



ATTACHMENTS MINUTES

Ordinary Council meeting

Monday, 11 September 2023

Table of Contents

11.1	Infrastructure Funding and Financing Act (IFFA) for funding Tmotp	
	Attachment 1 Tabled document "Updated consultation document with track changes"	4
11.2	Significant Forecasting Assumptions	
	Attachment 1 Attachment 1 corrected table	8
11.7	Draft Financial Information for the 2024-34 Long term Plan	
	Attachment 1 Tabled - Amendments to Financials in Consultation Document, Infrastructure Strategy	9
11.8	2024-2034 - Long-term Plan - Adoption for Audit of draft Long-term Plan Consultation Document	
	Attachment 1 Tabled - Targeted Rates Changes.....	14

Item 13.3

How to pay for the ratepayer funded portion of Te Manawataki o Te Papa

All councils have limits on how much money they can borrow. For fast-growing centres like Tauranga, that can mean the ability to invest in essential new infrastructure, such as transport networks, community facilities and water services, is also limited.

In 2020, the Government introduced the Infrastructure Funding and Financing Act (IFFA) to help fast-growth councils progress approved infrastructure investments which will support new housing and urban development.

Under the IFFA legislation, a long-term levy, paid alongside council rates, is set on properties that benefit from the investment in approved infrastructure projects. Final authorisation of the levy is subject to Cabinet approval.

The IFFA model means Council would own and operate the assets paid for with IFFA levy, but the cost of the investment wouldn't impact on the council's balance sheet. That would give us the debt headroom we need to continue investing in other important community assets while staying within our debt limits. The draft 2024-34 Long-term Plan has assumed this levy will be in place, so the cost of our normal debt-funding arrangements for these projects has been removed from the proposed rates.

The levy would apply to everyone who benefits from the new infrastructure it funds, so everyone would contribute fairly to its cost. Because we can spread debt repayments over a longer period of time (30 years), future residents who benefit from these assets would also contribute.

We're considering developing and submitting an IFFA levy proposal to finance the ratepayer-funded share of the costs of Te Manawataki o Te Papa.

The project – Te Manawataki o Te Papa

We want to apply for IFF funding of \$151.5 million to help pay for Te Manawataki o Te Papa, our civic precinct development. The projects involved include a library and community hub, civic whare (public meeting house), exhibition gallery and museum. The programme of work also includes upgrades to Baycourt and Tauranga Art Gallery, along with the landscaping of the public spaces in this area. In the event that some projects are ineligible to fund as part of the IFF levy Council may look to include associated or related projects or allocate IFF funding to other elements up to the amount of \$151.5m.

Because the whole city would benefit from these improvements, the levy to finance this investment would apply to almost all properties in the city.

The IFF financial model, which calculates the forecast range for the IFF levy, to be paid by rate payers, needs to generate a certain amount of total revenue to meet costs of the IFF facility. Broadly, if the assumed growth in the number of ratepayers over the loan period reduces, the levy revenue flattens in the early years so the levy payable by ratepayers will need to increase but in the later years will reduce (all else being equal) as more ratepayers come to live in Tauranga.

Given these variables we estimate the range of levy - payable by ratepayers – will be between \$107-\$128 for a median residential property and between \$369-\$440 for median commercial property when the levy is proposed to commence in 2026.

