



Submission by

**The Employers and Manufacturers Association**

to the

**Tauranga City Council**

on the

**Long Term Plan 2024-2034**

**December 2023**



## **About the Employers and Manufacturers Association (EMA)**

The EMA has a membership of more than 7,500 businesses, from Taupō north, with its employing around 300,000 New Zealanders.

The EMA provides its members with employment relations advice from industry specialists, a training centre with more than 600 courses, and a wide variety of conferences and events that support businesses to grow.

The membership covers all industry sectors and all business sizes. The EMA has a duty to members to keep them informed on changes being planned that will both positively and negatively alter the way they manage their business. We actively encourage our members to be more proactive, enabling them to mitigate the slow and unrelenting changes that are unfolding.

The EMA also advocates to bring change in areas that can make a difference to the day-to-day operation of our members, such as RMA reform, infrastructure development, employment law, skills and education and export growth.

## **Contact**

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## **Introduction and background**



Thank you for the opportunity to give feedback on the Tauranga City Council's Long-Term Plan 2024-2034.

Our mandate is to advocate on behalf of business, with a mission is to make business more successful. The Employers and Manufacturers Association (EMA) has as a long-standing Tauranga office and a strong interest in seeing the region grow.

The EMA has over 800 member businesses in the wider Bay of Plenty region, with many based in Tauranga or who are supported by the Tauranga eco-system including ports, roads, services, labour.

Tauranga has had historic under-investment in infrastructure. To enable businesses to continue to grow and thrive, and support our communities, we believe investment in infrastructure is key to unlocking potential. We support Tauranga City Council and the Commissioners for their long-term thinking and their vision to develop a vibrant, functional city as well as further developing the wider Tauranga area.

We are, however, cautious around increasing costs for business, especially big jumps in short periods of time. Many businesses are struggling with both the current economic environment as well as with the many other increased costs that businesses have experienced in the last few years.

### **1. *Should we introduce a new industrial rating category?***

*We do not support a separate industrial rating category, and recommend the council goes with Option 2- retaining the status quo.*

The EMA does not believe that industrial properties have a higher impact on infrastructure and transport owned by Tauranga City Council compared to the rest of the commercial sector.

The broader commercial sector (including industrial) is already contributing to transport through the Transport System Plan levies, as well as through road tolls and other mechanisms.

Additionally, the industrial sector in Tauranga uses mostly infrastructure (state highways) that are under the jurisdiction of central government.

A separate industrial property rating would result in the industrial sector unfairly paying twice for transport infrastructure.

Selective and inequitable treatment of property and business types in this way also opens up an unprecedented risk across New Zealand and could see other councils pick and choose winners, which is not within their remit and could negatively impact business certainty and investment in regions.



*We do not support the increase to overall rating differentials.*

The EMA has always opposed differential general rates for business. This is because there are certain services that residents use but businesses do not. An alternative approach to cover the shortfall would be to make greater use of user charges, which are generally much lower than allowed.

In our submission on both the Long-Term Plan Amendment and the Annual Plan 2022-23, we advised we preferred the rating differential to stay at the status quo. Given the need for investment in infrastructure, however, if the wider business community was supportive of a slight, temporary raise in differential rate than we weren't opposed to that as an option if it was reviewed regularly and with a view to reducing the commercial differential on the general rate as quickly as possible.

We do not support further raises to the commercial differential and believe that the Council should now look to a staged reduction of the differential to an equitable level. This could be done by replacing the differential with alternative funding mechanisms that are fairer and more targeted. This would also allow for better transparency as to where funds are being spent.

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

*We do support exploring variable road pricing to help reduce congestion and fund transport improvements.*

Variable road pricing has the potential to reduce congestion, increase productivity and result in economic and social benefits. There are, however, some factors we believe need to be considered before introducing variable road pricing:

- Tauranga's public transport is still inadequate across service coverage, reliability, and safety; this will need to be addressed before implementing variable road pricing.
- Solutions to the inequity issues that may be caused by variable road pricing need to be explored. It is noted, however, that the impacts of the current system are already causing issues albeit not as obviously as a charge to the public. This includes long commute times, access to employment and housing / rental unaffordability.
- Wider public feeling about the concept appears to be negative. Without addressing the above issue there is the risk of strong community objections. We therefore recommend strong, clear communication, not just around the concept of variable road pricing but also of the other mechanisms that will surround it to ensure the public is fully understanding of what it means.

## **Conclusion.**

We acknowledge the need for stronger investment across infrastructure, transport, and services in the city. However, we encourage Tauranga City Council to be cognisant of the pressure on businesses and, where possible, look to reduce costs on business and explore alternative funding models to enable the commendable vision the Council has for the city.



We do not support the proposed introduction of an industrial property rating category, nor the proposed increase of rating differentials across Tauranga. We do, however, support exploring the concept of variable road pricing.

Thank you for the opportunity to submit on Tauranga City Council's Long-Term Plan 2024-2034.