

Property Council New Zealand

Submission on Draft Tauranga City Council Climate Action and Investment Plan

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For more information and further queries, please contact

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Draft Tauranga City Council Climate Action and Investment Plan

1. Summary

- 1.1 Property Council New Zealand Central Committee (“Property Council”) welcomes the opportunity to provide input on the Tauranga City Council’s Climate Action and Investment Plan. We wish to thank Tauranga City Council for taking a leadership role in proposing a clear ‘roadmap’ to achieving action in emission reductions and climate adaptation for Tauranga.
- 1.2 Property Council believes in the importance of ‘whole of system’ approach to emission reduction and climate adaptation, where the public, private and charitable sectors collaborate to achieve clear and socially sustainable environmental objectives. We have made a list of recommendations on specific aspects of the Climate Action and Investment Plan, in order to make practical improvements that will support emission reduction.

2. Recommendations

- 2.1 At a high level, we recommend that Tauranga City Council:
 - Develops viable, alternative approaches to funding and financing the Climate Action and Investment Plan for inclusion in the upcoming Long-term Plan;
 - Robustly engages with the private sector ahead of any decision on road charging; and
 - Works with other stakeholders to plan for the impact of transport electrification on electrical grids and other supporting infrastructure, while focusing on minimising costs to consumers.

3. Introduction

- 3.1 Property Council is the leading not-for-profit advocate for New Zealand’s most significant industry, property. Our organisational purpose is, “Together, shaping cities where communities thrive”.
- 3.2 The property sector shapes New Zealand’s social, economic and environmental fabric. Property Council advocates for the creation and retention of a well-designed, functional and sustainable built environment, in order to contribute to the overall prosperity and well-being of New Zealand.
- 3.3 Property is the largest industry in the Bay of Plenty. Property provides a direct contribution to the Bay of Plenty GDP of \$2 billion (13 percent) and employment for 11,730 Bay of Plenty residents.
- 3.4 Property Council is the collective voice of the property industry. We connect property professionals and represent the interests of 66 Bay of Plenty based member companies across the private, public and charitable sectors.

3.5 This document provides Property Councils feedback on Tauranga City Council’s Climate Action and Investment Plan. Comments and recommendations are provided on issues relevant to Property Council’s members.

4. Funding the Climate Action and Investment Plan

4.1 Property Council welcomes the intent of Tauranga City Council’s proposed Climate Action and Investment Plan. In our view, its long-term success will hinge on developing a viable and financially sustainable approach to funding and financing the proposed actions.

4.2 Property Council notes that many of the proposed actions are currently unfunded, with the estimated costs varying from minor to significant. For example, a significant unfunded action is the implementation of the ‘Transport System Operating Framework’, which seeks to reduce transport emissions. Whereas a more minor unfunded proposal is the ‘community awareness programme’ on urban intensification.

4.3 Many of the unfunded actions are planned to be incorporated into the upcoming 2024-2034 Long-Term Plan or have the potential to be so. We wish to congratulate Tauranga City Council for proactive and early consultation on proposed aspects of the Long-term Plan and providing the opportunity for early input.

4.4 Property Council believes that the current approach to local government funding and financing has presented a range of constraints that makes it difficult for both the private and public sector to respond to urban growth pressures. Tauranga is one of New Zealand’s fastest growing urban areas which require alternative approaches to the current status quo, such as rating differentials.,

4.5 For example, the current reliance of local government on business rating differentials creates significant harm to the business sectors vitality and proves to be a barrier to investment in areas such as CBD revitalisation. Property Council’s 2022 submissions on the Tauranga City Council Annual Plan and Tauranga City Council’s Long-term Plan Amendment explain the likely outcomes of ratings differentials in greater detail.

4.6 To ensure long-term success, Property Council recommends that Tauranga City Council undertakes work to develop viable and alternative approaches to funding and financing for inclusion in the upcoming Long-term Plan. Examples of Property Council’s preferred approach are discussed below.

4.7 Property Council also supports Tauranga City Council to work closely with central government to unlock joint funding for the proposed climate actions. Co-funding climate action with central government alleviates part of the burden of the burden on local ratepayers.

Preferred approach to funding and financing for local government

4.8 Property Council has consistently advocated for the use of transparent, beneficiary pays alternative funding models for local government, especially in terms of delivering critically needed infrastructure. Examples of these models include targeted rates, user-pays systems, and Special Purpose Vehicles (“SPVs”) as enabled under the Infrastructure Funding and Financing Act (“IFF”). Our approach is also consistent with the recommendation of the New Zealand

Productivity Commission that local government should adopt a more transparent approach to rating tools and other funding sources¹.

- 4.9 Property Council supported the recent decision of Tauranga City Council to utilise SPVs for projects such as the 'Transport System Plan', which resulted in \$175 million in additional infrastructure funding. We also supported Auckland Council's 2022 decision to implement a Climate Action Targeted Rate, to fund specific climate actions (such as transport improvements, urban tree cover, etc.) within the Auckland region. Both of these examples transparently delivered new sources of funding for local government and are ring-fenced to the specific purpose of the project.

5. Transport Emissions

- 5.1 Tauranga City Council has identified transport emissions as the largest source of emissions in Tauranga and proposes a series of measures to reduce transport emissions. One of the key transport proposals is an updated 'Transport System Operating Framework' that focuses on the following objectives:

- route and bridge resilience;
- walkways and cycleways;
- bike parks in the city centre;
- park-and-ride opportunities; and
- assessing the potential for a road charging scheme.

- 5.2 While Property Council welcomes an updated and 'whole of system' approach to transport in Tauranga, we have a number of specific comments and recommendations to share.

- 5.3 Tauranga and the wider Bay of Plenty region is experiencing significant urban growth, it is critical that we collectively develop a transport system that is effective at moving people and freight across the region. Transport improvements are critical for achieving Tauranga's infrastructure, productivity and economic growth ambitions. Given Tauranga's position as major hub within the 'Golden Triangle', alongside Auckland and Hamilton, transport investment has effects on growth and investment in other parts of the North Island.

- 5.4 Property Council supports investment in public transport across Tauranga and welcomes Tauranga City Council exploring the development of alternative modes of transport. However, a balance needs to be struck with preserving the successful elements of the current roading network, and ensuring sufficient freight access the region.

- 5.5 It is important to ensure that there are choices in place and operating, ahead of encouraging mode shift. Failure to stage transport changes in this order will result in significant harm to policy objectives such as re-vitalising the CBD and will discourage future business investment. It is also important that Tauranga City Council actively explores all potential avenues of central government funding for transport improvements, to alleviate the burden on local ratepayers.

- 5.6 Property Council supports a balanced approach to transport investment, between preservation of the existing road network and investment in transport alternatives. In terms of preservation of the existing roading network, we note central government's strong commitment to electric

¹ Local government funding and financing. Retrieved from <https://www.productivity.govt.nz/inquiries/localgovernment-funding-and-financing/>

vehicles as a climate solution. It is vital that Tauranga City Council future transport investments provide for a wide range of options (from public transport, regional freight movement through to electric vehicle capability), to enable choice, support business investment and drive emission reductions.

- 5.7 Property Council supports Tauranga City Council's proposal to explore a road charging system. However, we also believe that it is important for viable alternative transport options to be available to people and goods, alongside the implementation of any proposed road charging system. Property Council recommends that Tauranga City Council robustly engages with the private sector ahead of any decision on road charging, to ensure the delivery of an efficient and effective transport system.
- 5.8 Tauranga City Council is also proposing to further develop electric vehicle charging infrastructure and to work with partners to explore electrification of the bus fleet. Property Council supports both of these proposed actions, as they will support emission reduction and provide additional transport choices. However, it is important to note that it will place a greater burden on Tauranga's electrical grid and impose costs on the system. We recommend that Tauranga City Council works closely with other relevant stakeholders to ensure Tauranga's infrastructure is prepared and can manage this eventuality, while seeking to minimise costs to consumers

6. Land-use and built environment

- 6.1 Tauranga City Council has identified emissions from land-use and the built environment as the second largest source of emissions. Key elements of the proposed approach include implementing the Smart Growth Agenda, exploring the further development of the Western Corridor (Tauriko, Te Papa peninsula, through to Mount Maunganui) as a potential transport route as well as continuing the Cameron Road urban transformation project.
- 6.2 At a high level, Property Council welcomes the Smart Growth Agenda and looks forward to further engagement with Tauranga City Council in this space. While we are supportive of urban transformation in the CBD and along Cameron Road, we would also stress the importance of balancing investment in alternative transport modes with preservation of the existing roading network. This is in order to encourage additional investment in new development across Tauranga.

7. Other matters

- 7.1 Property Council also supports Tauranga City Council adopting an approach that incorporates climate impact into procurement practices and supports local procurement where possible. Local procurement of building supplies and other materials can support emission reduction by reducing the associated transport emissions with procurement from less local sources.

8. Conclusion

- 8.1 Property Council supports the intent of Tauranga City Council in developing the Climate Action and Investment Plan. In order to ensure the long-term success of the plan, we recommend that Tauranga City Council develop viable, alternative approaches to funding the climate actions proposed in the plan. We also stress the importance of balancing investment in alternative transport modes with preservation of the existing roading network to give more choice and flexibility.

- 8.2 Property Council members invest, own, and develop property in Tauranga. We wish to thank Tauranga City Council for the opportunity to submit on the Climate Action and Investment Plan, as this gives our members a chance to have their say in the future of our city.
- 8.3 Any further enquires do not hesitate to contact Logan Rainey, Advocacy Advisor, via email: Logan@propertynz.co.nz or cell: 021410787.

Yours Sincerely,



Morgan Jones
Central Committee Chair