



Tauranga Chamber of Commerce

Submission to Tauranga City Council's draft Long Term Plan 2021-2031

7 June 2021

1 Background

The Tauranga Chamber of Commerce exists to support and champion people in business by connecting and enabling our community, while speaking the voice of business where it matters.

The Tauranga Chamber of Commerce ('the Chamber') has existed as a not-for-profit incorporated society since 1904. Our jurisdiction covers the Western Bay of Plenty subregion. We currently have a membership of close to 700 members, covering more than 6000 business owners and employees, and a database of 7000 members and non-member customers.

The Chamber supports local businesses in a variety of ways. We hold the local contract for MBIE's nationwide Regional Business Partnership ('RBP') network. The RBP connects local businesses with business mentors, vouchers to build capability with local experts, and R&D funding through Callaghan Innovation. We also hold a contract with Tauranga City Council to provide 240 x free 1-hour sessions for aspiring or near new business owners annually as part of the Smart Economy Strategy, which equates to roughly 3% of our total annual revenue.

2 General Comment

Chamber members are generally supportive of the Commissioners' leadership, expertise and capability to make decisions, given the relatively short nature of your term.

We also appreciate the Commissioners' efforts to thoroughly consult the community before and during the formal consultation period for this Long-term Plan (the 'Plan'). You have far exceeded your estimated weekly commitments initially suggested by the Ministry of Local Government.

The Chamber recognises that the Commissioners only had a few weeks to make decisions on this draft Plan to ensure it meets legislative deadlines. The Chamber would support the Commissioners in further refining this Plan before the Commissioners' term expires in October 2022, via an LTP Amendment process in accordance with the Local Government Act.

This submission provides the Chamber's overall support for the proposed Plan. While our members will have feedback on individual projects included within the Plan, it is more appropriate for the Chamber to speak broadly on the areas of the Plan that affect our business community, and to encourage and support our members to participate in the consultation processes on specific projects.

The Chamber has formed this submission based on discussions with the Chamber’s Business Advisory Group and Chamber Board members. We have also requested feedback on key issues from members over the past several months through our regular events, our annual member survey, and direct correspondence with members.

3 Community Outcomes

The Chamber is supportive of the balanced approach to these community outcomes, particularly recognising Tauranga’s integral role to the wider region and North Island. Sometimes our community’s focus on local issues can lose sight of the bigger opportunities for our city and its contribution to the nation’s economic prosperity.

4 Financial Strategy

4.1 Other Funding & Financing Sources:

Despite the resolutions of the SmartGrowth Leadership Group on 1 July 2020 for item [UFTI/SG Joint Spatial Plan Implementation: Funding and Financing Investigations and Opportunities](#), it appears that this draft Long-term Plan continues the status quo of primarily relying on property rates and debt with LGFA. It is disappointing that this important work, shared across the three-partner councils, has not featured in any of their draft Long-term Plans.

It is important that the SmartGrowth partner councils complete this research into better funding and financing mechanisms so the Western Bay of Plenty sub-region can be a leading contributor to the Minister of Local Government’s upcoming review, [Future for Local Government](#).

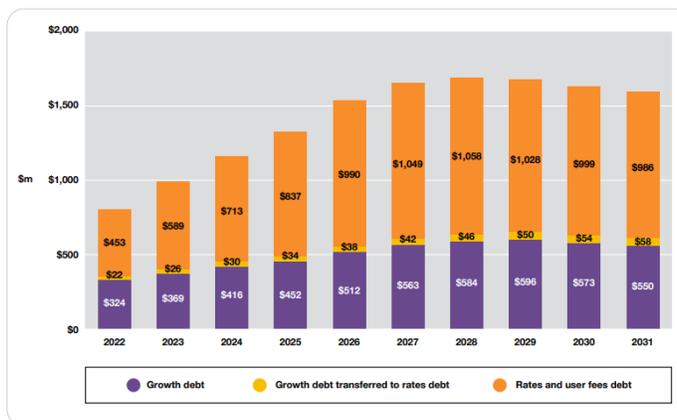
The Chamber is pleased to hear that some Commissioners have expressed interest in exploring alternative financing and funding methods to deliver the city’s critical infrastructure. While the Chamber would have preferred the above research to have progressed further than is currently apparent, the Chamber supports the Commissioners in progressing this work once this Long-term Plan project is completed. This is a key reason why the Chamber supports the Commissioners to amend the Long-term Plan in next year’s annual plan process, if necessary.

4.2 Debt Management:

The Chamber supports the proposed targeted rates to support delivery of infrastructure and to maintain Council’s debt to under 280% of its debt to revenue ratio.

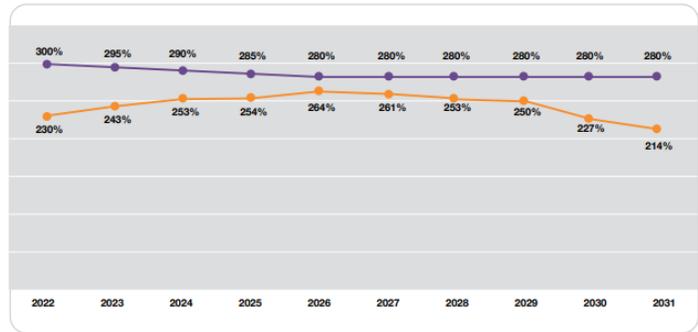
Notwithstanding, the Chamber questions the reality of *Graph 8: Annual Debt Profile* on page 20 of the Financial Strategy, as it is unlikely that the city’s debt will plateau and taper off from 2030 onwards against SmartGrowth’s population forecasts. A core reason why Council’s debt tapers off is because the Council is unable to provide detailed CAPEX plans beyond six years out.

Graph 8: Annual Debt Profile



It is an example of the point raised below regarding the Council’s forecast CAPEX to 2051. If the Council is to successfully manage the city’s forecasted population growth through to 2051 and continue with the current Financial Strategy of primarily relying on property rates and LGFA debt, it is likely the city’s long-term net debt trend will continue increasing (excluding assumptions around the Government’s three water reforms).

Graph 9: Debt to revenue ratio against proposed borrowing limit



Even without detailed CAPEX plans and taking into account the additional revenue from the curbside rubbish collection, Graph 9 shows that the Council is still running very close to its debt to revenue ratio ceiling. This is why it is important for the Council to provide a strong leadership role in supporting the upcoming [Future for Local Government](#) ministerial review.

5 Infrastructure Strategy

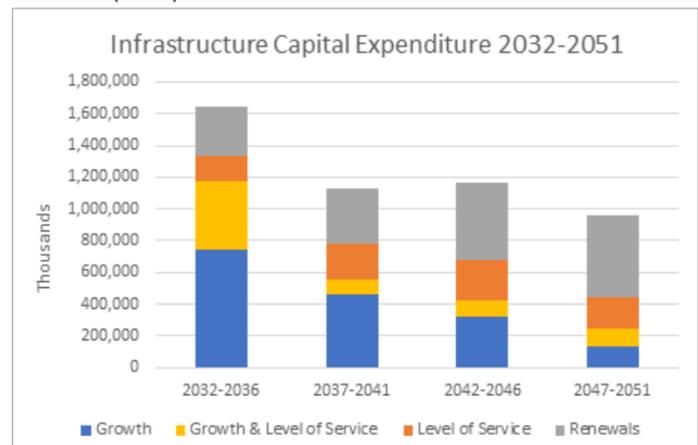
5.1 Growth and infrastructure planning:

The Infrastructure Strategy states that by 2050, the Western Bay of Plenty sub-region’s population is expected to exceed 210,000, resulting in 95,000 additional homes to be built, and for two million additional transport movements per day within the next 30 to 70-plus years. While these figures include the full sub-regional totals, the bulk of the population growth and infrastructure expenditure will be within Tauranga City Council’s boundary.

The CAPEX 2032-51 graph from page 18 of the draft Infrastructure Strategy (2021-2051) appears to be inconsistent with the forecast growth referenced above. It is rare for capital expenditure to have an inverse relationship with a growing population.

The main reason for emphasising this matter to ensure the SmartGrowth partners lead a well-informed, evidence-based conversation with the Minister of Local Government’s upcoming review - [Future for Local Government](#). People who see this Infrastructure Strategy at face value will likely interpret a different meaning that does not reflect the magnitude of the local government funding challenge. It also emphasises the need for the three SmartGrowth partner councils to complete the research into [UFTI/SG Joint Spatial Plan Implementation: Funding and Financing Investigations and Opportunities](#).

Indicative capital expenditure



If the CAPEX 2032-51 graph from page 18 assumes the Government’s Three Waters programme goes ahead, then the Chamber recommends that this assumption is made clear.

5.2 Key proposal 1: Residential and business land supply investment

The Chamber supports the Council's planning processes to date to increase residential and business land supply. The Chamber also supports the Council's overall approach to increasing housing supply to cater to our growing population.

One of the main costs for business owners is their personnel resourcing. Staff are asking for higher wages as the cost of owning and/or renting a home in Tauranga has increased over the years. The lack of suitable housing and rental supply is making it harder for businesses to recruit staff in the current tight labour market conditions. Many businesses want to grow by employing more staff, but as Tauranga's housing affordability is similar to Auckland (relative to average incomes), the lack of housing choices is becoming an increasing difficult barrier for employers to recruit. The Council will support the city's economic wellbeing by ensuring the local workforce has a range of housing options so local businesses can grow by attracting suitably skilled personnel.

5.3 Key proposal 2: Transport investment

Because of the region's geography, the ability to move around Tauranga is largely constrained by just a handful of harbour crossings, which happen to be State Highways managed by NZTA. While the city's long-term transport vision should not be determined by the Government Policy Statement (GPS) of the day – which changes every three years with a new Government – the Chamber acknowledges that our transport network is largely at the mercy of Government's State Highway network and the region's roading authorities need a strong relationship with NZTA.

Therefore, given the region's circumstances, the Chamber supports the Council's efforts to date on the Transport System Plan. Ensuring there are robust transport corridors, aligned with the Council's housing intensification plan, makes good pragmatic sense to successfully manage our forecast population growth. As the sub-region's population grows, the city's ability to manage peak commuter congestion will be highly dependent on the successful transition towards modal shift and other demand management tools. To free up our roads at peak commuter times, there needs to be greater coordination between Tauranga City Council, Bay of Plenty Regional Council and NZTA in the immediate future. As part of the upcoming [Future for Local Government](#) review, the Chamber will be asking questions on who is best placed to deliver the passenger transport solution as the current split model results in counter-productive, finger-pointing between the organisations. Overall, the split model creates a failure of leadership to take ownership of the achievement of outcomes.

On another matter, the Chamber strongly encourages Tauranga City Council to build on [former Tauranga Mayor Tenby Powell and Hamilton Mayor Paula Southgate's joint statement to establish a Hamilton-to-Tauranga \(H2T\) corridor](#). This corridor follows on from the highly successful Auckland-to-Hamilton corridor partnership between Local and Central Government and it leverages the growing relationship between the Port of Tauranga and Tainui Group Holdings. The H2T is strongly supported by the Waikato and Tauranga Chambers of Commerce, and we continue to grow support for H2T on both sides of the Kaimai Ranges. This matter is critical to the success of the community outcome: to recognise Tauranga's integral role to the wider region and North Island.

5.4 Key proposal 3: Community facilities investment

The Chamber acknowledges that residential rate funding is allocated to projects and services that provide mutual benefits to businesses and residents, such as transport, infrastructure to enable housing, city

planning, and CBD rejuvenation. Therefore, the Chamber supports the intent to increase the commercial rates differential to pay for more social and residential amenities. It has been accepted by many of our members that this is part of the package of making it easier for local businesses to attract and retain a robust workforce, particularly when those projects support attracting skilled people from other regions.

5.5 Key proposal 4: City centre investment

Refer to the Chamber's overall CBD points below.

5.6 Key proposal 5: Resilience

The Chamber supports the Council's plan to future-proof the city's critical and lifeline infrastructure against the risks of rising sea levels and more intense weather events. The Chamber would like to see the investments resulting in lower operating costs in the long-term, and less downtime due to infrastructure 'failings', compared with a do-minimum scenario.

6 Rates

The Council proposes a range of changes to the rating system and the Chamber provides overall support for those changes. This support also comes with increased expectations for delivery and progress to be made on the city's most critical issues. The Chamber trusts the Commissioners to ensure the Council is being optimally resourced, is focused on addressing priority issues and is held accountable for its service delivery.

6.1 Commercial Rates Differential:

A common view among Chamber members is that they are willing to invest more towards successfully managing Tauranga's growth once they know the plan and have confidence that the plan will be delivered. The Chamber supports the Council's proposed increase of the commercial rates differential to 1.6 of the residential rate.

6.2 Targeted Rates:

The Chamber supports the Council's proposed targeted rates. This new approach is supported by our members as it raises funds for a specific purpose (i.e. ring fences the funds), and increases transparency and accountability for how the funds are used. This approach is seen as being more favourable than raising rates for general funds. As previously noted, the Chamber supports the debt retirement component within the targeted rates to ensure the Council can continue to deliver critical infrastructure within its LGFA debt to revenue funding limits.

7 City Centre / CBD

7.1 General Support

Chambers of Commerce across New Zealand are championing for councils to support CBD projects as part of the Covid-19 recovery. Auckland, Hamilton, Tauranga, Rotorua, Wellington, Christchurch and Queenstown CBDs are facing similar issues, including transport and parking, competition from suburban shopping precincts, mixed-model work-from-anywhere environments, interruptions from construction projects, and increasing demand for social services (e.g. homelessness).

We support the Council's approach to invest in projects that is within the Council's area of expertise, such as street scaping and public spaces. We support the Council to continue to work alongside developers who are investing in the CBD.

7.2 Council's Office Accommodation

We also support the Council's proposed office accommodation solution. Enough time has passed from the initial temporary fix and the community needs a pragmatic and efficiently functioning workplace for Council's staff and its operations. Keeping most Council's staff in the city centre is important to retain the CBD as the commercial, cultural and civic heart of the Western Bay of Plenty subregion.

7.3 Carparking

Carparking is a major issue and we support Downtown Tauranga's requests for better parking and pedestrian tracking/counting tools. This will help safeguard the CBD's progress from some anecdotally-based arguments. Having reliable tracking metrics will help with community buy-in and council decision-making.

There also needs to be a reset of the CBD carparking approach with a permanent solution as the constant changes are confusing residents and customers. The Chamber supported the 2-hour free carpark trial as a response to Covid-19, but there are a number of people abusing this due to the lack of enforcement and low infringement fees. The Chamber supports the pragmatic approach of [Hamilton City Council](#), which includes free on-street CBD parking for up to two hours, with a \$6 per hour charge for the third and subsequent hours.

The Chamber is highly disappointed by the eventual outcome of the Council's Harington Street carpark building. The business case developed for the Council's LTP 2015-2025 demonstrated that the parking facility was needed back then, but it appears that a new carparking building has effectively been cancelled several years later.

8 Council Staff and Consultant Resourcing

The Chamber trusts that the Commissioners will ensure the Council organisation is fit-for-purpose to deliver the capital works programme that is critical to keep up with the city's population growth. As discussed above, New Zealand is facing a shortage of skilled staff. The Council must deliver its proposed infrastructure programme to improve social and economic wellbeing outcomes for the city. Its proposed infrastructure programme is also the largest and most complex ever proposed by the Council, so the Council needs to ensure it is resourced appropriately to deliver. This also includes properly resourcing the planning, building and regulatory departments to ensure processing times meet the increased demand.

On a separate matter, a few stakeholders within the events industry have shared positive feedback about the 'can-do' attitude of the Council's events team. The Council's events team plays a critical role in supporting externally managed events that happen on council-owned land/venues. The team essentially helps to broker and support other event managers to receive the necessary approvals from different council departments (e.g. traffic, parks and open spaces, liquor licencing, waste etc). The Chamber congratulates the approach taken by the Council's events team as it helps to inject private and community sector investment into creating the city's vibrancy.

The Chamber would support the Council extending this approach to other departments, particularly in the building and regulatory teams. Anecdotally, the Chamber is aware of some construction businesses who employ former Tauranga City Council staff to help them navigate Council's regulations and procedures because of the challenges and obstacles they have recently experienced. These businesses

also tell us they do not need to employ these additional staff members in other cities because those councils have a 'can-do' attitude, similar to Tauranga City Council's event team.

9 Support and Compensation for Impacted Businesses

For major projects, such as *Futureproofing Cameron Road*, the Chamber would like the Council to extend its learnings from how it supported stakeholders during the Durham Street project. It was important to have a 'go-to' person who was able to engage businesses and residents, share information, and help broker reasonable solutions for impacted businesses was appreciated, particularly as the project began to face significant extended delays and pain-points for frustrated business owners.

Cameron Road construction will cause significant disruption for businesses over a period of time. The Chamber encourages the Council to strongly consider the [frustrations that are building in Auckland between Government, Councils and business owners who are facing significant construction delays and continued disruptions](#).

The Chamber would like the Council to research how it could appropriately support and compensate businesses, whose livelihoods are at stake and may experience anxiety and financial stress, from a large-scale public project on their doorstep for a significant period of time. The Chamber believes having this research and decision on support and compensation completed before the construction starts may ease business owner anxiety and friction towards the projects.

10 User Fees and Charges Policy

The Chamber supports the increase in fees for planning, building and regulatory services providing that it results in better resourced units. Fee increases of this degree need to result in:

- better resourced departments;
- improved processing times and reduced time delays; and,
- better customer communication and live-progress updates.

These improvements are particularly important where businesses must receive Council approval of permits, licences or consents before they can operate.

11 Rate Postponement Policy

It is becoming increasingly harder for businesses to gain cashflow finance from mainstream institutions. Not all businesses are performing strongly in this post-COVID-19 economy, primarily due to closed borders and supply chain delays. There are a number of businesses that are facing increased office leasing costs and staff shortages.

Many businesses lease their properties. For the few businesses that own at least 25% of their property, the Chamber hopes the Council will modernise its rates postponement processing and make it easier for ratepayers to apply.