



# **ATTACHMENTS MINUTES**

**Ordinary Council Meeting**

**Tuesday, 4 May 2021**



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11.2	Long-term Plan 2021-2031 - Adoption of consultation document	
	Attachment 1 Tabled document - Changes to the proposed 2021-2031 LTP consultation document.....	4
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### Consultation document changes since agenda went out

Page	Change															
Pg 9	Remove headshots of the commissioners.															
Pg 10-13	Added headshot of commissioner with their text.															
Pg 24	Replaced pic of Anne with pic of Jordan, and change the quote to the following: <i>I want a great city centre – a place of belonging</i> - Jordan, the Lakes															
Pg 32-33	made the words in the graph key all lower case (not a capitalised first letter)															
Pg 40	Replaced pic of Jordan with Anne's photo and use the following quote: <i>Now is the right time to take a good look at ourselves and decide what kind of city we want to live in.</i> - Commission Chair Anne Tolley															
Pg 61	Add: The average household using 171m <sup>3</sup> of water would have a \$2.24 increase per week based on the cost of water by meter increasing from \$2.23m <sup>3</sup> to \$2.90m <sup>3</sup> . This increase includes the introduction of debt retirement in the water activity of \$3.5m in 2022.															
Pg 63	Add: <table><tr><th>Water-by-meter charge impact (preferred option)</th><th>2020/21</th><th>2021/22</th><th>increase</th><th>Increase per week</th></tr><tr><td>Median residential water use (171m<sup>3</sup>)</td><td>\$2.23 / cubic meter of water</td><td>\$2.90 / cubic meter of water</td><td>30.0%</td><td>\$2.24</td></tr><tr><td>Fixed meter charge</td><td>\$33</td><td>\$35</td><td>6.1%</td><td>\$0.04</td></tr></table>	Water-by-meter charge impact (preferred option)	2020/21	2021/22	increase	Increase per week	Median residential water use (171m <sup>3</sup> )	\$2.23 / cubic meter of water	\$2.90 / cubic meter of water	30.0%	\$2.24	Fixed meter charge	\$33	\$35	6.1%	\$0.04
Water-by-meter charge impact (preferred option)	2020/21	2021/22	increase	Increase per week												
Median residential water use (171m <sup>3</sup> )	\$2.23 / cubic meter of water	\$2.90 / cubic meter of water	30.0%	\$2.24												
Fixed meter charge	\$33	\$35	6.1%	\$0.04												
Pg 68	Formatted to question for consistency with submission form.															
Pg 73	Formatted to question for consistency with submission form.															
Pg 77	Formatted to question for consistency with submission form.															
Pg 83	Formatted to question for consistency with submission form.															
Pg 89	Add: <ul style="list-style-type: none"><li>enables the site where the council buildings are to be developed into new city open space for the whole community to enjoy</li></ul>															
Pg 96	Formatted to question for consistency with submission form.															
Pg 101	Change reference bottom of page to pg 127															
Pg 134-139	Editing submission form to be consistent with online form.															



**He kupu nā ngā  
kōmihana**

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**Messages from the  
commissioners**

## Welcome – haere mai

Not so long ago, Tauranga was a sleepy coastal town with a ferry chugging to and from the Mount.

How things have changed.

Now a multi-lane bridge spans the harbour, carrying tens of thousands of vehicles across the city every day – and to and past New Zealand's busiest port.

Many hundreds of new businesses have moved here, attracting skilled workers from all over the country and around the world. New suburbs have been created to house these people and their families, pushing the city's boundaries towards Te Puke and the Kaimai Range.

And yet, during this time, we've failed to invest in community facilities and the key infrastructure our city needs.

We see the evidence of this every day. Anyone who drives along one of our key arterial routes at 'rush hour' will know that we've under-invested in our transport networks. And it's hard to get around by other means, because we haven't adequately provided for cyclists, pedestrians and public transport users.

Most summers, we're asked not to use our sprinklers, to help manage water shortages.

Many of our key community facilities are aging and no longer meet our modern expectations, and in newer parts of the city, they don't exist at all. In the past two decades we've only built five new big public amenities. This despite our population growing by 50%.

Now is the right time to take a good look at ourselves and decide what kind of city we want to live in. We have a real opportunity to be ambitious for this city – to not settle for second rate infrastructure and crumbling leisure and sporting facilities. The commissioners have been getting feedback that people want a city they can be proud of: a thriving community with pools, parks, libraries and theatres; a place where we can move around easily; a city that has affordable homes for ourselves and for our children.

If we seriously want these things, we have to answer the question: how are we going to pay for them?

That question, and many more, are at the heart of this Long-term Plan.

This is the time for everyone in our community to get involved, so please read this document and give us your thoughts. Help us make the right decisions for you, your family, and your city – now and for the future.

Anne Tolley

Commission Chair



## ***We all pay one way or another...***

### **Commissioner Stephen Selwood**

For decades now, Tauranga has suffered from under-investment in community facilities and key infrastructure like roads and pipes.

This has been driven by a desire to keep rates as low as possible.

And that's understandable, because nobody wants to pay more rates on their properties or higher prices for services.

But the downside is that is that we are paying in other ways.

By not investing in the city, we have come to a situation where our roads are congested, house prices are beyond the reach of many people, water supplies are running low during summer, and we're not managing our environment as well as we should.

We can either let this situation get worse, or we can invest now for the future and ensure Tauranga is a great place for us, and our children, to live.

We've certainly reached a crunch point.

All Long-term Plans are important, but this one is critical. It will set our strategic direction while underlining our commitment to the future of our city.

There's no question that we need to make hard decisions, and that we need to make them now. And we need your views on our investment options.

Tell us what your priorities are for Tauranga, now and for the future.



## What we need now and for the future...

### Commissioner Bill Wasley

One of the common things we've been hearing from the community is that they don't want to be subsidising the cost of growth. Or in other words, paying for infrastructure for new residents who are yet to move here.

We understand this and we also understand how confronting it is when you see dramatic changes in the city you love and call home. However, what we think hasn't been made sufficiently clear is that Tauranga desperately needs upgraded infrastructure to cater for the people who live here already – for the people who live here now.

Therefore, this Long-term Plan takes care to focus as much on the now as it does on the future Long-term Plan.

Yes, it's true that Tauranga is the fastest growing city in New Zealand but even if there were no new residents moving to Tauranga, we would still need to substantially invest in our current infrastructure and facilities. Tauranga cannot continue to be the poor cousin to places like Hamilton and Rotorua when it comes to what we can offer our residents.

In recent years we have developed strategies and plans that provide a balance between being future focused, as well as providing pathways for improvements to our existing infrastructure and facilities – to make Tauranga a better place to live, work, play and learn.

These are not just our strategies and plans but have been developed in partnerships with tangata whenua, neighbouring councils, Government and other organisations to find ways to meet these challenges. Implementation of these plans is now a key focus.

#### Strategies and plans – now and for the future

- SmartGrowth
- the Urban Form and Transport Initiative
- the Western Bay of Plenty Transport System Plan
- Community Facilities Investment Plan

We cannot turn off growth but what we can do is properly plan for it, so that we all benefit. A bigger population means more job opportunities, greater diversity and more activities and amenities for us all to enjoy.

Our continued challenge is to find additional ways to fund and implement these strategies and plans – in partnership with Government and others – to better balance the needs of existing and new residents.





## We're in this together

### Commissioner Shadrach Rolleston

Like you, I want Tauranga to be a great place to live.

I've lived here most of my life and I want our city to overcome its many challenges.

Also like you, I want my friends and whānau to enjoy their lifestyles and to be proud of the city they live in.

That's one reason why we're working with partners, both local and national, to make Tauranga better for everyone. We're working with other councils, with central government, and with tangata whenua, for example.

We also need to work with you, whoever you might be.

If you look around our city, you will see that we are becoming increasingly diverse.

Young students are attending our tertiary facilities, skilled workers are coming here for jobs, our ethnic make-up is diversifying to include growing numbers of Asian and Pacific peoples.

Māori that whakapapa (connect) to other parts of New Zealand also call Tauranga home.

I'm Māori, and this provides me with a uniquely Māori perspective on our city and its challenges. Everyone has a different perspective, and all those perspectives are important.

Generally speaking, only a small percentage of people take an interest in their local council's plans – unless they hear about rates rises, of course.

But this Long-term Plan is not just for a small percentage of us. It's for all of us.

It's about working together to own our futures.

I invite you to get involved, now and for the future.





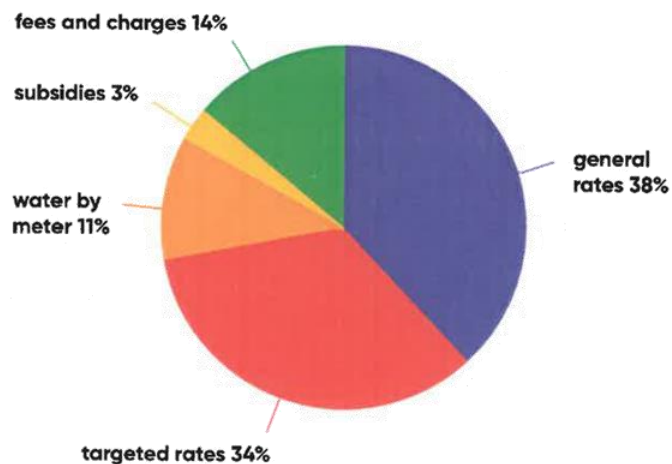
## How we fund what we do...

**We have a limited range of ways we can fund the two main types of work that we do:**

### 1. Operational expenditure

(the things we do – keeping the city ticking over)

**Revenue funding operational expenditure over 10 years (\$4.6b)**



## 2. Capital expenditure

(the things we build – making the city liveable)

### Sources of income for operational expenditure are:

- rates (targeted or general)
- water charges (charged by the volume of water used)
- fees and charges
- subsidies (from central government).

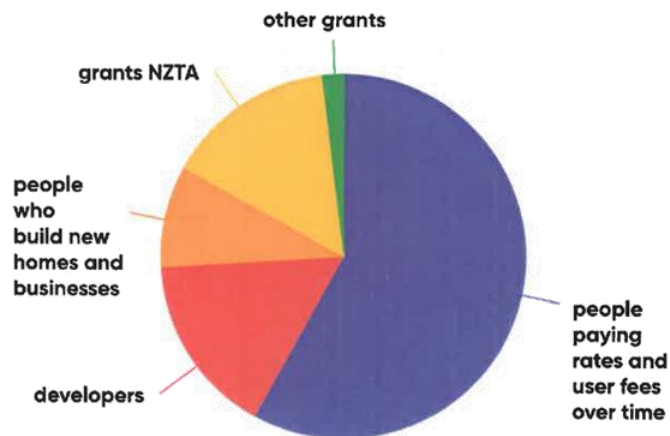
### Funding sources for capital expenditure are:

- borrowing
- development contributions
- subsidies (from central government).

### This is from:

- people who pay rates and user fees over time
- developers
- people who build new homes and businesses here
- Government and other organisations who provide grants to us.

### Who is paying for the investment over 10 years (\$4.57b)



In this Long-term Plan we are looking at all available funding and financing options including rating, development contributions and Government grants.

An example of the latter is the Government's Housing Acceleration Fund (HAF). This recently announced \$3.8b fund aims to increase the supply of houses through funding of critical infrastructure and accelerating housing developments where high housing need has been identified.



**Now is the right  
time to take a good  
look at ourselves  
and decide what  
kind of city we  
want to live in.**

**– Commission Chair Anne Tolley**



## Options and questions

The impact on rates and debt below is based on the full capital programme and operational services delivered as set out in the financial statements.

### Impact on rates

In 2022 the median residential property with a rating value \$655,000 would have a \$7.58 per week increase and the median commercial property with a rateable value \$1,070,00 would have a \$32.45 per week increase.

The average household using 171m<sup>3</sup> of water would have a \$2.24 increase per week based on the cost of water by meter increasing from \$2.23m<sup>3</sup> to \$2.90m<sup>3</sup>. This increase includes the introduction of debt retirement in the water activity of \$3.5m in 2022.

Over the remaining nine years the general rates increase would be an average of 4% per year and average total rates (including targeted rates) would be an average increase of 8%.

### Impact on debt

By end of year 10 total debt would be \$1.7b

This requires rate funded debt retirement over 10 years of \$600m

### Impact on service

Significantly increases level of service around:

1. Transportation – multi-modal, improves safety, helps address increasing congestion issues as city grows and enables some better flow on key routes
2. Community amenity – provided through key community infrastructure of aquatic facilities, indoor sports facilities, libraries, community halls and centres, active green spaces and sports field facilities.
3. Housing and land supply – serviced residential housing land capacity for new growth areas and serviced business land supply for job and economic growth.

### Other impacts

Greater transparency by having targeted rates that ring-fence funds for specific projects and debt retirement.

The amount of rate funded debt retirement would reduce if capital delivery is slower than budgeted as debt would also be lower.

## Options and questions

Residential rates impact (preferred option)			Increase per week	How this compares to the price of milk	
Low Residential (1%) \$330,000 CV	16%	(5% plus new waste service)	\$4.90	One bottle of milk per week	
Lower Quartile (25%) \$530,000 CV	16%	(8% plus new waste service)	\$6.55	One and a half bottles of milk per week	
Median (50%) \$655,000 CV	17%	(9% plus new waste service)	\$7.58	Two bottles of milk per week	
Upper Quartile (75%) \$820,000 CV	17%	(11% plus new waste service)	\$8.94	Two bottles of milk per week	
Commercial rates impact (preferred option)			Increase per week		
Lower Quartile (25%) \$550,000 CV	27%		\$16.46		
Median (50%) \$1,070,000 CV	35%		\$32.45		
Upper Quartile (75%) \$2,140,000 CV	41%		\$65.36		
Water-by-meter charge impact (preferred option)	2020/21		2021/22	Increase	Increase per week
Median residential water use (171m <sup>3</sup> )	\$2.23 / cubic meter of water		\$2.90 / cubic meter of water	30.0%	\$2.24
Fixed meter charge		\$33	\$35	6.1%	\$0.04





## Options and questions

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### Questions

Share your thoughts!  
Download the submission form

**Please tell us your views on the overall proposal for capital expenditure across all six priority areas...**

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**Which option do you support for these capital investment priorities for the city?**



Option 1 - Invest in our city now and for the future (our preferred option)



Option 2 - Invest some now and a little for the future

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### Supporting documents and links

These can be found on our website at  
[www.nowforthefuture.co.nz](http://www.nowforthefuture.co.nz)

## Options and questions: targeted rates



### Questions

Share your thoughts!  
[Download the submission form](#)

**What do you think about the proposal for targeted rates?**

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**Which option do you prefer?**



Option 1 - Introduce new targeted rates for stormwater, transportation and community facilities, and to extend the resilience targeted rate to include capital expenditure (our preferred option)



Option 2 - No new targeted rates but continue to collect through general rates

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## Options and questions: targeted rates

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### Questions

Share your thoughts!  
Download the submission form

**What do you think about the proposal to increase the commercial differential?**

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**Which option do you prefer?**



Option 1 - Increase the commercial differential to 1.6 in 2021/22 (our preferred option)



Option 2 - Increase the commercial differential to 1.4 in 2021/22 and then to 1.6 in 2022/23 and onward

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### Supporting documents and links

can be found on our website at  
[www.nowforthefuture.co.nz](http://www.nowforthefuture.co.nz)

## Reasons for proposal and other options

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### Questions

Share your thoughts!  
Download the submission form

What do you think?

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Which option do you prefer?



Option 1 - Proposal: Pitau Road Village and/or Hinau Street Village are separated from the elder housing portfolio and sold for private development (our preferred option)



Option 2 - Alternate option: Pitau Road village and/or Hinau Street village are sold as part of the elder housing portfolio

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### Supporting documents and links

To find out more about the sale of the elder housing villages visit [www.tauranga.govt.nz/elderhousing](http://www.tauranga.govt.nz/elderhousing)

To find out more about the Long-term Plan visit [www.nowforthefuture.co.nz](http://www.nowforthefuture.co.nz)



## Our civic administration building

Our city centre is meant to be a social, cultural, and economic hub not only for us, but for the wider Bay of Plenty.

It's important that we do all we can to revitalise the heart of our region, provide the right environment to spur the local economy and encourage private investment.

Previously, through the Heart of the City Project, key activities around supporting development and growth in the city centre were identified and agreed.

While recent times have brought about much change, the desire to create a thriving city centre still remains. Part of this was to develop the civic site at Willow St in accordance with a Civic Masterplan focused on community facilities and to provide a well located, accessible civic administration building that would fit the service needs of our community and enable our staff to best meet these needs.

The current civic buildings are at their end of life, pose a health and safety risk and are set to be demolished by the end of this year. Much of the civic administration activities have been relocated on a temporary basis across multiple locations,

The decision to deliver a new leased civic administration building within the Willow Street Civic Masterplan area was previously confirmed/committed to in the 2018 - 28 Long Term Plan. However greater benefits are now identified in locating the premises on a medium-term leasehold basis in a new office building built by others on a council-owned site at 90 Devonport Rd. This site had been identified as being fit for disposal under the right

circumstances and will leave the Willow St civic site available to prioritise community focused facilities.

This change will allow the council to have its administration activities in one location (by 2024) providing a higher level of service, while eliminating the inefficiencies involved in staff moving between three separate buildings.

This change in location for the civic administration building has multiple benefits:

- a single fit-for-purpose facility which can be occupied within three years, developed by experts in office developments
- activates an area in the city centre which is in sharp decline
- enables council to sell a complex council-owned site at fair market value (for which Council has for a number of years been unable to attract interest at a market price)
- enables the site where the council buildings are to be developed into new city open space for the whole community to enjoy
- the sale proceeds will provide funding - therefore reducing the debt that council needs to raise for a new building.

Council believe that in conjunction with the new Farmers building and the Regional Council building, this development will further reinvigorate Devonport Road and the southern part of the city centre, encouraging new investment in retail and commercial activities. The new site is free of underlying land interests or complexities associated with delivering multiple new facilities in parallel on the Willow St site.



## Options and questions



### Questions

Share your thoughts!  
[Download the submission form](#)

**What do you think of our proposal to lease a civic administration building to house all staff at the new location 90 Devonport Road?**

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#### Supporting documents and links

This can be found on our website at  
[www.nowforthefuture.co.nz](http://www.nowforthefuture.co.nz)

**Which option do you prefer?**



Option 1 – Proposed 2021–31 LTP – Lease purpose build office 90 Devonport Road – 8000m<sup>2</sup> over 15 years completed July 2023 (our preferred option)



Option 2 – Updated 2018–28 LTP – Lease purpose build office located on Willow or Durham Street sites over 15 years – 8000m<sup>2</sup> completed July 2025

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## Relationship between capital expenditure level and rates-funded debt retirement

The capital programme now exceeds \$4.57b over the 10 years of this Long-term Plan which means our debt increases proportionately to very high levels.

This has led to an infrastructure funding challenge for us. In the absence of other financing tools and, based on maintaining a debt to revenue ratio within LGFA limits, we have based this Long-term Plan budget on the full programme of capital delivery at \$4.57b supported by debt retirement of \$600 million across the major infrastructure activities of council.

This level of rates funded debt retirement would not be required if there was structural reform, such as three waters activities and their debt being transferred from council to an independent entity or further local government reform.

There are challenges around the deliverability of a programme of this scale – particularly around the transportation, resilience and community facilities programmes which are early in their development and at a scale not delivered to date by our council.

While we are building capacity internally and with our contracting partners, and government is looking to support this level of investment, we acknowledge that significant risks around delivery remain.

For further information on the Deliverability of our capital program please see pg 127.

**If we are not able to meet the delivery of the proposed capital programme, then rates-funded debt retirement will also reduce to align with actual capital delivery.**

This will be reviewed through future annual plans and the next Long-term Plan.

# Questions

## Building a great city now, for the future

1. Please tell us your views on the overall proposal for capital expenditure across all six priority areas

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2. Which option do you support for these capital investment priorities for the city?

- ☐ Option 1: Invest in our city now and for the future (our preferred option)
- ☐ Option 2: Invest some now and a little for the future

## Funding the investment priority areas

### Targeted rates

3. What do you think about the proposal for targeted rates?

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4. Which option do you prefer?

- ☐ **Option 1:** Introduce new targeted rates for stormwater, transportation and community facilities, and to extend the resilience targeted rate to include capital expenditure (our preferred option)
- ☐ **Option 2:** No new targeted rates but continue to collect through general rates

### Commercial differentials

5. What do you think about the proposal to increase the commercial differential?

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6. Which option do you prefer?

- ☐ Option 1: Increase the commercial differential to 1.6 in 2021/22 (our preferred option)
- ☐ Option 2: Increase the commercial differential to 1.4 in 2021/22 and then to 1.6 in 2022/23 and onwards

## Other consultation topics

### Sale of Pitau Road village and Hinau Street village

**7. Which option do you prefer?**

- ☐ **Option 1 - Proposal:** Pitau Road Village and/or Hinau Street Village are separated from the elder housing portfolio and sold for private development (our preferred option)
- ☐ **Option 2 - Alternate option:** Pitau Road village and/or Hinau Street village are sold as part of the elder housing portfolio

**8. Any other comments?**

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### Supporting community-led initiatives

9. Which option do you prefer?

- ☐ Option 1: Set up a community grants fund of \$1.8m per year (our preferred option)
- ☐ Option 2: Retain the current approaches to community funding and support

10. Any other comments?

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### Our civic administration building (Council building)

11. Which option do you prefer?

- ☐ Option 1: Proposed 2021-31 LTP - Lease purpose build office 90 Devonport Road - 8000m<sup>2</sup> over 15 years completed July 2023 (our preferred option)
- ☐ Option 2: Updated 2018-28 LTP - Lease purpose build office located on Willow or Durham Street sites over 15 years - 8000m<sup>2</sup> completed July 2025

12. Any other comments?

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**Is there anything else you would like to tell us about this Long-term Plan?** (Including the Draft DC Policy, Draft Revenue and Finance Policy or the Draft User Fees and Charges)

**13. Any other comments?**

This image shows a single sheet of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page. There is no handwriting or other markings on the paper.

## Need more room?

You can attach extra pages – just make sure they're A4 and that you include your name and contact information.

### Submission guidelines:

- Should you wish to speak to Council at the hearings you must still provide a written submission outlining your main points.
- If you are hand-writing your submission, please use a dark-coloured pen and write as neatly as possible.



**To the reader:****Independent auditor's report on Tauranga City Council's  
consultation document for its proposed 2021-31 long-term plan**

I am the Auditor-General's appointed auditor for Tauranga City Council (the Council). The Local Government Act 2002 (the Act) requires the Council to prepare a consultation document when developing its long-term plan. Section 93C of the Act sets out the content requirements of the consultation document and requires an audit report on the consultation document. I have done the work for this report using the staff and resources of Audit New Zealand. We completed our report on 4 May 2021.

**Opinion**

In our opinion:

- the consultation document provides an effective basis for public participation in the Council's decisions about the proposed content of its 2021-31 long-term plan, because it:
  - fairly represents the matters proposed for inclusion in the long-term plan; and
  - identifies and explains the main issues and choices facing the Council and the City, and the consequences of those choices; and
- the information and assumptions underlying the information in the consultation document are reasonable.

**Emphasis of Matters**

Without modifying our opinion, we draw attention to the following disclosures.

***Three waters reforms***

Page 23 outlines the Government's intention to make three waters reform decisions during 2021. The effect that the reforms may have on three waters services provided is currently uncertain because no decisions have been made. The consultation document was prepared as if these services will continue to be provided by the Council, but future decisions may result in significant changes, which would affect the information on which the consultation document has been based. The Council expects further consultation with the community will be required once there is greater certainty with respect to the proposals.

***Uncertainty over the delivery of the capital programme***

Page 101 outlines that the Council is proposing a capital programme that exceeds \$4.57 billion over the 10 years of the long-term plan. While the Council has taken steps to deliver its planned capital programme, there is a high risk that projects could be delayed if suppliers cannot be sourced as

outlined on page 127. To mitigate the impact that this may have on levels of service, the Council plans to prioritise renewals projects.

### **Basis of opinion**

We carried out our work in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information. In meeting the requirements of this standard, we took into account particular elements of the Auditor-General's Auditing Standards and the International Standard on Assurance Engagements 3400: The Examination of Prospective Financial Information that were consistent with those requirements.

We assessed the evidence the Council has to support the information and disclosures in the consultation document. To select appropriate procedures, we assessed the risk of material misstatement and the Council's systems and processes applying to the preparation of the consultation document.

We did not evaluate the security and controls over the publication of the consultation document.

### **Responsibilities of the Council and auditor**

The Council is responsible for:

- meeting all legal requirements relating to its procedures, decisions, consultation, disclosures, and other actions associated with preparing and publishing the consultation document and long-term plan, whether in printed or electronic form;
- having systems and processes in place to provide the supporting information and analysis the Council needs to be able to prepare a consultation document and long-term plan that meet the purposes set out in the Act; and
- ensuring that any forecast financial information being presented has been prepared in accordance with generally accepted accounting practice in New Zealand.

We are responsible for reporting on the consultation document, as required by section 93C of the Act. We do not express an opinion on the merits of any policy content of the consultation document.

### **Independence and quality control**

We have complied with the Auditor-General's:

- independence and other ethical requirements, which incorporate the independence and ethical requirements of Professional and Ethical Standard 1 issued by the New Zealand Auditing and Assurance Standards Board; and
- quality control requirements, which incorporate the quality control requirements of Professional and Ethical Standard 3 (Amended) issued by the New Zealand Auditing and Assurance Standards Board.

In addition to this audit and our report on the Council's 2020/21 annual report and report on the disclosure requirements, we performed a limited assurance engagement related to the Council's debenture trust deed, which are compatible with those independence requirements. Other than these engagements we have no relationship with or interests in the Council or any of its subsidiaries.



Clarence Susan  
Audit New Zealand  
On behalf of the Auditor-General, Tauranga, New Zealand