ATTACHMENTS

Ordinary Council meeting
Separate Attachments 1

Monday, 11 September 2023

Table of Contents

Tauranga City Council
Long-term Plan 2024-34
Consultation Document

Draft

1

<Inside Cover>

Water Services Reform

Central government is reforming how three waters services (wastewater, water supply and stormwater) are managed across New Zealand. The Water Services Entities Act 2022 legislates the transition of three waters services from councils to nationally operated Water Services Entities. Tauranga City Council's water services will transition to Water Services Entity C (Bay of Plenty), alongside Western Bay District Council, Whakatāne District Council, Rotorua Lakes Council, Kawerau District Council and Ōpōtiki District Council.

The impacts of Water Services Reform on the Long-term Plan include: -

- Councils have been requested to show they will be responsible for the provision of services for water supply, wastewater and stormwater for the first two years (to 1 July 2026). Budgets for this provision of service have been included in the Long-term Plan 2024-34.
- Associated capital investments and recruitment activities have been included as 'normal' for the first two years, with no impact on 'Business as Usual' activities.
- The pricing strategy is unchanged in any major way.
- A separate budget has been established for 'Flood Control activity', recognising the fact that Council will still need some form of stormwater infrastructure and/or resource to address the issues relating to flooding.

This LTP has been prepared on the basis that Council's management of these services will not continue from year three onwards, with all 10 Water Services Entities to be in place by 1 July 2026. It should be noted that this information is included in the consultation document for information purposes only. Water Services Reform is a central government mandate. The reform or the transfer of water services to Entity C are **not** matters for consultation and **will not** be considered as part of the consultation on this LTP.

Key dates:

Consultation – 15 November – 15 December 2023

This is when you can provide your feedback - we need to hear from you by 5pm on Friday, 15 December

Hearings – 12 February – 15 February 2024

This is your chance to speak with our commissioners in person about your feedback, if you wish to do so

Deliberations – 4 March – 5 March 2024

The commissioners will consider all of the feedback from the community

Adopt Long-term Plan – 22 April 2024

The commissioners will confirm the Long-term Plan 2024-34

How to contact us/We are listening

Go to…

Visit <weblink>

You can complete the feedback form online.

You can also use our online rating calculator to find an estimate of your proposed rates.

Send…

You can email your feedback to submissions@tauranga.govt.nz or fill in the form at the back of this document and mail it to:

< freepost address>

Talk to us…

Come and chat with us at one of our events.

These are meetings where your views can be shared directly with commissioners and/or staff.

[list of key events here]

For a full list of activities and events, and all the ways you can tell us what you think, go to <weblink>

From 15 November to 15 December, we are also keen to hear your feedback on the following topics:

Revenue and Finance Policy

Development Contributions Policy

User Fees and Charges

Contents

Part one: A message from the Commissioners

He kupu nā ngā kōmihana

Welcome – haere mai

The 2024-34 Long-term Plan (LTP) will be the Commission's last contribution to Tauranga City Council's all-important planning for the future of our city, so it's especially important that as a community, we get this right.

When the new elected council takes office in July next year, we want to provide them with a clear plan which has been consulted with and endorsed by the wider community. To that end, this draft LTP really seeks to confirm the direction laid-out in the 2021-31 LTP and last year's LTP amendment, so it's very much a 'business as usual' approach which takes into account the fact that it costs around 20% more to run our business now, thanks to the effects of inflation, higher interest rates and increased project capital costs. Despite these challenges, our intention for the draft 2024-34 Long-term Plan is to continue with the direction of the previous plan, with a focus on delivery and finishing projects that have started.

All of the things we set out to achieve such as investing in the quality of life for the people who live here, increasing investment in important infrastructure to keep the city functioning and moving forward, and delivering on agreed priorities, still apply.

Key aspects of the vision for the city agreed through those previous consultation processes include investments in community facilities and the amenities provided in our green spaces. This work programme is designed to catch-up on a longstanding underinvestment in our city and ensure that we have the facilities we need to make Tauranga a better place to live, for current and future residents. And of course, we still have to continue investing in renewing and expanding the infrastructure our fast-growing city requires to meet our housing and transport needs.

To date, we've managed to largely stick to our budgeted rates charges and have kept increases close to the levels indicated in the last LTP. This plan will reset the rates for the coming year and set-out expected costs for the following two years of the LTP period. To achieve a fair allocation of the overall cost of running the city, we're looking to continue the review of our rating system and introduce an industrial rate, which will reflect the greater use the industrial sector makes of our infrastructure, particularly our transport network. That would reduce the proportion of rates costs paid by the residential and commercial sectors and contribute to a fairer rating system. We're also looking to review the fees and charges applied to the use of council services and facilities to ensure everyone is paying their fair share for the resources they use .

We also need to find new ways of funding the city's growth needs and two of the possible approaches are explained in this consultation document, so that everyone has a chance to provide feedback on their preferences. We're already using the Infrastructure Funding and Financing Act (IFF) to contribute towards the cost of implementing our Transport System Plan projects and we're now looking to use IFF funding to contribute towards the rates-funded cost of Te Manawataki o Te Papa – the civic precinct projects which will help revitalise the city centre and create much-needed community, cultural and heritage amenities we can all be proud of. This funding proposal will be considered through a separate community consultation process ahead of the LTP consultation.

Another possible funding approach for our future transport network could see the introduction of 'SmartTrip' variable road pricing at some point towards the end of this decade, subject to community endorsement and the Government passing new legislation to allow it. We're not looking to make any decisions on SmartTrip at this stage, but we would really like the widest possible community feedback on this possible future proposal. See pages 37 to 41 for details, but in brief, SmartTrip would see the current toll charges on Takitimu Drive and the Tauranga Eastern Link removed and the introduction of charges for using the city's main arterial roads during peak travel times. This would have two main effects:

- It would generate revenue to allow future road improvements to be brought forward; and
- It would encourage changes in travel behaviour which would reduce congestion at peak travel times and mean people who do have to use the road at those times would have faster trips and more reliable access to the places they want to go.

One new element in this draft LTP is a proposed community stadium at the Tauranga Domain. We think this proposal has considerable merit, but as indicated above, we already have a number of important community amenity projects on our books and completing those projects has to be the city's first priority. So, while the community stadium is included in this new draft plan, it is not scheduled to start until the end of this decade (2029/30), which would give future councils time to put the necessary funding and planning in place, or reconsider its priority, if they think that necessary.

As we all know, finding solutions to Tauranga's chronic housing shortage is and will continue to be a key priority. It was very pleasing to have confirmation recently that Waka Kotahi NZ Transport Agency has approved the upgrading of SH29 to remove the current bottlenecks affecting travel and freight access from the west of the city into the city centre and Port of Tauranga. That's not only crucial to the efficiency of our transport network, but it also paves the way for greenfield housing development in the western corridor growth areas of Tauriko West and Keenan Road, which could allow some 25,000 new homes to be built over the coming decades and provide for industrial development which will support another 6,000-plus jobs. Together with the work underway to enable development in the eastern corridor (such as the Pāpāmoa East Interchange with SH2), plus moves to provide for new housing on the Council-owned Parau Farms and Smiths Farm blocks, we are at last making progress in dealing with our housing issues, one of which is the extreme unaffordability of home ownership for younger families.

In conclusion, the Commissioners would like to thank the community for recognising and embracing the need for change. Change never suits everyone and can be a cause of significant inconvenience while it's taking place. But it is very necessary in Tauranga, because for too long, we've underinvested in the infrastructure and community facilities our fast-growing city needs.

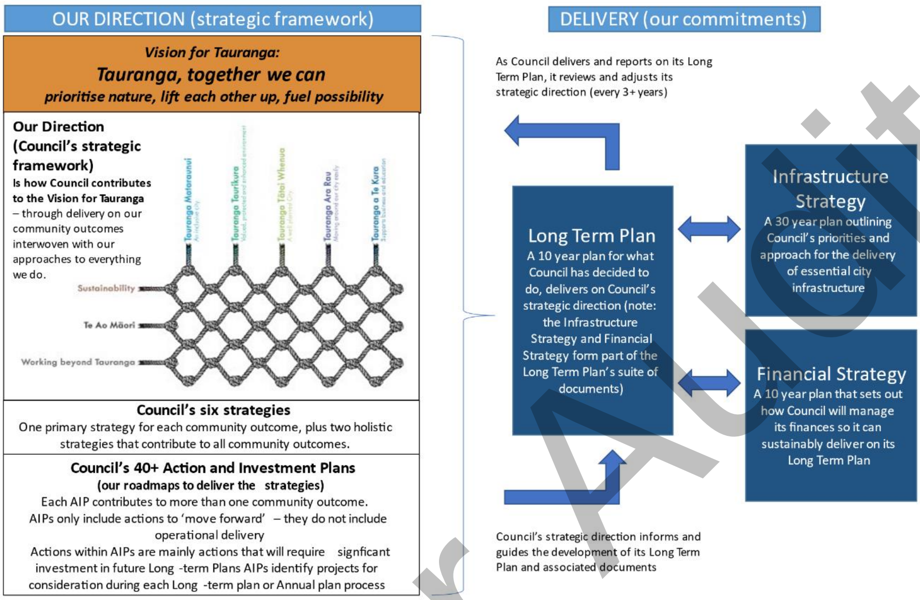
This draft LTP will help us to put the issues of the past behind us and continue to implement the building blocks for the city of the future – a place we and our children will want to live, work, learn and play.

Kia ora koutou katoa.

Your Commissioners

Anne Tolley Commission Chair	Stephen Selwood Commissioner
Bill Wasley Commissioner	Shad Rolleston Commissioner

Part two: Our Direction



8

Part three: Our biggest challenge: striking the right balance

Like all New Zealand councils, we're facing different challenges today than we were two years ago when we consulted on the 2021-31 Long-term Plan. We know it's hard to talk about the investment the city needs when the cost of living is front of everyone's mind.

Our plan for the next 10 years and beyond hasn't changed much since we last talked with you, but due to factors outside of our control, the cost of delivering it has increased significantly. Just like any household, our finances are being stretched by increased construction costs, general inflation and higher interest rates, and together with the community, we have to make critical decisions on where we spend our money.

We are working hard to keep our costs and rates increases as low as possible by delaying or deferring some projects, while still delivering on the priority projects we've started to address the city's key issues and prevent Tauranga slipping further behind. In fact, it would be fiscally irresponsible to stop what we have started, because picking these projects up again in years to come will cost the city even more.

As a growing city, we need to commit to a certain level of investment to maintain what we have now and provide for future growth. And we need to invest more in infrastructure and planning to increase our resilience to the effects of climate change, such as the extreme storms, flooding and storm surges experienced across the country.

We can keep going as planned, further increasing rates, fees and charges and debt. Or we can change the scale and timing of planned investment, while maintaining healthy communities; working to keep the city progressing; and delivering on agreed priorities. You'll see we have opted for the latter option in this LTP.

We know our city needs more homes to accommodate our growing population and we are continuing to prioritise providing for growth and improving infrastructure, amenity and services for our existing community. But, Council alone can't afford to fund all the infrastructure required to open up land needed for development in this decade.

To reflect this, we are proposing to limit our growth investment to the western corridor and in existing urban areas, and defer some investment in growth and community amenity to beyond the 10-year period of this LTP.

We need to strike the right balance between what's needed to deliver important projects and core services for the city, and what we can afford.

The solution must be a careful mix of:

- how much we invest
- how much we borrow
- how much revenue we collect.

This LTP has a strong emphasis on ensuring everyone is paying their fair share, to make sure those who benefit from Council infrastructure, facilities and services contribute fairly to their cost. A fairer rating system also means we can keep general rates increases under control.

Fixing a broken funding system

A recent review into the future for local government in Aotearoa New Zealand highlighted significant funding issues for councils and tells the story of a broken system. We know we're not alone in facing these challenges with most councils struggling to balance rates affordability with achieving the outcomes needed for their communities. The existing funding model is not sustainable or affordable, and local government has been under significant funding pressure for many years.

The financial benefits of growth are currently seen by central government through the taxation system, while the costs of managing growth remain with local government. While proposed infrastructure reforms may shift some responsibilities away from local government, these underlying issues are likely to continue. Relying on rates and introducing new revenue tools will not be enough for a sustainable local government funding model.

The panel conducting the review recommended a substantial overhaul of the local government funding and finance system, along with a new local government structure and substantial central government investment. It noted that numerous local government funding reviews have highlighted these problems and recommended changes to the system, without action from central government. That failure to act has resulted in compounding issues for local government.

An improved local government funding system is likely to take some time to be agreed upon and implemented, so we will have to continue operating within the current framework. In general, our long-term direction follows our previous path of providing for growth and improving infrastructure, amenity, and services for our existing community.

Given our challenges and the unsustainable local government funding model, we're going to have to make some tough decisions and we'll need your help, but we're confident that together, we can create a vibrant, well-planned city with people at its heart.

Part four: Our priorities

We live in one of the fastest growing regions in Aotearoa New Zealand and while that growth can feel daunting at times, the evidence suggests that when managed well, the benefits of living in a growing city outweigh the downsides.

That's why cities exist in the first place. Growing cities that are properly invested in not only bring economic benefits, but fresh ideas, vibrant communities and new possibilities.

It is no secret that we have been resetting our course to make sure our growth will no longer hold us back but be our success story.

You’ve told us loud and clear what you love most about Tauranga, and we’re listening. We’ve heard you want to live in a place where we look after our environment, lift each other up, and foster creativity, business and education.

We’ve made some big, ambitious decisions, but putting those decisions into action is where the hard work lies.

Yes, the changes we’re seeing are rapid and can certainly have their frustrations for people as we navigate the construction and new development underway around our city, but doing nothing is simply not an option.

Our six priorities for the next 10 years and beyond continue to reflect yours:

- Community spaces and facilities
- Growth in existing urban areas
- Revitalising the city centre
- Transport network upgrades
- Growth in the west (Tauriko)
- Sustainability and resilience.

Community spaces and facilities

Community spaces and places are where people can engage in sport and play, walk and cycle, have connections with others, learn, and have fun.

They include parks, pools, libraries, halls, theatres and sports fields. They contribute to our social, cultural, physical and mental wellbeing – and make our city a great place to live.

However, in Tauranga, we're in catch-up mode. After a long period of underinvestment, we don't have enough spaces and places to provide for the people who live here now, let alone the people who will move here in future.

Many facilities are worn out or nearing the end of their lives because, for many years, they haven't received the investment they needed.

Our population has doubled or tripled since many of our spaces and places were built or developed – and more people are coming to live here every day. This means we need to find ways to fund the upgrades, replacements and new places and spaces we need – this includes working with partners to redevelop what we already have.

Continuing our investment in our community facilities and amenity remains our priority for the next 10 years and beyond.

Over the next 10 years we're proposing to invest $616 million in community facilities and amenity, including aquatics, sports halls, sportsfields and libraries. Also, through the accessible recreation programme, we are proposing to invest in boardwalks, park furniture, shade, sports facilities and accessibility solutions to enable our varied and growing community to connect, explore and engage in valued experiences across the city.

What we're delivering

- Kulim Park– a major upgrade of the park is now complete, with a large neighbourhood reserve playground, cycle tracks, basketball court and boardwalks.
- Marine Parade Coastal Path – 4m wide coastal path from the Centotaph through to the end of Ocean Beach Rd
- Omanawa Falls Safe Access – carpark, and walkway to provide safe access to view Omanawa Falls
- Realignment of the Kopurererua Valley Stream
- Construction of new community centres for the Merivale and Gate Pa Communities
- Destination Skatepark – Construction of premier skate facility in Mount Maunganui
- Ila Park Upgrade – Major upgrade of the park, including a co-designed neighbourhood playground, basketball court and new toilet facilities.

What's still to come in the next 10 years

- Mercury Baypark – relocation of Tauranga Netball and Athletics to Mercury Baypark and the development of the site as a multi-sport community facility
- Blake Park – development of the site to enhance its status as a premier field sports hub
- Gordon Spratt Reserve – investment in fields and facilities to enable the park to provide better community sport

- Local Reserves and Walkways – an extensive programme of investment in local reserves to enable them to provide for play, community, culture and nature
- Indoor Courts – providing additional capacity for community sport across the city
- Marine Park – providing additional recreational boat access and park upgrades

Investments include the following:

Active Reserve Development	$109m
Bay Venues Facility Development	$59m
Community Centres	$25m
Historic Village Development	$12m
Marine Park/Sulphur Point Development	$32m
Memorial Park Aquatics, Recreation Hub & park enhancements	$128m
Neighbourhood Reserves & Other Minor Projects	$30m
Other Community Amenity Development	$99m
Parks & Property Renewals	$78m

Growth in existing urban areas

To provide for growth, we're going to need a lot more houses, more schools, parks and playgrounds, and our waters and transport infrastructure will need to be able to cater for a lot more users.

We're working on all these things through different projects, to ensure we preserve what we love about our city, while also seizing the chance to build and improve on it, so that we can all enjoy the benefits of our growth: choice and opportunity.

We are progressing a range of projects, on our own and in partnership with other councils, government and tāngata whenua, including joint growth planning through the SmartGrowth partnership, and as part of the Urban Form and Transport Initiative (UFTI), which works to unlock much-needed capacity for more housing and helps resolve transport issues across the region.

We are making smarter use of our existing residential footprint by enabling the 'building-up' of new homes. We've been given strict direction from the Government to do this. You can see this intensification already happening in and around our city centre and along the Te Papa peninsula.

Allowing for more medium-density housing in our existing residential areas, such as low-rise apartments, terrace housing and townhouses, not only helps us fill our significant housing shortage, but it offers greater housing choices for future generations.

Alongside intensification, we're also continuing to invest in the city's existing greenfield urban growth areas, including in roading projects like the construction of the Papamoa East Interchange to support a new town centre to be located on the boundary of the Wairakei and Te Tumu urban growth areas in Papamoa East.

As you move around the city today, you will see a lot of the work underway to create a vibrant, well-planned city with people at its heart.

What we're delivering

- We've made changes to our planning rule book to allow for more medium density housing in our residential zones.
- The transformation of Cameron Road is well underway to improve its safety and offer a wider range of transport options, so people can choose to cycle, walk, bus or drive.
- We're implementing recreation improvements at the Crown-owned Tauranga Racecourse Reserve in Greerton to support our growth while we await the outcome of the Te Whatu Ora business case, which decides whether the land is required for a new hospital.
- Work is underway to connect Memorial Park to the city centre through a picturesque coastal pathway.
- Our spatial plans for Te Papa and Otumoetai have been adopted, and we're currently engaging on the Mount to Arataki Spatial Plan, setting the direction for both areas for the next 30 years.

What's still to come in the next 10 years

Over the next 10 years, we're proposing to invest $356 million in existing zoned areas, including $205 million on transport and $57 million related to community spaces and places.

We'll be completing the Cameron Road transformation, the construction of the Papamoa East Interchange linking to the Tauranga Eastern Link; implementing the Te Papa, Otumoetai and Mount to Arataki Spatial Plans; and developing the future plans for the Tauranga Racecourse Reserve.

Investments include the following:

Eastern Corridor	$200m
Te Papa Intensification	$104m
Otumoetai Intensification	$24m
Mount Intensification	$8m
Pyes Pa West	$14m
Bethlehem	$6m

Revitalising the city centre

When the Commission first joined Tauranga City Council at the start of 2021, they were saddened to see the state of the city centre, which in part reflects worldwide trends, as well as the inaction of previous councils.

Revitalising our city centre so it once again becomes the thriving, beating heart of Tauranga, remains an absolute priority for the Council and its transformation is well underway.

We've committed $306 million to the development of a new civic precinct – Te Manawataki o Te Papa. This will be the biggest investment the city centre has ever seen and will include a new library and community hub; a civic whare (community meeting place); a museum where the city's heritage can be displayed; an exhibition gallery; and landscaping linking the civic precinct with Masonic Park and the nearby waterfront reserve.

We are committed to capping the community's rates-funded debt to a maximum of $151.5 million for the Te Manawataki o Te Papa project cost. A sound financial strategy is in place so we can keep to this commitment. *[Link for more info]*

Along with Te Manawataki o Te Papa, there are a raft of other exciting projects happening across the city centre, both in the public and private sector, that are all contributing to its revitalisation. It's vital that we keep this confidence and momentum in the city centre going - so generations now and in the future can benefit.

What we're delivering

- Our customer service centre and central library are now in their temporary location 'He Puna Manawa' on Devonport Road.
- With the business case now approved, work begins on the full programme of works for Te Manawataki o Te Papa.
- Work has commenced on what's set to be the country's largest mass timber office building and Council's future, leased administration block at 90 Devonport Road.
- Other projects completed or underway include: the railway underpass along the Strand Extension; Stage One of the Dive Crescent off-street carpark, with more than 100 carparks now available for community use; the upgrade of Tunks Reserve at Elizabeth St East, including a new stairway linking with the Strand Extension.

What's still to come in the next ten years

- Completion of the full programme of works for Te Manawataki o Te Papa expected by the end of 2028.
- Masonic Park upgrade completed by the end of 2024; Memorial pool and recreation hub completed by the end of 2027.
- Wider waterfront transformation, including boardwalk, new green spaces, playground and Beacon Wharf upgrade.
- Development of 90 Devonport Road completed and Council staff relocated

16

Investments include the following:

Te Manawataki o Te Papa*	$227m
Community Stadium - Tauranga Domain**	$81m
City Centre Waterfront Development	$28m
Other City Centre Development & Streetscape	$167m

* remaining work from 2025, with the programme totalling $306m from 2023

** identified as separate consultation item

Transport network upgrades

It will come as little surprise that investing in our transport system remains a key priority for Tauranga.

The congestion many are experiencing is not only frustrating – it is also bad for our local economy.

Tauranga is growing and changing fast. The coastal fringe along to Papamoa East is expected to grow significantly over the next 40 years, housing another 30,000 people by 2060. And of course, more people means more traffic.

That's why we're investing in a fit-for-purpose transport network to meet the needs of our growing city, now and in the future.

We are committed to developing 'liveable communities' that ensure people are connected to the places they live, learn, work and play.

To get our city moving, and keep it moving, we must continue to invest in all transport modes, recognising that it is essential to provide safe alternatives for people to get around more easily on foot, bicycle and public transport, which in turns frees-up road space for those who drive.

For too long, our roading assets have been run-down due to insufficient investment in their renewal and upkeep, this includes everything from road surfaces, the bridges, the pavements, cycle ways and more. We're helping to correct this by increasing the maintenance funding of our roading infrastructure by 75%. It is much smarter and cheaper to intervene and renew aging assets now, before they get much worse. Failing to do so could cost ratepayers up to five times more in the future.

This is a team effort. We're acting now, in partnership with central and local government, tāngata whenua and businesses, on a shared transport vision - the Transport System Plan [link] - to develop transport options for the future that will create better and safer connections for people and goods and protect our environment for future generations.

What we're delivering

- 4 kms of new walkways/cycleways have been completed or are under construction across our city, including along Totara Street, Ngatai Road, and Wairoa Cycle connection, with more to come following public consultation in Arataki, Welcome Bay and Ohauiti and the Ōtūmoetai peninsula.
- Secure bike parking facilities are coming to our city centre.
- We've resurfaced a total of 39kms of road together with 5980 square metres of road rehabilitation works, upgraded more than 12,278 streetlights to LED and completed the Poike Road Retaining wall.
- We've made it safer to get to and from school with our school safety projects for St Mary's School, crossings at Golf Road, Tui Street, Windsor Road and Kennedy Road, with more to come.
- Significant transport improvements are underway on Cameron Road, Maunganui Road and Victoria Street, plus the Pāpāmoa East Interchange.
- We are working with our partners (Waka Kotahi, tangata Whenua, Port of Tauranga and Kiwirail) to explore options for improvements on key parts of the Tauranga urban network including the Connecting Mt Maunganui project (Hewletts, Hull, Totara area), and Turret / 15th Ave.

What's still to come in the next 10 years

We're proposing to invest $1.4 billion over the next 10 years to keep people moving around our city. This will include funding for the renewal of our current transport network, investing in alternative transport modes, and the construction of significant upgrades on our major arterial connections, including Cameron Road stage 2, 15th Avenue and Turrett Road, SH29a enabling works, Accessible Streets for Ōtūmoetai, Hewletts Road and Totara Street. *[Links for further info*]

SmartTrip pricing

We are also asking you to consider the introduction of SmartTrip variable road pricing to help improve Tauranga's traffic congestion woes. SmartTrip pricing is a system which would charge vehicle owners for using Tauranga's highway corridors, with higher costs during peak travel times and lower costs when demand is less. Its intent is to encourage people to think about their road use and, where they can, change their travel time, work from home, share their vehicle use, or use another transport mode (like public transport, cycling or walking). Less vehicles on the road would mean faster journey times and a better level of service on our transport network. The funding generated by road pricing would also allow investment in network improvements to be accelerated and all users would be contributing to the local cost of improvement projects, not just Tauranga ratepayers.

Please see page 37 for more.

Investments include the following:

Local Roads Upgrades & Renewals	$404m
Hewletts Improvements	$189m
Welcome Bay, Turret Rd & 15th Ave Corridor	$161m
Cameron Road Stage 2	$160m
Otumoetai Multimodal	$103m
Mount/Papamoa Multimodal	$51m
Accessible Streets	$64m
Minor Safety Improvements	$42m
Streetlight Renewal & LED Upgrade	$25m
Arterial Upgrades	$24m
Bus Infrastructure	$81m
Traffic Signalisations and Other Improvements	$21m
Marshall Avenue Footpath Upgrade	$12m
Park & Ride Activation	$11m
Domain Rd Upgrade	$8m
Grenada Street Cycleway	$9m
Smiths Farm Development	$9m
Parking Infrastructure	$5m

Growth in the West (Tauriko)

Continuing our investment in the western corridor

More than 4,000 new people are calling Tauranga home each year, with our population projected to reach 210,350 by 2050 – that's a 30.5% increase from today.

To accommodate our growth, we need around 30,000 new homes over the next 30 years and a fit-for-purpose transport network to service the increased demand. We need to catch up on the long-standing underinvestment in our city and continue investing in renewing and expanding the infrastructure our fast-growing city needs. We have to plan for our continued growth, designing communities with walkable neighbourhoods and low carbon footprints - places where people can live, work, learn and play, while also upgrading our transport networks and enabling public transport to improve connectivity across the city. The work we're currently doing to transform Cameron Road is part of this bigger plan to provide more ways for people to safely move around, improve connectivity to growth areas and create better transport links between where people live and work.

As a high growth city, Tauranga must comply with the Government's National Policy Statement on Urban Development (NPS-UD), which requires a minimum of 10 years supply of zoned and serviced housing – we are not there yet, but new development planned for Tauranga's western corridor plays a significant role in getting us closer.

Over the next ten years, we're proposing to invest $230 milion (including contributions to work delivered by other parties of $151 million) in developing the new western growth areas in and around Tauriko West, the Tauriko Business estate and Keenan Road, providing for the construction of up to 4,000 new homes and an additional 100-150 hectares of business land providing for an additional 2,000 jobs. Of this amount $53 million is to be invested in community spaces and places and $157 million on transport.

The new residential developments in the west will be linked to the rest of the city via high frequency public transport services from Tauranga Crossing to the city centre

A number of significant projects enabling growth in the west are underway, led by government agencies including Kainga Ora and Waka Kotahi.

What we're delivering

- We've secured the funding for the Tauriko West enabling works to prepare the land for development for the first 2,400 homes in Tauriko West and continued development and expansion of the Tauriko Business Estate.
- Preparation for short-term transport improvements in the Tauriko West area is underway, which will support the development of the first 2,400 homes, the Tauriko Business Estate, and improved access to public transport, walking and cycling.
- We are just completing our structure plan and rezoning proposal for Tauriko West for public notification, which will give all members of the public the opportunity to give their views.
- The initial stages of structure planning and rezoning of the Keenan Rd area are underway, including community engagement. This includes technical workstreams like transport and access, geotechnical reports, stormwater and environmental assessments.

What's still to come in the next 10 years

- Construction of the Tauriko West enabling works and progressing the early phases of capital expenditure to support growth in Keenan Rd.
- Subject to completing the planning process in Tauriko West, you can expect the first houses to start being built from 2027.
- Working with lead agency Waka Kotahi, to design and implement improvements to State Highway 29 (SH29) and State Highway 29A (SH29A), from Omanawa Road to the Takitimu Drive Toll Road roundabout, and SH29A to Barkes Corner intersection (Pyes Pa Road/Cameron Road).
- Completing the structure planning and rezoning of the Keenan Rd area for urban development.

LTP 2024-34 investment limitations

Investment to enable the supply of new business land in the western corridor is limited to the first 43ha of the Tauriko Business Estate (noting this is still subject to a private Plan Change process), as further investment in wastewater upgrades would be needed before the development of the full 100ha can take place.

Investments include the following:

Tauriko Business Estate	$8m
Tauriko West	$18m
Western Corridor – Social Infrastructure	$53m

Sustainability and resilience

Continuing our investment to improve the sustainability and resilience of our city and people.

The people of Tauranga, past and present, have consistently rated the natural environment as their number one priority.

That is why we are weaving the interconnected relationship with our natural environment through everything we do.

Summer 2023 saw our nation experience the traumatic results of extreme weather events. People's lives and livelihoods were lost.

While our city was very fortunate to escape the worst of it, we are experiencing the wide-ranging effects of a changing climate. Flooding, coastal erosion and rising sea levels threaten our essential infrastructure, valuable ecosystems and the safety of our community.

We have significant room for improvement – the way we move around our city accounts for 49% of our carbon emissions. Just 3% of our original native vegetation remains across the city as a result of our development. But we can and must do things differently for our future generations.

Our priority now and for long into the future is to continue to strengthen the ability of our city to cope when the next extreme event hits (resilience), while at the same time playing our part in reducing our impacts on the natural environment and valuing the diverse needs of our community in everything we do (sustainability).

What we're delivering

- We've completed our Environment Strategy – Tauranga Taurikura, and the underpinning action and investment plans that will deliver on it for our city, including our Nature and Biodiversity Plan and our first Climate Plan. Our Climate Plan lays out the actions we must take as individuals, businesses, and as a council organisation to reduce our emissions and adapt to the changing climate.
- We're investing in safe transport alternatives, so people can reduce their emissions by choosing to cycle, walk or catch the bus across our city – read more above on page [XX]
- Through our Infrastructure Resilience Project, we've now mapped all natural hazards over the city's transport and water networks to identify exposed assets, scope projects and assess associated costs. Projects were identified to help reduce risk and improve resilience, which informed $200 million of capital expenditure through the 2021-31 LTP, and we're already busy replacing pipes, protecting roads or moving key infrastructure.
- Since rolling out kerbside waste collection just two years ago, we've almost halved the amount of household waste going to landfill. That's getting us closer to our 2028 targets – well done Tauranga! We still have much work to do however to reduce construction and demolition waste in our landfill and illegal dumping and litter.
- We're working across the region with our mana whenua partners and others to improve our city's nature and biodiversity. We're improving water quality and creating wetlands, restoring dunes, controlling pests in our reserves, and working with the community to restore our city's tree canopy.
- Through our Kopurererua River re-alignment project, partnering with Ngai Tamarawaho Hapu and Bay of Plenty Regional Council, we're allowing 'room for the river', resulting in improved water quality and increased floodwater retention. We've also restored 8ha of wetland, plus improved walkways and cycleways for the community to enjoy.

In the next 10 years, we're proposing to invest $119 million in:

- Integrating sustainability into everything we do, especially focussing on our Environment Strategy – Tauranga Taurikura.
- Tightening up our City Plan rules and regulations for new growth areas to reduce communities' risks to natural hazards and climate change.
- Putting resilience projects into practice:
  - $40 million to strengthen four of our key bridges in the city – Chapel Street, Turret Road, Waihi Road, and Matua – identified as essential in times of emergency.
  - $20 million for wastewater and water projects: Opal Drive Pump Station, Wairakei Pump Station and Rising Main and Cambridge Reservoir trunk main relocations.
- Working together with our communities to understand the actions we can all take to reduce our impact on the planet.
- Continuing to identify climate impacts to vulnerable communities through the identification of at-risk areas and development of adaptation plans.
- We'll be planting more trees as our new roads, stormwater infrastructure and public areas are built so that we significantly increase our overall vegetation cover, with a focus on increasing our native vegetation from 3% to 10% across the city.
- We'll also identify and increase our 'green corridors' to allow native plants and animals to move more freely across our city, improve our pest management work, improve protection for significant natural areas, and facilitate participation from our communities who can add so much to this mahi (work) over time.

Investments include the following:

Bridge Resilience	$46m
Waste Facilities Redevelopment	$40m
Kerbside Waste Collection Capital Works	$9m
Other Sustainability & Resilience Upgrades & Renewals	$23m

Part five: Consultation topics

What we're asking you for this LTP:

1. Should we commit to a Community Stadium at Tauranga Domain in this decade?

Population growth in Western Bay of Plenty and Tauranga has increased demand for infrastructure now and into the future. One piece of key infrastructure our sub-region lacks is a modern, fit-for-purpose community stadium.

In late 2018, a group of organisations including Priority One, Tauranga City Council, Bay of Plenty Regional Council, and Sport New Zealand began looking into creating a community stadium in Tauranga.

Following a feasibility study in May 2022, the Council agreed that the Tauranga Domain would be a good location for this community stadium and approved further steps. Over the next year, consultants were engaged to create a preliminary plan.

In May 2023, the Council reviewed the project's business case, which recommended an option for a new multi-use community stadium that would include the following:

- A community stadium with 7,000 permanent seats and room for 8,000 more temporary seats (about 5,000 of these seats would be prefabricated seating moulds).
- A light exhibition centre with about 2000 m^2 of space for showing things, along with facilities to support it.
- A function centre with about 1300 m^2 of space.
- A community multi-sport facility, with about 400 m^2 of space for changing rooms and lounge space.
- 250 m^2 of space for the University of Waikato Sports Science and Physiotherapy programmes, as well as shared spaces.

<u>Community Engagement</u>

After receiving the business case, the council asked for community feedback to gauge initial support for the proposed community stadium. In June 2023, two types of surveys were undertaken: one survey, conducted by independent market research company Key Research, collected information from a representative sample of Tauranga residents, while the other survey was open to everyone through the Council's website. Both surveys asked the same questions about stadium support, funding, and benefits, resulting in a total of 4,516 responses.

<u>Key Research survey results:</u>
49% of people strongly support or somewhat support the proposed community stadium, with 43% strongly or somewhat opposing.

<u>Online public survey:</u>
35% strongly or somewhat support the proposed community stadium; while 63% strongly or somewhat oppose.

Combined results showed that people aged under 50 are generally more supportive of the proposed community stadium than older residents. There was also greater support from males than females. [Link for more detail]

What is Proposed?

The vision for Tauranga Domain is that it becomes a premier events space that can cater for larger sporting and cultural events, while maintaining green, open spaces and continuing to be accessible to everyone in the community – whether it's for casual sports and recreation, club and school sports, or local cultural events. The current preliminary masterplan positions the proposed community stadium as the centrepiece of that transition.

As part of ongoing stakeholder engagement on the masterplan for the Tauranga and Wharepai Domains, an alternative staged implementation approach to the redevelopment has been proposed.

The staged implementation includes relocating the athletics track (when it has reached its end-of-life stage), moving the lawn bowls club, and in the medium-term, retaining the croquet and tennis clubs.

This staged approach could mean building parts of the stadium over time, but detailed costs aren't known yet. $900,000 has been approved in 2023/24 to explore this concept further, with information to be available before the 2024-34 Long-term Plan is adopted in April 2024.

The Options

<u>Option 1 – Staged Implementation</u>

Involves the staged development of the community stadium in a manner that ultimately achieves the ambition championed in the preliminary business case, but executed in stages rather than as a single-stage project. This would involve:

- A stand-by-stand approach, starting with the east stand (plus necessary ancillary work).
- Staged relocations of existing users as/if needed.
- Construction of the first stage to occur between 2029/30 and 2031/32.
- Construction of further stages to be beyond the 2024-34 Long-term Plan period (i.e. in years 2034/35 and onwards).
- Reduced capital expenditure in the 2024-34 period of approximately $81 million (plus the relocation costs).
- The $81 million of capital expenditure to be funded $46 million from rates-funded loans and $35 million from other sources.
- An increased overall project cost due to the staged nature of design and delivery.
- Additional operating costs in the period before the stadium is fully complete and operational (the facility is less likely to be able to meet its operating costs when it is only partially complete).
- Reduced debt servicing and depreciation costs in the short-term as a direct result of the reduced capital costs.
- From 2031, the average cost per residential ratepayer would be $67 per year, while the average cost per commercial/industrial ratepayer would be $437 per year.

<u>Option 2 – Single stage construction within 2024-2034</u>

Involves taking the approach included in the preliminary business case and working towards an immediate start to construction.

- Single-stage development of a community stadium at the Tauranga Domain in the 2026/27 and 2027/28 financial years including:
- Budgeted capital expenditure of $220 million, plus $9 – $28 million of additional risk-related budget for pile design and ground stabilisation.
- Additional costs of approximately $32 million to relocate existing users to new facilities on other sites (some of which is already budgeted).
- An annual rating contribution of approximately $15 million to cover debt servicing and depreciation (the preliminary business case indicates that the proposed community stadium would generate a small – circa $1 – $2m – operating surplus in each of the first 10 years of operation).
- Based on the net ratepayer cost of $15m per year the average cost per residential ratepayer in 2031 would be $159 per annum and the average cost per commercial/industrial ratepayer would be $1,229 per year.
- Debt would be higher by the capital cost less the amount that is raised from external sources. The total capital costs including relocation costs are estimated as between $260m and $280m.

<u>Option 2b – Single stage construction with deferred start-date</u>

Involves the same approach as Option 2, but with a delayed start-date. This is to avoid the extreme pressure on council's balance sheet currently evident in the first four years of the 2024-34 Long-term Plan period, and to allow more time to seek alternative funding sources.

- A construction period of 2029/30 to 2031/32 has been identified as a potential timeframe (a four-year delay compared to Option 2), but other deferred start dates could equally be considered. This timing is consistent with the expectation that the existing athletics track at the Tauranga Domain will be end-of-life by the end of this decade and that a replacement will have been constructed at Mercury Baypark by then.
- Under this option, budget for design fees of $20 million (approximately 10% of total capital expenditure) is sought to be spread equally across the 2024/25 and 2025/26 years, to enable progress to continue on the project, and to ensure detailed designs are ready when the construction funding is available.

<u>Option 3 – No further action at this stage</u>

Council would decide not to include any form of community stadium project in the 2024-34 Long-term Plan process.

- The project would stop, and no further investment would be considered.
- Even under this option, the proposed masterplan for the Tauranga and Wharepai Domains would still be considered by Council and any adopted changes (other than the proposed community stadium) would be actioned.

Our proposed option

We propose Option 1

We think the development of a Community Stadium will deliver a sports and recreation space more in-tune with the community's needs and allow for growth.

It would mean more regional and national events could be held in the city, helping our economy.

From 2031, the average cost per residential ratepayer would be $67 per year, while the average cost per commercial/industrial ratepayer would be $437 per year. Your views are important to help focus Council's thinking.

What do you think?

We want to hear your thoughts on the proposed options.

Share your feedback at <weblink>

Want to know more?

<weblink>

2. Should we introduce two new targeted rates?

Targeted rates are paid by ratepayers in specific geographic areas and/or are applied when a property benefits directly from a service or activity. The charge can be fixed or variable where the amount is determined by the capital value of your property.

Targeted rates can only be spent on the things they were collected for.

We already collect some targeted rates for wastewater, water supply, stormwater, transportation, and resilience work.

You can find more detail on types of rates on our website: <link>

What is Proposed?

We are proposing to introduce two new targeted rates in this LTP

Private pool inspections

Introduction of a targeted rate for required private pool inspections under the Building Act 2004.

Currently pool inspections are required every three years and the inspection is paid for as a fee to Council by the owner.

Introducing a targeted rate spreads the cost burden over that period (three equal payments every year). This will ensure future owners pay their fair share.

Replacing the current three yearly fee with a targeted annual rate will also reduce administration, allowing resources to be used in other areas of the Building Services activity.

The Options

Private Pool Inspections

<u>Option 1 – Fund private pool inspection costs fully through a new annual targeted rate (proposed)</u>

Targeting rates in this way would spread the cost burden of the pool inspection equally over three years as opposed to one fee every three years.

Replacing the current three yearly fee with a targeted annual rate will ensure future owners pay their fair share and also reduce administration, allowing resources to be used in other areas of the Building Services activity.

- A targeted rate of $58.33 per year is introduced to fund private pool inspections.
- Impact on all rate types: No effect on rates collected for non-pool owners. Targeted rates in this case are more efficient than periodic user fees while still remaining accountable and transparent in terms of the service paid for.
- Impact on debt: No effect on debt.

<u>Option 2 – Keep charge for private pool inspection as a fee</u>

Not targeting rates in this way would mean that the fee is paid every three years by the owner at the time of inspection.

- Continue to charge $175.00 fee every three years.
- Impact on all rate types: No impact on rates as would remain a fee.
- Impact on debt: No effect on debt.

Our proposed option

We propose Option 1

We think this aligns with our view that those beneficiaries pay their fair share. It's also fair when a house is sold that the new owner pays for their share of the periodic pool inspections..

It also helps reduce administrative costs and time in our building services activity.

New Targeted Rates to fund the Development Contributions shortfall in West Bethlehem and Pyes Pa West and future development contribution shortfalls (Eastern growth areas)

While Council has a policy of growth pays for growth, we have not been able to collect the full costs of growth through Development Contributions (DC). Council's financial DC reserves are less than they should be in order to fully recover our capital costs.

Council borrows to pay for growth-related capital projects, and we use DCs to pay for that debt, but overtime what we've collected from these DCs has fallen short of what we need, currently by $44.4million.

In 2011/12, Council changed the policy to start transferring the burden of paying undercollected debt and funding shortfalls from DCs to rates. While Council has made changes to its DC policy over the years to reduce the likelihood of future shortfalls (such as getting developers to directly construct and fund key infrastructure), this process recognises that the current legislation and funding tools do not enable full cost recovery to occur.

We're proposing a change. Instead of transferring DC shortfalls to rates, we suggest transferring 50% of the debt to the specific geographic areas where the growth took place, via a targeted rate, with the reduced balance (50%) being transferred as before. This will also apply to capital expenditure in growth areas which is yet to be completed where the construction of infrastructure is required much earlier than when some of the benefitting growth areas will develop.

The recommended option is to commence from the 2025/26 financial year for the backlog (year two of the LTP) or later for expected future areas where development contributions are likely to be significantly delayed.

<u>Option 1 – From 2025/26 establish a targeted rate to recover 50% of the backlog from the areas in which it has been caused over 30 years.</u>

This option would involve an additional targeted rate to West Bethlehem ratepayers of $101 per annum and an additional targeted rate to Pyes Pa West ratepayers of $74 per annum.

Advantages

- Matches current principles
- Transparent process and write-off
- Targets large balances

- Enables small balances in other areas to be written off
- Targets those areas that have historically given rise to the backlog
- Charges those areas where there has been an underpayment of DC's.
- Does recognise that some ratepayers have already gained from the $28.3m already transferred to rates funded debt

Disadvantages

- For West Bethlehem ratepayers in particular, even at 30 years this would still be a reasonable increase in rates (almost 5% at 75% targeted rates recovery and over 3% at 50% recovery).
- Some ratepayers who have undertaken velopment recently will pay a high DC and the targeted rate.
- Does cCharges ratepayers who have gained no benefit from that infrastructure, although at a much lower level than at present.
- Only partially recognises that Council has, at times in the past, recovered costs relating to a specific area from the city wide population.

Option 2 – from 2025/26 establish a targeted rate to recover all of the development contributions backlog created by the shortfalls in these areas over the past 30 years.

This option would involve an additional targeted rate to West Bethlehem ratepayers of $202 per annum and an additional targeted rate to Pyes Pa West ratepayers of $147 per annum.

Advantages

- Matches current principles
- Transparent process
- Targets large balances
- Targets those areas that have historically given rise to the backlog
- Charges those areas where there has been an underpayment of DC's
- Doesn't charge ratepayers who have gained no benefit from that infrastructure.

Disadvantages

- For West Bethlehem ratepayers in particular, even at 30 years this would still be a significant increase in rates (over 6%).
- Some ratepayers who have undertaken development recently will pay a high DC and the targeted rate.
- We have removed all the transfer of DC debt to rates debt and there is nothing left to remove small balances.
- Doesn't recognise that Council has, at times in the past, recovered costs relating to a specific area from the city-wide population
- Doesn't recognise that some ratepayers have already gained from the $28.3m already transferred to rates funded debt.

Option 3 – No Targeted rate and transfer reserve balances from DC funded debt to rates funded debt over 10 years (status quo)

Advantages

- Matches current principles
- Transparent write-off

- Targets large balances
- Spreads the impact more evenly across whole population

Disadvantages

- For most ratepayers this means that they are paying for a shortfall in the funding of infrastructure that provides no service to their property.

Our proposed option

We propose Option 1

This is felt to be the best balance of:

- Matching the current principles
- Better charges costs where they fall
- Better affordability than other options (excluding status quo).
- Takes into account the benefit some growth areas have had through historical transfers
- Allows us to consult more effectively with affected ratepayers, first in principle and then in more detail

The 30-year period is used, as this has the greatest affordability where some areas have a fairly low number of ratepayers.

More detailed consultation would happen as part of the 2025/26 Annual Plan before this rate was introduced.

What do you think?

We want to hear your thoughts on the proposed options.

Share your feedback at <weblink>

3. Should we introduce a new industrial rating category?

What is proposed?

We are proposing the introduction of a new industrial rating category. The evidence around roading costs and other wellbeing impacts, including congestion and safety, provides justification for considering a higher differential charge for the industrial rating category. Relative affordability as between the residential, commercial and industrial sectors has also been considered. We are proposing increasing the industrial general rate differential from 2.1 times the residential general rate to 2.7 times the general rate. The commercial general rate differential will remain at 2.1 for the first year of the LTP, taking into account the immediate relative ability to pay. In years two to four of the LTP, we will phase in further changes to the commercial and industrial general rate to achieve a constant proportional split of the general rate at 65% residential, 20% Industrial and 15% commercial.

What's happening now?

We currently have two rating categories, residential and commercial, where the definition of commercial includes land whose primary use is commercial, industrial, port, transportation or utilities networks, and any land not in the residential category.

The Options

Option 1 – Support new rating category Industrial defined as land whose primary use is industrial, port, transportation, or utilities networks.

- New Industrial Rating category introduced
- Set differential at 2.7 times the residential general rate in year 1 of the LTP.
- Phase in a proportional general rate of Residential 65%, Industrial 20%, Commercial 15% over years 2-4 of the LTP (The residential proportion will be the same as Hamilton City). The current proportions are residential 70.6%, Industrial 16.1% Commercial 13.2%
- No direct cost- redistribution of general rates
- Total: $7.3m of general rates redistributed to new Industrial rating category.
    - $6.15m movement from residential and $1.15m movement from the commercial sector, both to the industrial sector
- No External funding
- Impact on all rate types in year 1 of the LTP:
    - The median residential rates increase will reduce from $5.36 per week to $3.39 per week
    - The median commercial rates will reduce from $17.09 per week to $8.54 per week
    - The median industrial rates will increase from $12.14 per week to $44.12 per week
- No impact on debt

Option 2 – Do not support a new industrial rating category

- No direct cost - no redistribution of general rates
- Total: $7.3 Million of general rates not redistributed to new Industrial rating category from residential and commercial ratepayers
- Impact on all rate types – No impact – general rates remain at current differentials
- No impact on debt

Our proposed option

We prefer Option 1

This recognises the increasing volumes of heavy vehicles to industrial-related businesses in the city from journeys originating or finishing outside the city's boundary. It recognises the social and environmental impacts on the city, such as congestion, safety, and pollution, of heavy vehicles and industrial, port-related and utility network activity. The rating contribution of the combined commercial/industrial categories moves closer to that of comparable councils.

In addition to the funding considerations, which supported the introduction of a differential for industrial properties at a level greater than for commercial properties, the Council considered that having a greater overall impact of rates liability on the industrial sector than for the commercial sector reflects the sector's greater impact on the overall activity and amenity values in the city. The level of differential proposed is in line with levels of rating of industrial properties in comparable metropolitan centres and reflects relative ability to pay as between commercial and industrial activities.

Understanding the negative impacts on wellbeing from heavy vehicles in the community, we do not think option 2, which would retain the current differentials, reflects a fair and equitable allocation of rates across the whole community.

What do you think?

We want to hear your thoughts on the proposed options.

Share your feedback at <weblink>

Want to know more?

See what other funding options we considered x and y at <weblink>

Other topics for consideration:

4. Should we introduce new user fees and charges to ensure everyone is paying their fair share?

The revenue that comes in from fees and charges includes things like when you pay to get into places or when places are rented for events. It also includes fees for alcohol licenses, registering your dog, getting permission to build something, and managing parking, among other things.

The income we earn from user fees and charges is designed to directly cover all or a portion of Council's costs to provide the activity or service. However, following a recent review of our fees and charges, we have identified some activities where the charges are unrealistically low and falling well short of covering the running costs, and without an increase, those activities are financially unsustainable.

For a while now, most of the Council's revenue, about 75% of it, has come from what people pay as rates. This money is used to cover the Council's everyday expenses. This reliance on rates is higher compared to other councils.

So, to achieve a fairer proportion of funding from other sources, we're proposing to increase some fees and charges so that those who directly generate a need for, and gain the highest benefit from a service, will pay a larger share of the costs of that service.

What is Proposed?

New user fees that are proposed to be introduced during this LTP aim to recognise specific beneficiaries of services or amenities and thereby reduce the extent to which general ratepayers must fund these activities.

The following proposals and options seek a more fair and equitable balance between revenue from rates and revenue from user fees and charges across Council.

Below is a summary of some of the main new fees proposed:

- New fees and charges for the use of boat ramps
    - Introduction of boat ramp charges at the Sulphur Point, Pilot Bay and Whareroa boat ramps, to park vehicles and trailers at the designated parking, to be charged at a rate of $20 per day (incl GST) for all users or $200 per annum made available to Tauranga residents (incl GST).
- New fees and charges for the use of active reserves
    - A new fee structure has been introduced for senior and adult teams using sports fields, including artificial turf. From next year this will initially be charged at $225+GST per hour, per field/wicket, per season for training only, increasing to include games in subsequent years. This fee structure aims to partially cover maintenance expenses and create fee consistency, while exempting youth and junior teams.
- New fees and charges for the use of council land for a lease or licence to occupy;
    - Use of council land or building for a lease or licence to occupy for commercial organisations continue at market rates, calculated by valuation.

34

- Use of council land or building for a lease or licence to occupy by community organisations at a city-wide average based on reserve land valuation, with an additional 50% subsidy. This includes the valuation and 50% subsidy, which is currently valued at $6.05 (plus GST) per m2 per annum for bare land, and $66 per m2 (+Opex) per annum for buildings. The same rate applies to community groups using buildings or land on Reserve or Council owned fee simple land.
- User Fees and Charges for Council use of land for community organisations is reviewed to align with Long Term Plans.
- User Fees and Charges Administration charge for community and commercial land users added for variations, assignment, new agreements or renewals.

For more information - a full list of the proposed new fees and charges for 2024/25 and the Statement of Proposal can be viewed on Council's website <link>

Your views are important to help focus Council's thinking.

What do you think?

We want to hear your thoughts on the proposed new fees.

Share your feedback at <weblink>

5. Should we provide more incentives for development that would enable more people to live and work in the city centre?

Council is investing significantly in the city centre area and will continue to do so through the 2024-34 Long-term Plan period. Ensuring the benefits of this investment are optimised requires more people living and working in the city centre, hence the need to attract more public and private sector investment in new development.

Tauranga's historic development pattern has focused on greenfield expansion and has directly contributed to the transport woes many are experiencing in our city today. We know that a stronger city centre with more people living and working in it will improve the performance of Tauranga's transport network, resulting in less congestion, delay and carbon emissions. More city centre development and intensification will also reduce the need to invest in new infrastructure in greenfield areas.

To do this well, we need to work with community stakeholders, such as developers, to formulate a framework and a set of principles to guide how we generate and use this investment.

What is considered?

An option we're exploring is to provide development contribution incentives for the city centre, as have been implemented in growth cities such as Hamilton.

Our initial thoughts on a framework include:

- Full or partial grants to offset development contributions
- Which land uses the grants would apply to (residential and/or non-residential)
- The scale of development the grants would apply to (e.g. only to buildings of at least six storeys, or perhaps to the component of a development above six storeys only)
- The area in which grants are applied (e.g. just to the core of the city centre, or to a larger area)
- The timeframe for construction of developments (with development commencing sooner likely to have priority)
- Any limits or caps on the amount of development contribution grants that could be applied, to ensure affordability for ratepayers.
- Requirement for a demonstrable benefit from the development to City Centre strategic objectives, and sufficient evidence that the grant would significantly impact the financial feasibility of the development.

What do you think?

Please comment on the above and help shape a framework to incentivise development in the city and whether it's implemented.

Or are there any other measures you think Council should take to achieve the desired outcomes for our city?

Share your feedback at <weblink>

6. Should we explore SmartTrip variable road pricing to help reduce congestion and fund transport improvements?

If Tauranga residents were asked to identify one thing about their city that annoys them, it's highly likely that traffic congestion would come out on top.

Our rapid growth, geography and high dependency (compared to other New Zealand cities) on private motor vehicles are major contributors to that situation. Because there's little scope for increasing the number of lanes on most of our roads, we have to look for other solutions to our congested transport network.

Experience elsewhere in the world has shown that variable road pricing, or SmartTrip, could be part of that solution. Essentially, SmartTrip is a system which would charge vehicle owners for using Tauranga's highway corridors, with higher costs during peak travel times and lower costs when demand is less. Its intent is to encourage people to think about their road use and, where they can, change their travel time, work from home, share their vehicle use, or use another transport mode (like public transport, cycling or walking).

SmartTrip is similar in concept to the charges applied to toll roads and would include using prepayment systems and vehicle recognition technology. If it was to be introduced, existing road tolls would be discontinued. It would also require new legislation, as well as more detailed work on its benefits and implications, together with a significant community consultation process to ensure the concept was supported.

This information about SmartTrip is the first stage of that process. The Council would appreciate community feedback on the possibility of introducing variable road pricing and, specifically, an indication of the level of support for using this concept to reduce congestion and carbon emissions and accelerate investment in a better road network and transport services in Tauranga.

Background and benefits
A SmartTrip proof-of-concept study has been carried out by Waka Kotahi NZ Transport Agency and Tauranga City Council, to assess the potential benefits and impacts of road pricing on our road network. Based on network-wide modelling, the study indicates that SmartTrip variable road pricing could have significant positive impacts on the way our transport network operates, as part of an integrated package of managing demand and network and service improvements.

The potential benefits of implementing SmartTrip include:

- A reduction in the number of vehicles (particularly private vehicles) on our main roads during peak travel times on weekdays and Saturday mornings, resulting in less traffic congestion and faster, more reliable journey times for those who need to use the roads during these periods;
- It could also deliver significant economic and social benefits – better productivity for businesses and more family/leisure time for private users;
- Encouraging people to make different transport choices would result in an overall reduction in vehicle trips (a projected 6% reduction in total vehicle kilometres travelled per day);
- Lower transport-related greenhouse gas emissions (an estimated 5% reduction);
- Making better use of the road network through improved public transport services and walking and cycling infrastructure, again resulting in less carbon emissions and fewer short, private vehicle trips;

- Providing an additional funding source, with all of the funding generated being used to accelerate transport improvements, plus an expectation that the Government would match that investment;
- Improving the value transport investments deliver for users;
- Charging all users who are benefitting from our roads, not just the ratepayers who currently fund the local share of our transport network investment.

Benefits for road users
Specific benefits for private road users (based on a peak travel time charge of $2 for access and 15 cents per kilometre travelled) are set-out below. Benefits to road users could increase significantly if the access charge was higher at peak travel times.

- Existing toll road charges would be removed;
- Journey time savings – an estimated 20% reduction in delays (in vehicle hours per day);
- Makes the real cost of transport choices transparent and encourages behaviour change (flexible working hours/working from home/choosing other routes/shared vehicle trips/public transport use/other transport modes);
- Road users who live outside of Tauranga would begin contributing to the cost of transport network improvements.

Benefits for commercial users (based on a peak travel time access cost for trucks of $5, plus 45 cents per kilometre travelled):

- Journey time savings;
- Better journey time reliability;
- Reduced freight movement costs;
- Lower operating costs (fuel, labour, etc.);
- Increased flexibility for deliveries during peak travel times;
- Increased productivity.

Other study findings
Based on local network modelling and the outcomes of similar road pricing initiatives elsewhere in the world, such as cities in Sweden and Norway, other key findings of the SmartTrip study are:

- SmartTrip pricing is technologically viable in Tauranga and would deliver reduced congestion and improved network performance;
- Tauranga cannot achieve transport efficiencies, community wellbeing, accommodate development and improve the quality of its urban form using the current investment model alone. SmartTrip provides an additional funding opportunity which would supplement our current funding arrangements;
- Road pricing would have a greater positive network impact in 2035 and 2048 – in terms of vehicle kilometres travelled (VKT), reduced CO^2 emissions and reduced travel time delays – than most of the other planned network improvements combined;
- Higher charges at peak travel times would be required to have a more significant positive impact on travel times, the number of car trips and carbon emissions;
- Successful implementation would be dependent on the availability of efficient and convenient public transport services and alternative travel mode options (walking, cycling and other non-car mobility options) for those who choose not to drive;

- After operating costs have been deducted, SmartTrip could generate approximately $88 million per annum in 2035 and $158 million by 2048, or about $5.5 billion over a 40-year period, to invest in regional transport improvements;
- The impacts of traffic diverting onto unpriced local roads would need to be monitored and mitigated.

SmartTrip risks & issues
Road pricing on the main transport corridors is likely to result in an increase in traffic on some local roads, which could have negative effects on local neighbourhoods. If SmartTrip was to be introduced, measures would have to be put in place to counteract any negative impacts. This could mean that traffic calming infrastructure, changes in speed limits, or other actions would need to be taken to discourage driver activity that could affect neighbourhood safety or lifestyle values.

Potential equity and affordability issues for private users would also need to be taken into account, particularly for people who are dependent on their cars to access essential services. How this could be accommodated would be considered by council and central government as part of the proposed business case process.

Access to the payment system for visitors to the city and people who don't have online capability would also need to be addressed.

What happens if SmartTrip isn't introduced?
Current modelling indicates that despite a focus on public transport and mode-shift enhancements, vehicle trips on Tauranga's transport network will increase by 14% by 2028 and more than 40% by 2048. Without a circuit-breaker, driver experiences on the network will continue to deteriorate, resulting in significantly increased network delays (+57% in 2035, and +83% in 2048, compared to the 2018 baseline year without SmartTrip pricing).

Achieving our Urban Form and Transport Initiative (UFTI) and SmartGrowth objectives would also be difficult, with an adverse impact on new development that provides houses (and affordable housing costs) and jobs; and the quality of life experienced in Tauranga Moana would also deteriorate, with less time available for leisure and whanau activities.

What roads would SmartTrip road pricing apply to?
Variable road pricing would likely apply to the State Highway network within the city's boundaries and just beyond to the north, and on some local roads connecting to the network. Identification of the roads involved would be undertaken through the proposed business case process. The road pricing modelling also assumes that road corridors that access Te Papa Peninsula would be priced, but in all other locations, there would be no charge to cross the priced network. An access charge on all roads leading into or out of Te Papa Peninsula would allow traffic flows at these locations to be managed. The modelling also assumes that travel within Te Papa Peninsula (along Cameron Road or Fraser Street) would not be priced.

What happens now?
The work undertaken to date on SmartTrip is a 'proof-of-concept' study only and no decisions have been made on the variable road pricing concept by Tauranga City Council, our SmartGrowth partners or Waka Kotahi. AND, no decision is required through Council's draft 2024-34 Long-term Plan consultation process.

The purpose of providing this information is simply to raise awareness of the potential benefits SmartTrip could provide to address the congestion problems on Tauranga's main transport corridors and give the community an opportunity to express its views on this possible solution.

Any future SmartTrip implementation would need:

- A change in Government legislation to allow the introduction of variable road pricing (noting that there is bipartisan support for this across the major political parties);
- To provide clear advantages for road users; and
- To ensure that viable and attractive alternatives are available so that people can choose not to drive, especially public transport options, which will need up-front investment.

The Choices

1) **We could…**

Work with Waka Kotahi and Government to further investigate SmartTrip through a business case investigation. This would confirm the benefits variable road pricing could provide and identify solutions which would address any potential negative impacts.

Advantages
Progressing a business case will give us the information we need to assess whether SmartTrip could help free-up our congested transport network, particularly during peak travel times, as well as quantifying the benefits and costs of implementing variable road pricing. That information would then allow the Council and the community to make a future decision on whether SmartTrip should be introduced.

In summary, key potential benefits include: journey time savings – an estimated 20% reduction in delays (in vehicle hours per day); encouraging behaviour changes (flexible working hours/working from home/choosing other routes/shared vehicle trips/public transport use/other transport modes) to ease pressure on the transport network; the removal of charges on existing toll roads; lower operating costs and better productivity for businesses; road users who don't live in Tauranga would be contributing to the local cost of transport network improvements; social benefits (less time wasted sitting in traffic leaves more time for leisure and family activities); lower transport-related greenhouse gas emissions (an estimated 5% reduction); and provision of an additional funding source to accelerate investment In regional transport improvements.

Risks
There are no significant risks of progressing to a business case investigation. The costs of developing a business case could be around $3m, with the project scope and cost to be agreed and confirmed before proceeding. That cost would likely be shared by SmartGrowth Councils and Waka Kotahi.

2) **Or we could…**

Not proceed with a SmartTrip business case and continue with our planned investments in transport network improvements.

Advantages
No cost to city ratepayers for the development of a business case.

40

Disadvantages/risks

Without a circuit breaker to address our existing transport network issues, road congestion will continue to worsen, with resulting economic and social impacts (higher costs and more wasted travel time) on all road users. Our high transport-related carbon emissions would also not be addressed, making it difficult to meet the Government's carbon reduction requirements.

All of the local share of the cost of transport network improvements would also continue to fall on Tauranga City ratepayers, rather than all road users.

What do you think?

Please comment on whether we should explore SmartTrip variable road pricing to help reduce congestion and fund transport improvements

Part six: Looking beyond this LTP

To achieve a balance between rates affordability, ability to borrow, and the outcomes we all want for our city, we've had to take a longer-term view for some projects. This means some of our growth and community amenity and transport network investment has been delayed beyond the ten years of our long-term plan. While we know the investment is required, we're also realistic that there isn't a sustainable funding model which enables council to achieve and deliver on all the outcomes which the city needs and deserves.

Growth

Proposed changes to the timing of infrastructure investment in the draft LTP 2024-34 would delay the release of land for development in the Keenan Road and Te Tumu growth areas to around 2040. This would potentially reduce housing supply to 2,650 dwellings. However, there is capacity to make up this shortfall though additional dwellings in existing urban areas under Plan Change 33, which enables greater medium density housing across the city.

Further investment that sits outside this Long-term plan period:

Te Tumu	$287m
Papamoa East	$ 48m
Ohauiti South	$42m
Otumoetai Intensification	$21m
Western Corridor	$916m
Te Papa Intensification	$273m

Community infrastructure and amenity

We have sought to balance meeting the community infrastructure and amenity needs of our current residents with the need to provide new facilities as the city grows. With growth in the eastern and western corridors on a slower trajectory than was expected through the last LTP, we have deferred investment in new community facilities (library, community centre, indoor courts) in those areas to just beyond this LTP period. We will nonetheless be looking to secure land for those facilities so they can be built at the optimal time to meet current and future needs.

Beyond those major projects, we have significantly boosted investment to implement the Play, Active Recreation and Sport Action and Investment Plan, which sets out a programme of investment in local play and recreation in our neighbourhood reserves and walkways networks. However, some investment will sit outside of the LTP to ensure our overall programme is affordable and deliverable.

Further investment that sits outside this Long-term Plan period:

Community Centres	$7m
Memorial Park to City Centre Pathway	$17m
Neighbourhood Reserves & Other Improvements	$7m
Active Reserve Development	$9m
Cemeteries Capital Programme	$9m
City Centre Development	$25m
Marine Park/Sulphur Point Development	$17m
Parks Resilience	$7m

Transport network

The changes to the transport programme are aligned with the proposed changes to the Growth programme. With the slower growth now projected in the eastern and western corridors, the transport activities required to enable this growth have been deferred in those areas to just beyond this LTP period. However, the planning (business cases and design) in those areas will progress as planned to be ready for construction. The programme focuses investment on the high priority Transport System Plan activities, including Cameron Road Stage 2, the Connecting the People Fifteenth Ave and Welcome Bay project, the Connecting Mount Maunganui project, and the Accessible Streets projects in Otumoetai and Mount Maunganui. A greater focus has been placed in the draft LTP on our renewals programme to ensure level of service is improved across the network.

Further investment that sits outside this Long-term Plan period:

Accessible Streets	$203m
Bus Infrastructure	$45m
Domain Rd Upgrades	$34m
Hewletts Rd Improvements	$74m
Local Roads Upgrades and Improvements	$14m
Park & Ride Activation	$118m
Bridge & Infrastructure Resilience	$171m

Progressing a hotel and conference centre for Tauranga

Tauranga’s lack of an internationally branded hotel and conference centre to compete with the likes of Hamilton and Rotorua for the conference market, has long been discussed. Council progressed a feasibility study with Willis Bond to assess the economic benefits, construction costs, and funding implications for having a hotel and convention centre within the Te Manawataki o Te Papa city centre precinct. This is a conversation we want to have with Tauranga residents through a formal consultation process, but any commitment to the project if it is supported, would be beyond this LTP period.

The funding constraints we’re facing show the importance of alignment of central and local government in planning, funding, and executing projects. We know it’s essential that we together deliver outcomes for our city. We’re committed to partnering with central government and other organisations to explore meaningful investments, seek solutions, and foster positive change for Tauranga City.

Part seven: Our Infrastructure Strategy

One of Council's primary roles is to plan, deliver and maintain the infrastructure needed for our city to function.

The services provided by well-functioning infrastructure networks underpin the success of Tauranga as a place to live, visit and invest. The city needs infrastructure that can cope with increasing demand as our city grows, a changing environment, and meet community expectations for service delivery.

Many infrastructure assets last for a long time and provide services for several decades, these include structures, pipes and fittings, pumps, treatment plants, reservoirs, roads, footpaths, bridges, as well as spaces and places such as libraries, community centres, reserves, sports and performance facilities.

Council's Infrastructure Strategy is our 30-year plan that outlines how Council intends to deliver on its infrastructure responsibilities in alignment with our community outcomes, primary strategies and legislative reponsibilities.

Over the next 30 years we are planning to spend $1.5b of capital expenditure to renew and maintain the city's existing assets and $6.0b on new infrastructure.

Our infrastructure programme, supported by our Financial Strategy, will focus on:

- Delivering for our existing communities, by increasing amenity, investing in our city centre and maintaining levels of service.
- Growth and infrastructure planning, with the infrastructure needed to service new growth areas staggered to meet financial constraints.
- Sustainability and resilience, with investments into key infrastructure like bridges, to ensure our city can stay connected in emergency situations.

Additionally, the Infrastructure Strategy addresses the expected water services reforms, by providing financial information for the first two years (until water activities transfer to the new water entity) and highlighting expected important projects for years three and onwards of the strategy.

Our Infrastructure Strategy is driven by Council's overarching strategic direction and informed by a range of asset management plans, activity based strategies, and action and implementation plans.

<Link to infrastructure strategy>

Part eight: Financial Strategy

Our finances explained

The continued growth of our city combined with historic underinvestment in the things needed to keep it running and thriving, has resulted in Council carrying one of highest rates of debt relative to our size among New Zealand cities.

We have needed to borrow heavily to build the essential infrastructure, such as roads and water assets, to cater for our growth and maintain what we already have. Substantial capital expenditure is required not only to meet the needs of today's population, but to plan for future growth.

As we catch up on the needed infrastructure for the city this flows through to more debt, interest and higher operating costs.

In our Financial Strategy, we consider those increasing costs and how they should be fairly distributed between us, our partners and developers, and the impact of rates and other costs for ratepayers. Details of the strategy can be found [here].

This strategy outlines proposals for funding the expenditure included within the LTP and the effect this expenditure will have on services, rates, other fees and charges, debt and investment.

The strategy builds on the work of the Funding Needs Analysis and Revenue and Financing Policy undertaken in accordance with section 101 of the Local Government Act 2002.

Factors impacting Council

During the next ten years, we are expecting the following factors to have a significant impact on Council:

- Borrowing and revenue constraints on council and its ratepayers, limiting Council's ability to fund much needed infrastructure
- The need to partner with other agencies, people and businesses to achieve joint outcomes and coordinate financial input for capital investment in infrastructure and services
- The impact of continued growth in both population and economic activity including:
    - demand for more housing
    - stress on the transport network, congestion, reduction in wellbeing including safety and uncertainty in travel times, and the loss in economic productivity as a result
    - demand pressures on community spaces and facilities
- Managing and responding to natural hazards, emergencies and climate change, including future investment in resilience of our infrastructure and assisting the community when events occur
- The need to renew and upgrade existing infrastructure to meet government standards and consent requirements and to maintain levels of service
- The assumption that after year two of the LTP, Water Services Reform (referred to as three waters), will move to a larger (regional) entity outside of Council. We will retain a more limited flood control activity and need to coordinate with the new entity for future growth and infrastructure planning.

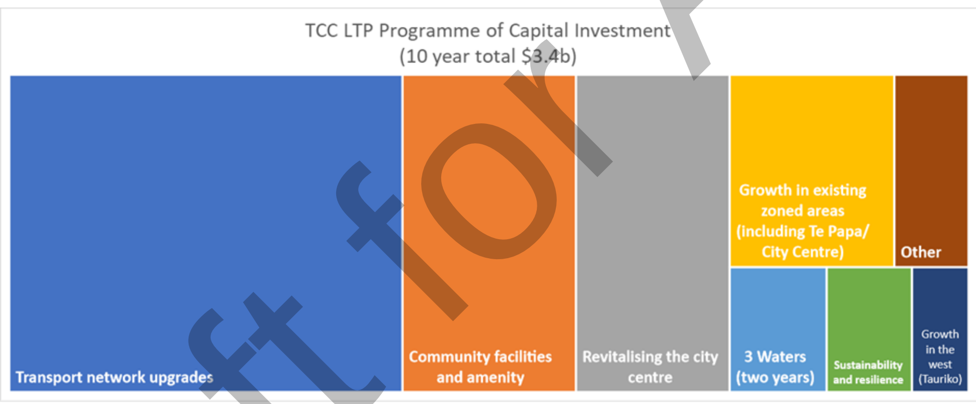
Capital expenditure priorities

The priority areas for capital investment proposed in this LTP are a continuation of our priorities established in the previous LTP 2021-31:

- Community spaces and facilities
- Growth in existing urban areas (including intensification in Te Papa/city centre)
- Revitalising the city centre
- Transport network upgrades
- Growth in the west (Tauriko)
- Sustainability and resilience

Total capital investment of $3.4b is proposed for the LTP. Graph 1 summarises the expenditure proposed by priority area. This programme includes three waters capital requirements for only the first two years. From year three of the LTP 2026/27 the three waters investment is assumed to be undertaken by a separate water entity.

Graph 1: LTP Capital Programme 10 years ($3.4b)



Borrowing for capital and impact on debt

The capital programme is $3.4b over the 10 years of this Long-term plan.

Capital investment contributes to community outcomes over time. Council can choose to target specific groups who benefit specifically from the expenditure (eg. growth) or distribute the funding across the community. Because these assets benefit the community over many years it is fair to use borrowings to pay for them. This means that future users pay their fair share of the cost of the asset.

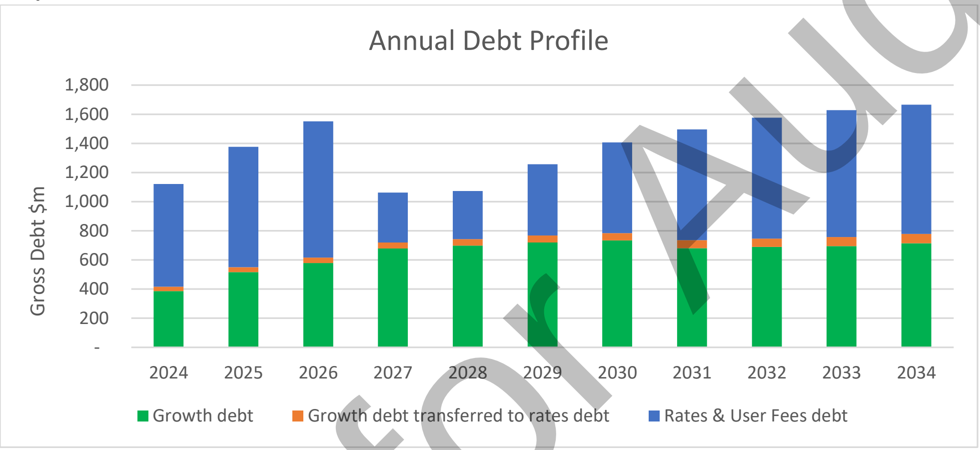
Council has a strong credit rating of A+ and therefore can borrow at relatively low cost compared to private businesses. We ensure we do not borrow too much over time by complying with our borrowing limits. These limits are set conservatively, based on the limits determined by the Local Government Funding Agency (LGFA) and adopted by all member councils.

One of the key limits is the debt to revenue ratio, ensuring that we maintain debt levels of no more than 2.8 times our revenue. In this LTP TCC maintains a financial position well within these limits.

Graph 2 below shows the total level of debt in each year of the Long-term plan. Total debt peaks at $1.6b by 2034.

Offsetting the increase in borrowing to fund capital is an assumption that three waters is transferred to a separate entity in year three of the plan and Council is repaid all outstanding debt (estimated at $570m). Our debt in July 2024 is assumed to be $1.2b, increasing to $1.6b by the end of the ten years.

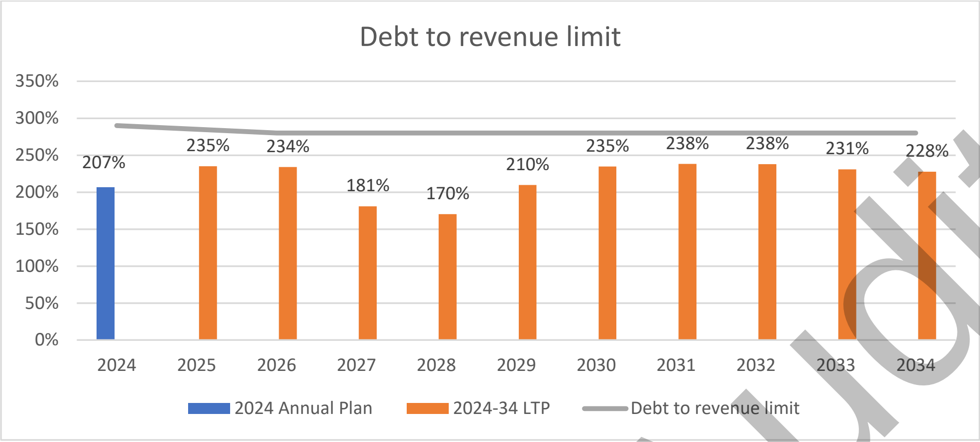
Graph 2: Annual Debt Profile



Graph 3 below shows that we maintain a financially sustainable debt to revenue ratio based on the financial assumptions in the draft budget. The grey line shows the limit of the debt to revenue ratio as set by LGFA, and the bars show the ratio that is associated with the capital programme, noting that this is after adjusting for expected government grants and use of IFF levies for both transport and city centre projects. At the maximum shown below of 238% we remain under the 280% limit, with considerable head room available to deal with unforeseen circumstances if required.

47

Graph 3: Debt-to-revenue ratio against proposed borrowing limit



Operational revenue and expenditure

Capital investment flows through to operational costs of depreciation, debt financing and the cost of operating and maintaining new assets. The large capital investment also results in higher costs of staff, consultancy and contractor costs for Council to deliver much larger levels of capital investment.

Our operating budget requirements have increased to:

- provide contracted delivery and maintenance services across the city, particularly in Spaces and Places and transportation.
- provide grants to support delivery by Bay Venues Limited.
- establish strong governance and project delivery practices to deliver on the large capital programme in a way that enables us to manage our risks, and impacts on the community
- ensure adequate digital systems, security and performance, including expenditure to replace outdated systems and improve systems that interact with our community
- increase staff budgets to:
    - support the increased capital expenditure and to assure quality
    - meet increased community expectations for improved access, communication and engagement
    - meet increased requirements for planning across the city
    - attract and retain the very best people we need to address market movement in salaries
    - replace consultants with salaried staff to assist cost efficiency, adequately resource delivery and retain expertise in-house

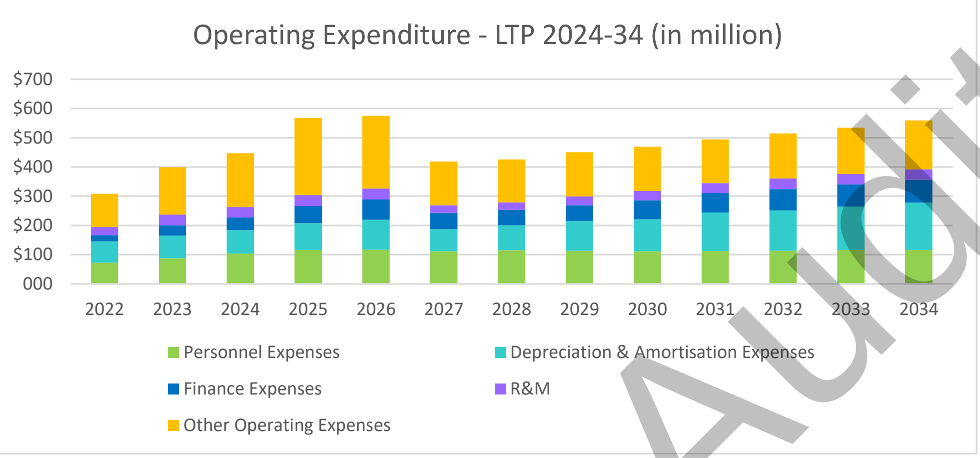
Operational costs over the 10 years are shown in Graph 4. In the graph, costs have been inflation adjusted.

Two years of actual budgets are shown, as well as the LTP budgets commencing in the 2025 financial year. The substantial drop in budgets in 2027 is based on the removal of three waters activities from council to a new entity. Some work relating to flood control and planning will remain in-house. Some reduction in overhead costs has been assumed as some of these costs will move with the three waters business.

48

Ongoing increases in depreciation and interest costs occur directly from the large ongoing capital programme. Once new facilities are operational there will also be an increase in capital costs.

Graph 4: Operational Expenditure (inflated)



Funding - Paying a fair share

Funding is about who pays for the city's services and infrastructure, ensuring everyone pays a fair share.

For the most part the businesses and households living within Tauranga City pay for the services and infrastructure council provides. The main source of revenue is general rates, the share of which is divided differently between residential, commercial and industrial properties. See pg XX for more on this. We also charge targeted rates for particular services, such as wastewater and kerbside waste collections. The other source of revenue from the community is from user fees and charges.

Council has also adopted the use of an Infrastructure Funding and Financing levy (IFF) to fund transportation network projects and is proposing to use this same mechanism to fund city centre capital expenditure. Ratepayers will continue to pay for this cost but through a levy charged by a Crown agency. The advantage of this instrument is that Council is left with more capacity to borrow than it would have if it funded these projects directly. The 30-year increasing charge structure of IFF financing also enables these projects to be paid for intergenerationally and as the city population grows. This intergenerational approach is fair for long-term infrastructure.

Other non-residents benefit from council's services. These include tourists and other visitors to the city, businesses located outside the city that use the port, and other businesses with warehouses and factories, for example, who use the infrastructure and services of the city. Government benefits from the services and infrastructure within the city in various ways, such as through a nation-wide transportation network, or sporting and cultural facilities.

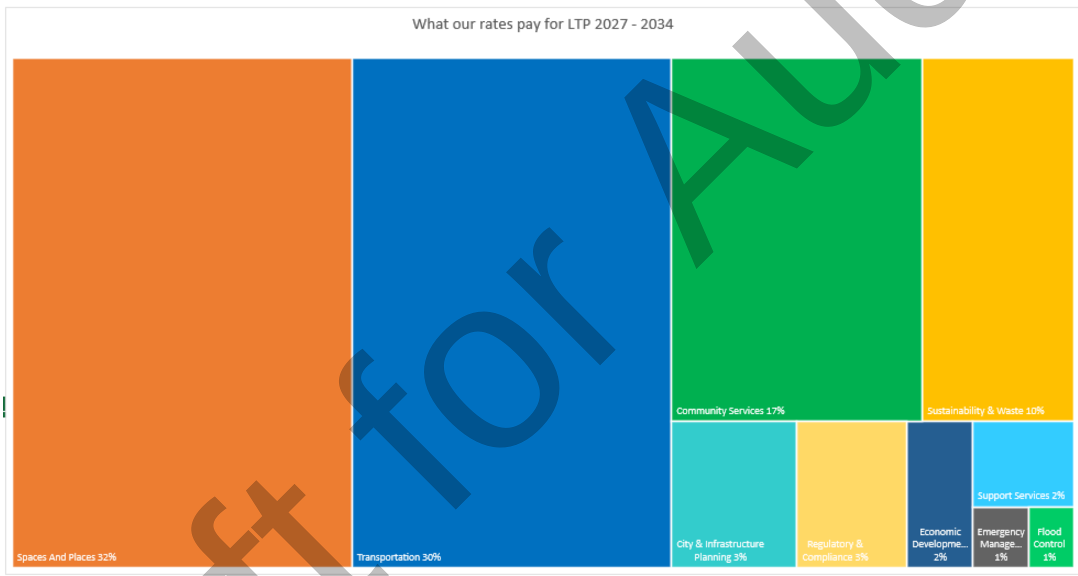
User fees for access to facilities or parking are one option that can obtain revenue from non-residents. Other approaches to obtain funding from people, businesses, and government agencies not located in Tauranga City and therefore not able to be rated include:

- Central government grants
- Development contributions and developer agreements to fund growth infrastructure
- Multi-agency partnering agreements
- Future options such as variable road pricing. See pg XX

What our rates pay for

Income from rates covers 75% of Council's operational costs. In the first two years of the LTP, 34% of rates will fund three waters activities (about $110m per annum). For the remaining eight years of the LTP after three waters has been removed, the proportion of rates for each activity area is broken down in the graph below. Spaces and Places and transportation remain the largest operational areas of council.

Graph 5: What our Rates pay for 2027-2024 (excluding waters in last 8 years of LTP)



Financial Strategy limits

Quantified Limits on Borrowing

Consistent with Council's Treasury policy, Council will adhere to the following limits on borrowing:

- Net interest expense on external debt as a percentage of annual operating revenue will not exceed 20%
- Net interest expense on external debt as a percentage of annual rates revenue will not exceed 25%, and
- Net external debt as a percentage of annual operating revenue (including Bay Venues Limited) will not exceed the borrowing limits set by the Local Government Funding Agency – see Table 1.

Rates and agreed limits on Rates

The focus of the LTP is on what we need to do and spend to achieve the desired outcomes for our city recognising the challenges and issues that our city is facing. Revenue from rates is one of the ways we fund the needed expenditure. Other ways include direct charges to people using our services, subsidies and grants, developer contributions and shared arrangements or partnerships with other organisations.

Where we decide to fund activities or services through rates, Council must determine how much different members of the community contribute and for what (the rating differential).

Quantified Limit on Rates Increases

In this LTP, we have set a limit on the increase in general rates collected per year to a maximum of 12%, before accounting for growth. This limit provides a margin above expected rates rise in each year of the LTP.

General rates cover the general expenditure and services of council, as identified in the Revenue and Finance Policy [link].

This limit does not give an indication of the rates increase on different groups of ratepayers as this will vary according to rating structure, the use of targeted rates, growth in rateable properties, capital value changes, as well as changes in expenditure across council. Because of the proposed changes to the rating structure there is significant variation in rates increases amongst categories of ratepayers in year one of the LTP.

This LTP sees a proposal for a new general rating category for industrial properties, see pg XX. Changes to the rating differential for industrial properties is also proposed for the first year, with further movements in commercial and industrial differentials to achieve a target split in total revenue of 65% residential, 15% commercial and 20% industrial.

Table 1: Key financials for LTP inflated

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Capital Programme ($m)	452	462	352	304	372	330	285	290	291	291
Net Debt ($m)	1,243	1,418	940	949	1,135	1,284	1,373	1,454	1,505	1,542
Debt to revenue ratio (inflated, excluding IFF and Tauriko West, including BVL revenues)	235%	234%	181%	170%	210%	235%	238%	238%	231%	228%
Financial Limit on Borrowing (debt to revenue ratio)	285%	280%	280%	280%	280%	280%	280%	280%	280%	280%
Total Rates ($m)*	322	356	274	294	315	337	362	388	416	446
Total Rates Increase (net growth)	9.7%	9.8%	-24.1%	6%	6%	6%	6%	6%	6%	6%

*Rates breakdown	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
General Rates ($m)	216	244	251	269	288	309	331	358	384	412
Kerbside Collection ($m)	14	15	16	17	18	19	20	22	23	24
Wastewater targeted rate	43	47	0	0	0	0	0	0	0	0
Water by Meter and fixed charge ($m)**	42	43	0	0	0	0	0	0	0	0
Other Targeted Rates ($m)	7	8	7	8	8	9	10	9	9	9
Total Rates ($m)	**322**	**356**	**274**	**294**	**315**	**337**	**362**	**388**	**416**	**446**
Total Rates Increase before growth	10.7%	10.8%	-23%	7%	7%	7%	7%	7%	7%	7%
Assumed growth	1.0%	1.0%	1%	1%	1%	1%	1%	1%	1%	1%
Total Rates increase (net growth)	**9.7%**	**9.8%**	**-24.1%**	**6%**	**6%**	**6%**	**6%**	**6%**	**6%**	**6%**
Limit on rates incease (net growth)	12%	12%	12%	12%	12%	12%	12%	12%	12%	12%

** The large decrease in year three reflects divestment of the three waters activities.

The LTP remains compliant with the limits for borrowing and rates throughout the ten years. Council is confident that it can maintain existing levels of service and meet additional demands for services within the rates and borrowing limits set.

Securities and financial investments

Policy on the giving of securities for borrowing

In the normal course of business, Council offers rates revenue as security for its borrowing, recognising that utilising rates revenue as security lowers the risk involved for lenders and, therefore, will lower the cost of borrowing to the Council.

Council offers security through a Debenture Trust Deed, which allows Council to provide security over rates revenue from time to time made by Council under the Local Government (Rating) Act 2002.

Where doing so would help further the Council's community goals and objectives, Council may offer security over an asset other than rates, on a case by case basis.

Objective for holding and managing financial investments and equity securities

Council's investment objectives are included in Council's Treasury policy. Overall Council holds financial investments to manage its liquidity and funding risks. Its objectives in relation to these investments and equity are therefore that they:

- Contribute to the fundamental objective of managing liquidity requirements and funding risk,
- Protect the capital amount invested,
- Optimise returns in the long-term while balancing risk and return.

Quantified targets for returns on financial investments and equity securities

Council's quantified targets for returns on financial investments and equity securities are:

> they are better than the daily average of call, 30-day, 60-day, and 90-day bank bill rates as published by the New Zealand Financial Markets Association.

Part nine: Other information

Policies for consideration

Alongside the proposals set out in this consultation document, we are seeking feedback on policies that support them. These draft policies are available on our website or from council offices.

Draft Revenue and Finance Policy

We are proposing some changes to this policy, including:

- a new industrial rating category from 2024/25, which introduces a rating differential charged on industrial property capital value at 2.7 times the rate charged on residential property
- a gradual increase in the commercial and industrial rating differentials from 2025/26 to 2027/28 to reach a general rates percentage share of approximately 65% residential, 15% commercial and 20% industrial
- renaming the existing Stormwater targeted rate to Flood protection, which aligns with legislative changes associated with the waters reform
- introducing a new targeted rate for pool owners to replace the current pool safety inspection fee, and spread the cost over three years
- replacing the transportation targeted rate and the community facilities targeted rate with Infrastructure Funding and Financing levies (IFF).

Draft 2024/25 Development Contributions Policy

The Draft 2024/25 Development Contributions Policy and supporting Statement of Proposal are being consulted on alongside the draft Long-term Plan 2024-2034.

Development contributions are an important funding tool used by Council to ensure that developers and the growth community contribute towards the cost of providing infrastructure which enables growth in the city.

The operative 2023/24 Development Contributions Policy is available online.

The draft 2024/25 Development Contributions Policy includes a collection of amendments and improvements to optimise the development contributions system. The major amendments include introducing a Te Papa local development contributions catchment, a charge for 4-plus bedroom residential dwellings and a new charge rate for aged-care facilities. These projects have been in discussion for a number of years and the proposed amendments reflect the outcome of Council's conversations with industry groups and key stakeholders.

Other changes to the 2024/25 Development Contributions Policy are outlined within the consultation documents for the policy and include amendments to:

- Improve the operational efficiency of the policy wording (for example, the process for deferral of development contributions) and reflect legislative changes.

The community can provide feedback on the proposed changes to the policy through the same submission process as the Long-term Plan.

Go to: www.tauranga.govt.nz/development-contributions for a full copy of the draft policy.

For your reference

User Fees and Charges

We have reviewed the User Fees and Charges schedule for the 2024/25 year.

Go to: www.tauranga.govt.nz/council/forms-fees-and-payments/fees-and-charges for a full list of proposed charges.

Other supporting information

You can find the significant forcasting assumptions, strategic direction, groups of activities and performance measures used to develop the Long-term Plan at:

<weblink>

Part ten: Tell us what you think!

How to do a written submission

Complete the online submission form or download at www.tauranga.govt.nz/LTP

Scan your completed submission form and email it to submissions@tauranga.govt.nz

Drop your submission form into He Puna Manawa - 21 Devonport Road, Tauranga or

at your local library

Place your completed form in an envelope and send it to this address (no stamp required):

Freepost authority number 370

Long Term Plan 2024-2034

Tauranga City Council

Private Bag 12022

Tauranga 3143

Submissions close at 5pm on Friday 15th December.

If you're making a postal submission, please ensure we receive it by this deadline.

Things to note

- 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

Need help?

- If you have any questions, or need help with your submission, get in touch and we'll give you a hand:
  Phone: 07 577 7000
  Email: info@tauranga.govt.nz
  In person: Visit He Puna Manawa - 21 Devonport Road, Tauranga

Need more room?

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

Once the Long-term Plan 2024-34 is adopted, submitters will be sent a summary of key decisions.

<privacy statement here>

First Name*:

Last Name*:

Organisation represented (if available):

Postal address*:

Daytime phone number*:

Email address*:

Ethnicity:

◯	NZ European	◯	Māori
◯	Asian (please state)	◯	Pacific (please state)
◯	Other (please specify):	◯	Prefer not to say

Gender:

◯	Male	◯	Female	◯	Gender diverse	◯	Other (Please specify):	◯	Prefer not to say

Age:

◯	Under 16	◯	16-24	◯	25-34	◯	35-44	◯	45-54	◯	55-64	◯	65-74	◯	75-84	◯	85+
◯	Prefer not to say																

How long have you lived in Tauranga?

◯	Less than 1 years	◯	1-2 years	◯	3-5 years
◯	6-10 years	◯	More than 10 years	◯	I have lived here on and off throughout my life

**Compulsory field*

Do you wish to speak to Council in support of your submission (12 -15 February)? ☐Yes ☐No

If so, please indicate whether you would prefer ☐morning ☐afternoon ☐evening

We will contact you to arrange a speaking time. Each speaker is allocated 5 minutes.

Would we be able to contact you again for feedback on other council issues? ☐Yes ☐No

56

Questions

What we're asking you for this LTP:

Community Stadium:

Should we commit to a Community Stadium at Tauranga Domain in this decade?

1. Which option do you prefer?

☐ Option 1: **Staged Implementation (our proposed option)** - Involves the staged development of the community stadium in a manner that ultimately achieves the ambition championed in the preliminary business case but executed in stages rather than as a single-stage project.

☐ Option 2: **Single stage construction within 2024-2034** - Involves taking the approach included in the preliminary business case and working towards an immediate start to construction.

☐ Option 2b: **Single stage construction with deferred start-date** - Involves the same approach as Option 2, but with a delayed start-date.

☐ Option 3: **No further action at this stage** - Council would decide not to include any form of community stadium project in the 2024-34 Long-term Plan process.

2. Any other comments on the community stadium?

Targeted rates:

Should we introduce a new targeted rate for private pool inspections?

3. Which option do you prefer?

☐ Option 1: **Fund private pool inspection costs fully through a new annual targeted rate (our proposed option)** -Targeting rates in this way would spread the cost burden of the pool inspection equally over three years as opposed to one fee every three years.

☐ Option 2: **Keep charge for private pool inspection as a fee** - Not targeting rates in this way would mean that the fee is paid every three years at the time of inspection.

4. Any other comments on targeted rates for pool inspections?

Should we introduce a new targeted rate to fund the development contributions shortfall in West Bethlehem and Pyes Pa West and future development contribution shortfalls due to significant construction delays (Eastern growth areas)

5. Which option do you prefer?

☐ Option 1: **From 2025/26 establish a targeted rate to recover 50% of the backlog from the areas in which it has been caused over 30 years (our proposed option)**. This option would involve an additional targeted rate to West Bethlehem ratepayers of $101 per annum and an additional targeted rate to Pyes Pa West ratepayers of $74 per annum.

☐ Option 2: **From 2025/26 establish a targeted rate to recover all the of the development contributions backlog created by the shortfalls in these areas over the last 30 years** - This option would involve an additional targeted rate to West Bethlehem ratepayers of $202 per annum and an additional targeted rate to Pyes Pa West ratepayers of $147 per annum.

☐ Option 3: **No Targeted rate and transfer reserve balances from development contributions funded debt to rates funded debt over 10 years (status quo).**

6. Any other comments on these targeted rates?

New Industrial rating category:

In addition to our residential and commercial rating categories, should we introduce a new industrial rating category?

7. Which option do you prefer?

☐ Option 1: **Support new rating category "Industrial" defined as land whose primary use is industrial, port, transportation, or utilities networks (our proposed option)**.

☐ Option 2: **Do not support a new "Industrial" rating category.**

8. Any other comments on the new industrial rating category?

Other topics for consideration:

Should we introduce new user fees and charges to ensure everyone is paying their fair share?

9. We want to hear your thoughts on the proposed new fees and charges?

10. Any other comments on fees and charges?

Should we provide more incentives for development that would enable more people to live and work in the city centre?

11. We want to hear your thoughts on the potential of introducing development contribution incentives for the city centre?

12. Or are there any other measures you think Council should take to achieve the desired outcomes for our city centre?

Should we explore SmartTrip variable road pricing to help reduce congestion and fund transport improvements?

13. What is your level of support for using SmartTrip variable road pricing to accelerate Tauranga's investment in a better road network and transport services thereby reducing congestion and carbon emissions?

    ☐Strongly oppose ☐Oppose ☐ Netural/Don't Know ☐Support ☐ Strongly Support

14. Should we work with Waka Kotahi and Government to further investigate SmartTrip through a business case investigation? (This would confirm the benefits variable road pricing could provide and identify solutions which would address any potential negative impacts.)

    ☐ Yes ☐ No

15. We want to hear your thoughts on the possibility of introducing SmartTrip variable road pricing?

Is there anything else you would like to tell us about this LTP? (Including the Draft DC Policy and Draft Revenue and Finance Policy.)

16. Any other comments?

Audit Opinion