

Māngere-Ōtāhuhu Local Board's Submission: Infrastructure funding and financing bill (IFFB)

LOCAL BOARD POSITION

1. The Māngere-Ōtāhuhu Local Board support in principle the Infrastructure funding and financing bill. As the Bill's outcome resonates throughout the local board's local board plan (2017) in particular, *Facilities to meet diverse needs*, outcome.

IN ADDITION, THE MANGERE-OTAHUHU LOCAL BOARD:

2. Supports the IFFB to access budgets towards accelerating infrastructure development to meet the communities current and future needs.
3. Supports the levy procedure and special purpose vehicle (SPV) tool to cover infrastructure costs.
4. Supports engagement to include local boards as levies are charged on rates notices, that will ultimately impact on communities in the local board areas where these projects will be delivered.
5. Support local boards collaborating with the project provider to assist in ensuring that local context is considered at the project planning phase.
6. Support the IFFB's 'the recommender', whose role is to provide independent advice to the Minister for Urban Development on a levy proposal and whether to recommend the use of a levy. The IFFB intends for the recommender to safeguard the interests of levy payers through the provision of that advice.
7. Support that the IFFB establishes 'the monitor', to ensure that SPVs comply with the relevant acts and levy orders to safeguard for the Crown and levy payers once a levy order has been made. It also allows:
 - the monitor to recommend that the Crown step in to manage the SPV until any significant problems are resolved

- consider and determine any objection by a person subject to the levy as to the accuracy of the levy assessed to that person.
8. Support a local authority endorsement mechanism to safeguard the legitimate interests of the local authority in which the assets will vest in. As the proposal for a levy must receive an asset endorsement and a levy endorsement before the Minister recommends it to the Governor-General.

Memorandum

18 February 2020

To: Chris Makoare, Chairperson – Maungakiekie-Tāmaki Local Board; Debbie Burrows, Deputy Chairperson – Maungakiekie-Tāmaki Local Board; Nina Siers, Relationship Manager – Maungakiekie-Tāmaki and Puketāpapa Local Boards

cc: Christie McFadyen, Senior Local Board Advisor – Maungakiekie-Tāmaki Local Board; Andrew Duncan, Manager Financial Policy

Subject: Urgent decision request of the Maungakiekie-Tāmaki Local Board

From: Mal Ahmu, Local Board Advisor – Maungakiekie-Tāmaki Local Board

Purpose

1. To initially seek the local board relationship manager's authorisation to commence the urgent decision-making process and if granted, seek formal approval from the chair and deputy chair (or any person acting in these roles) to use the process to make an urgent decision.
2. The decision required, and the supporting report, are attached to this memo. The urgent decision being sought needs to be authorised by the chair and deputy chair (or any person acting in these roles) by signing this memo. Both this memo and the report will be reported as an information item at the next business meeting if the urgent decision-making process proceeds.

Reason for the urgency

3. There is an opportunity for Auckland Council to make a submission to Central Government regarding the Infrastructure Funding and Financing Bill
4. Submissions are due on 9 March 2020. The Planning Committee will be considering the draft Auckland Council submission at its 5 March 2020 meeting. To meet these timeframes local board feedback is due on 19 February 2020.
5. An urgent decision is required as the next Maungakiekie-Tāmaki Local Board business meeting is on 25 February 2020.
6. All formal local board feedback will also be attached verbatim to the final Auckland Council submission.
7. The urgent decision will be reported to the full local board during the next scheduled meeting on 24 March 2020.

Decision sought from the chair and deputy chair (or any person acting in these roles)

That the Maungakiekie-Tāmaki Local Board:

- a) provide feedback on the Infrastructure Funding and Financing Bill.

Context

8. In August 2019, council approved a submission to the New Zealand Productivity Commission's *Local government funding and financing: draft report*. The regional council submission supported the continuation of the development of Special Purpose Vehicles

(SPVs) to allow capital to be raised off the council's balance sheet for investment in infrastructure and noted that legislation would be required to provide a funding stream through SPVs.

9. The Maungakiekie-Tāmaki Local Board provided formal feedback on the New Zealand Productivity Commission's *Local government funding and financing: draft report*, this was attached verbatim to the regional submission and endorsed in principle the proposed new tool of Special Purpose Vehicles (SPVs) to support high growth councils approaching their debt limits to continue to invest in development of greenfield areas only.
10. The Infrastructure Funding and Financing Bill proposes that finance is raised for infrastructure projects (or bundles of projects) through a Special Purpose Vehicle (SPV). The SPV will be a stand-alone entity that will support urban development projects to begin sooner than council funding for infrastructure allows.
11. Key points of the proposed Bill:
 - SPVs will be independent from local authorities
 - this tool will help to make the cost of new infrastructure more transparent and will spread the costs by way of a levy so the cost falls primarily on the landowners who benefit, including over time and across generations.
 - the levy would be in place until the infrastructure is paid off by those who are expected to benefit. When a property is sold, the new owner would pay the levy. This levy would be collected by councils via their normal rates collection mechanisms on behalf of the SPV
 - all infrastructure assets built using the tool would transfer to the relevant public body, who will be responsible for the ongoing operation and maintenance of the new assets. Prior to an agreement on an SPV proposal, endorsement will be sought from the council

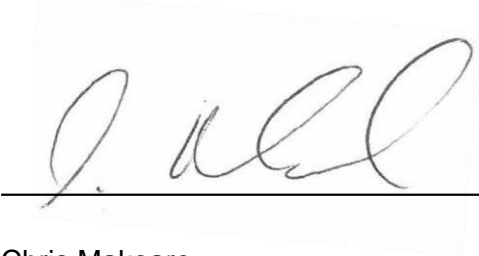
Authorisation of the urgent decision-making process



Signed by Nina Siers
Relationship Manager, Maungakiekie-Tāmaki Local Board

Date: 18/02/2020

Approval to use the urgent decision-making process



Chris Makoare
Chairperson, Maungakiekie-Tāmaki Local Board

Date: 18/02/2020



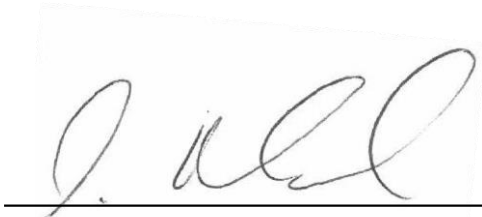
Debbie Burrows
Deputy Chairperson, Maungakiekie-Tāmaki Local Board

Date: 18/02/2020

Maungakiekie-Tāmaki Local Board Resolution/s

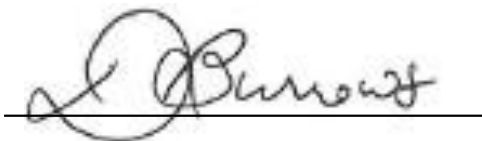
That the Maungakiekie-Tāmaki Local Board:

- a) note that the local board area has a significant level of urban development planned and currently in progress and that this Bill could have potential impacts on the Maungakiekie-Tāmaki community
- b) note that the local board provided feedback on the New Zealand Productivity Commission's *Local government funding and financing: draft report* and supported in principle the use of Special Purpose Vehicles in greenfield developments only (MT/2019/126)
- c) endorse in principle the proposed new tool of Special Purpose Vehicles (SPVs) to support high growth councils approaching their debt limits to continue to invest in development of greenfield areas only.
- d) recommend that public consultation be mandatory if a Special Purpose Vehicle is used for projects involving existing homeowners, so that the community have the opportunity to share their views on a potential levy that could affect them.



Chris Makoare
Chairperson, Maungakiekie-Tāmaki Local Board

Date: 18/02/2020



Debbie Burrows
Deputy Chairperson, Maungakiekie-Tāmaki Local Board

Date: 18/02/2020

Urgent Decision Memo

19 February 2020

To: Manoj Ragupathy , Relationship Manager Papakura & Manurewa Local Board
cc: Papakura Local Board Chair and Members
From: Paula Brooke - Democracy Advisor

Subject: **Urgent decision - Papakura Local Board input into Infrastructure Funding and Financing Bill**

Purpose

To endorse the Papakura Local Board's feedback on the Infrastructure Funding and Financing Bill.

Reason for the urgency:

- Local Board feedback is required by 19 February 2020 to be appended to the Auckland Council submission, which is before 26 February 2020, being the next scheduled meeting of the Papakura Local Board.

Decision sought from the chair and deputy chair (or any person acting in these roles)

That the Papakura Local Board:

- a) **endorse the following Papakura Local Board input into the central government's Infrastructure Funding and Financing Bill:**
 - i) **The Papakura Local Board supports the intent of the Infrastructure Funding and Financing Bill to provide a tool to raise additional capital for infrastructure.**
 - ii) **The board believe the Infrastructure Funding and Financing Bill should be more explicit in how it relates to the Urban Development Bill and clearly stipulate one levy for one site.**
 - iii) **The board is concerned about a possibility of two or more levies applying to one site, ie: one raised as a special purpose vehicle for infrastructure leading up to a development area and another under the Urban Development Bill for the infrastructure within a development. Potentially a ratepayer would be paying two or more levies. This would add considerably to the day to day costs of living.**
 - iv) **The board support council being able to collect the levy and believe council should be able to claim the administrative costs for this service.**
 - v) **The board has a concern that the first purchasers may understand the purpose of the charge, however, over time subsequent purchasers may not necessarily understand. This could create a political risk for future elected members.**

- vi) **The board believe council endorsement must be required for asset specifications.**
- vii) **The board express concern at a local authority's ability to manage future operational expenditure should special purpose vehicles become more common.**

About the Papakura Local Board

1. Papakura Local Board is one of 21 local boards which are part of the Auckland Council co-governance model. The board has responsibility for local decision making while the Governing Body has the regional decision making focus.
2. The board's population, as at the 2018 census, was 57,636. The population is ethnically diverse with 49.1% European, 26.8% Maori, 23.4% Asian and 16.9% Pacific peoples. Since the 2013 census there has been a significant growth in the Asian population. Papakura still has the largest Maori population per capita. The median age in Papakura is 32 years, with 23.6% of the population being aged between 0 and 14 years .

Background

3. The Infrastructure Funding and Financing Bill is a new way of funding and financing local infrastructure by providing a tool that is independent of local authorities .
4. The tool will enable urban development projects to begin sooner than council funding for infrastructure allows, by enabling finance for infrastructure projects (or bundles of projects) to be raised through a stand-alone entity, a Special Purpose Vehicle (SPV). This tool will also help to make the cost of new infrastructure more transparent and will spread the costs by way of a levy so the cost falls primarily on the landowners who benefit, including over time and across generations.
5. The levy would be in place until the infrastructure is paid off by those who are expected to benefit. When a property is sold, the new owner would pay the levy. This levy would be collected by councils via their normal rates collection mechanisms on behalf of the SPV.
6. All infrastructure assets built using the tool would transfer to the relevant public body. In most circumstances this will be a council, who will be responsible for the ongoing operation and maintenance of the new assets. Prior to an agreement on an SPV proposal, endorsement will be sought from the council.
7. This tool will work alongside other related central government initiatives such as the Urban Development Bill.
8. Public submissions are open until 5th March 2020, however, the council has been granted an extension until 9th March to allow the Planning Committee to consider the draft submission.
9. Local Board input is required by Wednesday 19 February to be appended to the Auckland Council submission.

Authorisation of the urgent decision-making process



Signed by Manoj Ragupathy
Relationship Manager Papakura & Manurewa Ward

19/02/20
Date



Brent Gatchpole
Chairperson, Papakura Local Board

19/02/20
Date



Jan Robinson
Deputy Chairperson, Papakura Local Board

19/02/2020
Date