COVID-19 response programme is exploring alternative procurement mechanisms.

8	Waive bus fares into the Tauranga CBD to ease pressure on car parking, reduce costs for families, workers and businesses, and to encourage residents into the city centre to support retailers.	Bus fares across all networks have been waived until 30 June 2020 as part of the government COVID-19 response package. This is a Regional Council revenue stream. The challenge to the retail and hospitality sectors is city-wide.
9	Refund deposits for bookings at council-owned venues and parks impacted by COVID-19.	This is a possibility that can be considered and is not expected to have a material financial impact.
10	Councils to develop principles that will guide their future decisions, with employment being the highest priority outcome.	Employment and housing are already two key considerations in council decision making. The primary focus of our applications to the government response programmes is employment. A discussion on core principles underlying the 2020/21 Annual Plan is scheduled for the 21 April Council meeting.
11	Councils to establish an economic recovery team to work with the private sector and fast-track shovel-ready investment and development, through streamlined regulatory processes that will support maintaining jobs in the region.	See separate report to this meeting on our approach to the government's Crown Infrastructure Partners mechanism to accelerate shovel-ready projects. We are working with Priority One and the Chamber on a broader economic response.

Council's financial position and Government investment

9. Prior to Covid-19, Council's financial position was already significantly constrained compared to most other councils in New Zealand. The Annual Plan 2020-21, currently being consulted on, finds us with significant pressure on our borrowing covenants and our ability to borrow through the Local Government Funding Agency. This has been acknowledged through on-going conversation with government ministers.
10. A report to the 21st April Council meeting will describe the remodelling that has been undertaken to a number of our forecasting assumptions, with various scenarios showing the impacts on our revenue streams. These forecasts show significant reductions in Council's revenue of between \$53m and \$77m for 2020-21. Reduced revenue forecasts are:
 - rates being lower by up to \$13m,
 - User fee revenue down by \$20m- \$34m,
 - Bay Venues Limited (who run our swimming pools and community halls) external revenue down by \$10m- \$16m
 - Development contributions and other capital contribution down by \$10m-\$14m
11. The extent of the loss in revenue will depend on the restrictions on activity that may continue into next financial year depending on the Alert Level and the extent to which housing construction and infrastructure capital investment can continue.
12. With our already constrained balance sheet the impact of this revenue loss would be a reduction of our capital programme of \$90m to \$200m. In a best case scenario our capital programme would be approximately halved and in a worst case scenario would see our ability to deliver capital in the 2021 year be, at worst, less than \$50m and with a debt to revenue ratio moving closer to the 250% limit than the 235% proposed in the annual plan.

13. This capital programme does not just provide infrastructure; it also provides many jobs in the city and the wider region. The construction sector alone provides 12% of the city's employment and has created 3000 new jobs over the last ten years. The provision of infrastructure for growth also then catalyses many more jobs across all sectors in those growth areas.
14. Council is submitting hundreds of millions of dollars of capital works over this financial year, the coming Annual Plan and the Long Term Plan period to Government's Covid-19 response programmes, with the intention of securing investment to underpin and expand that programme, creating jobs now and in the future.
15. Whilst Council's role in alleviating some financial pressure on businesses and the community is fully acknowledged, our financial capacity to provide options that may further erode its revenue base is extremely limited.

Further options under consideration

Rates

16. Councils major source of revenue is rates. Significant forecast reductions in Council's other revenue streams create further pressure to maintain rates revenue to be able to invest in key infrastructure and community outcomes to help the city and region recover post Covid-19. Rates are based on costs incurred and the majority of these costs remain post Covid-19. Those costs create jobs and are a key component of Council's response and the city's economic recovery. For the current financial year rates have been collected. It should also be noted that future years rate default may increase, further reducing collection of revenue.
17. Further options that are being considered are:
 - Maximising existing rating policies whereby ratepayers can approach council for rates postponement in times of hardship;
 - Remission of penalties on water rates whilst in lockdown;
 - Rates postponement options for the next financial year. These need to be weighed against increased debt implications. This may be difficult to achieve in the timeframes and needs to be noted alongside considerable default risk.
 - Conversations with Government about extensions to the rates rebate scheme. Note that some councils are establishing their own rebate scheme for those in hardship. Whilst this is an option it would need to be funded across the wider ratepayer base and hence would not be recommended by staff given the ongoing costs on other ratepayers.

Rent Relief

18. Rent relief is currently being treated on a case by case basis. No rent increases have or will be actioned whilst in lockdown. Whilst any reduction in rental income will impact Council's financial position some practical options can be looked at including:
 - Longer term rental increase freezes
 - Rent relief for those organisations that meet the government support package criteria, for a similar period of time
19. The objective of any rental relief will be to assist in the financial viability of these organisations during lockdown and further restricted periods.

Existing levels of service

20. Some of council's existing levels of service are unable to be delivered and may be severely impacted in lower level restrictions. Work is being undertaken to determine options around these levels of service and may result in alterations to the cost base going forward.

Reallocation of costs

21. In conjunction with the comment above, Council will continue to review its expenditure base with a focus on recovery for the city. This may necessitate the alteration of expenditure levels across the council cost base in order to provide the best recovery result.
22. Council will continue to work with its partner agencies to determine the best allocation of expenditure to achieve the best outcome. This will include developing an understanding of the short and medium effects on different sectors in order to ensure Council investment is aligned to the support needs of these sectors e.g. tourism.

Community development funding

23. Funding for community development will be scrutinised to ensure its focus is the recovery and supporting communities in need.

Digital capability

24. Operating in a Covid-19 restricted world lends itself to further utilisation of digital capability. The digital services team is looking at opportunities to assist the city to bring forward digital capability where possible and this is part of a central government bid to assist this process.

Economic Recovery Plan

25. Priority One is leading the development of an Economic Recovery Plan. Further details of this will be provided at an upcoming Council meeting.

FINANCIAL CONSIDERATIONS

26. Financial implications of options outlined above can be considered at the next stage of the process.

LEGAL IMPLICATIONS / RISKS

27. Legal implications will be considered at the next stage of the process.

NEXT STEPS

28. Work can be undertaken to develop specific measures as requested by Council.
29. We continue to pursue support from Government through its Covid-19 recovery workstreams.
30. We will work with Priority One, the Chamber of Commerce and other partner agencies to develop a comprehensive recovery programme, for further consideration by Council.

ATTACHMENTS

Nil

4 DISCUSSION OF LATE ITEMS