

30 November 2017

Rachel Apanui-Degoldi  
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Dear Rachel

***Response - Official Information Request – Development Contributions***

I refer to your request for information received on 04 November 2017. Your request has been considered under the Local Government Official Information and Meetings Act 1987 (LGOIMA) and I provide the following information.

**Minutes and documentation**

Please see attached all minutes and documentation in regards to the removal of Development Contributions.

**Break down of costs**

Since Council's decision to not collect Development Contributions, there has not been an effective policy which determines the individual growth projects for which Development contributions will be collected for, and therefore, how much the Development Contributions would have been.

Therefore, Council has not kept records of what the Development Contributions would have been, nor can it do so without the determination of those projects and the development contribution proportion of those projects.

The projects relating to growth have been detailed in the Funding Impact Statements for the 2015/16 financial year (the first year of the LTP with no new development contributions collected) at \$1.275m; however only the growth related to the 3 waters and Roothing would attract Development Contributions.

There is always a funding delay (or timing issue) between when the projects were built and the eventual recovery from development contributions income. This is because the capital projects carried out by Council will always proceed the actual development of sections and the building of houses in the areas serviced by the new infrastructure. The development triggers the operative Development Contribution which determines the level of development contribution income. If no development occurs (which was the assumption for having no Development Contributions applying) then no income is earned.

Furthermore, the income from Development contributions cannot be determined in any case for the reasons discussed above. These means it would be impossible to determine "a full break down of costs this has imposed on rate payers".

The Growth projects, however are known, these are;

- \$0 for Roothing,
- \$112,000 (\$112k) for Stormwater,
- \$646k for Water supplies, and
- \$56k for wastewater.

**Conflict of interest**

Please see attached the conflict of interest documentation in regards to the development contributions involving Cr Wayne Bishop.

If you have any queries regarding this information please do not hesitate to contact me.

Yours sincerely



David Clapperton  
**Chief Executive**



File No.: 14/899

## In Committee Development Contributions

### Confidentiality

<b>Reason:</b>	The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.
<b>Interests:</b>	s7(2)(h) - The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities. s7(2)(i) - The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).
<b>Grounds:</b>	s48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.

### 1. Purpose

The purpose of this report is for Council to consider options for the Development Contributions Policy for the 2015-2025 LTP.

### 2. Executive Summary

- 2.1 Horowhenua District Council ("HDC") adopted a Development Contributions Policy as part of its Long Term Plan in 2006. HDC reviews the development contribution charges every 3 years with reviews being undertaken in 2009 and 2012.
- 2.2 There is an argument in the Horowhenua context that as a mechanism for collecting a small amount of revenue, development contributions do not evaluate well as an alternative revenue source. It is expensive to administer relative to revenue, it impacts on the behaviour of the payers and it does not have a broad base.
- 2.3 The financial arguments for keeping development contributions as a mechanism are also not strong. It does not yield a significant amount of revenue and imposes risks on the organisation due to the uncertainty of it as an income system.
- 2.4 This report considers the following options regarding development contributions:
  - (a) Cancellation of the Development Contributions Policy;
  - (b) Suspension of development contributions;
  - (c) Harmonised development contribution funding for the whole district;
  - (d) Moderated development contributions to market affordable levels;
  - (e) Recalculate development contributions under the current Development Contributions Policy.

### **3. Recommendation**

- 3.1 That Report 14/899 Development Contributions be received.
- 3.2 That this decision is recognised as significant in terms of S76 of the Local Government Act
- 3.3 That the Horowhenua District Council consults on the following in relation to Development Contributions in the Long Term Plan Consultation document:
- (i) Cancellation of the HDC Development Contributions Policy;
  - OR (ii) Suspension of the HDC Development Contributions Policy;
  - OR (iii) Harmonisation of development contributions across the district and retention of the current Development Contributions Policy;
  - OR (iv) Moderation of development contributions to market affordable levels under the current Development Contributions Policy;
  - OR (v) Recalculation of existing development contributions under the current Development Contributions Policy.

### **4. Background / Previous Council Decisions**

- 4.1 HDC has committed to creating an enabling environment to encourage economic growth in the in the Horowhenua district. Part of that commitment is the review of HDC's position on development contributions and how they may be a disincentive to economic growth. Reviewing HDC's position on development contributions is one area Council can influence in the short to medium term, the stimulation of economic growth in the district.
- 4.2 A number of factors indicate that it is a good time to consider whether development contributions should be retained as a funding tool in the Horowhenua district. These factors include:
- 1. Whether development contributions should be remitted to encourage economic development
  - 2. The Local Government Amendment Act has introduced clauses which make development contributions clearer and of lesser scope in regards to services for which they can apply
  - 3. Analysis of Council financial information indicates development contributions are not yielding the budgeted revenue indicating growth is not at expected levels
  - 4. The difficulty of implementing and managing development contributions in a consistent manner
  - 5. Better Council asset management information identifying capacity of existing infrastructure to handle forecasted growth in the district
- 4.3 The Local Government Act 2002 (LGA 2002) introduced development contributions as a mechanism for Territorial Authorities to obtain funding for community infrastructure and public amenities. Development contributions are an optional source of funding and throughout New Zealand, 43 Territorial Authorities charge development contributions and 20 do not. In the last two years both Rotorua District Council and Hutt City Council have made decisions to discontinue or exempt development contributions in order to assist the stimulation of growth in their respective areas.

- 4.4 The purpose of development contributions is to fund the costs of infrastructure, reserves or other community facilities arising from new housing or commercial developments. A financial contribution can be imposed as a condition of a resource consent for a purpose set out in the district Plan. HDC ceased using financial contributions when development contributions were introduced.
- 4.5 Development contributions in simple terms are the cost of capital expenditure for network and community infrastructure where a share of that cost is attributed to a unit of demand created by growth.

#### Legislative Changes

- 4.6 In 2013, the Ministry of Internal Affairs instigated a review of development contributions which resulted in changes to the LGA 2002. Of particular note, the review concluded that development contributions can be an appropriate method of funding infrastructure except for public amenities e.g. civic buildings and museums. It was also concluded that it is widely accepted that improvements should be made to both the legislation and the way development contributions are applied across New Zealand. These improvements have been included in the Local Government Act 2002 Amendments Bill No.3. An extract from the explanatory note to that Bill stated:

***“A 2013 government review of development contributions identified difficulties associated with the current legislative framework and how it is being implemented by Councils. For example, development contributions are being used to fund types of infrastructure that may be better funded from general revenue sources, and the degree of transparency in apportionment of the costs and benefits of infrastructure is variable. There are also limited mechanisms for resolving challenges to development contribution charges and opportunities to encourage greater private provision of infrastructure.”***

***The Bill provides a new purpose for development contributions and principles to direct and guide how they are used by Councils. Secondly, there are provisions that clarify and narrow the range of infrastructure that can be financed by development contributions. Thirdly, the Bill introduced a development contribution objection process, with decisions made by independent commissioners. In addition, the Bill encourages greater private provision of infrastructure through the use of Development agreements and includes provisions to improve the transparency of Council’s Development Contribution policies.”***

## 5. Discussion

### Development Contributions in the Horowhenua district - Discussion on Effective Funding and Implications on Growth

- 5.1 Horowhenua district Council adopted a Development Contributions Policy as part of its Long Term Plan in 2006. HDC reviews the development contribution charges every three years, reviews have been undertaken in 2009 and 2012.
- 5.2 The 2006 Development Contribution Policy did not include charges for commercial development. This was introduced by Council in 2009.
- 5.3 Council collects development contributions to support the following activities:

Network Infrastructure

Roading

Water Supply

Wastewater

Community Infrastructure

Reserves

Public and civic amenities

- 5.4 Under each of these activities are a number of specific projects included in the Development Contribution Policy which is formally adopted as part of the Long Term Plan.
- 5.5 The development contribution amount triggered by a development is calculated by using units of demand on infrastructure.
- 5.6 For residential development, each allotment in addition to the original allotment is assessed as one unit of demand. For residential development on existing sites, any additional residential dwelling (as defined in the district Plan) over and above that on the site is assessed as one unit of demand.
- 5.7 Non-residential developments are assessed on the demand that they create. The number of units of demand generated by the development is determined by using a conversion function based on gross floor area of the development.
- 5.8 Development contributions are charged over a 15-20 year period to cover the incremental growth of increased demand on Council's infrastructure over time. This lengthy period was intended to achieve a situation where the costs are apportioned between the community and the developer.
- 5.9 Whether a development attracts a development contribution depends on the type of activity and use, and development contributions can be charged for developments of all types and scales. For instance, a one into two lot subdivision, an extension to an industrial workshop and a comprehensive commercial development will commonly attract a development contribution.
- 5.10 Accessory buildings (as defined in the district Plan) associated with primary production activities in the rural zone is not liable for a development contribution unless a new connection to the Council water, wastewater or stormwater infrastructure is imposed as a condition of the Resource or Building Consent or is requested by the applicant.**
- 5.11 Essentially, any development or change of land use that can generate more demand on infrastructure than the current use of the land will attract a development contribution.
- 5.12 In regard to keeping scale and type of development in mind, it is important to outline that 'developers' and developments relate to a range of people and scales. The point is that 'development' in general is the holistic growth of the district and the accumulation of both small and large developments. Development contributions are charges to the developer, but ultimately, the cost is passed on to businesses and tenants or capitalised in the price of the development.
- 5.13 In the Horowhenua district context, HDC receives feedback about development contributions being a disincentive to business development and new residential development. In the current low population growth, average economic growth, below average employment growth Horowhenua environment, the issues surrounding development contributions are amplified in particular where the application of a

development contribution to a Brownfield or even Greenfield type development can be the tipping point between investment or not. This is of particular relevance when the property market is fairly flat as the risk of over capitalisation is a very real risk when investments are considered in relation to other markets with increasing property prices.

- 5.14 There are two major schools of thought in regards to development contributions. The proponents state that the Local Government Act funding principles support that the developer as exacerbator and beneficiary of costs, incurred by council to support growth, should pay for a portion of those costs as the people causing and or benefiting from that expenditure. The logic flow looks something like:
1. Council provides infrastructure and community facilities for the community
  2. Those services have restrictions around capacity to service a constrained number of users
  3. New developments use up existing service capacity and require the Council to increase the scale of the service to cope with increased users
  4. New developments pick up a benefit from being able to use the existing service which has been funded by existing properties
  5. Therefore, a logical extension is that new developments should contribute to the additional costs that growth will impose on the council and other rate payers
- 5.15 The opponents take a slightly different view. They typically do not refute that growth imposes costs. Their logic flow looks something like this:
1. There is no growth in the Horowhenua district
  2. As there is no growth in the district, the new developments are not using up existing infrastructure capacity
  3. Council is keen to see growth in the community as more ratepayers share a largely fixed cost of service
  4. New ratepayers who come into the community, even if they do pick up a share of the unutilised capacity, lower the average cost for all ratepayers
  5. New ratepayers also pick up a proportionate share of existing debt which is often incurred on capital items that were not designed to meet growth requirements. In doing so they lower the average cost for existing ratepayers
  6. Development contributions are an uncertain mechanism for recovery and attributing costs, and this uncertainty impacts on decisions by developers
  7. Development contributions are an obstacle to development
- 5.16 Development contributions are an important part of the Local Government funding toolkit. However, they are a tool to be selected with some care. In reality, there is a strong logic for both charging and not charging development contributions. So there is no right or wrong stance to take.
- 5.17 There is a perception that the imposition of development contributions restricts development. This has not been clearly established to be true or false.

#### Analysis

- 5.18 The analysis of development contributions should be undertaken from the viewpoint not of the tool but of the circumstances for the community. In this type of analysis, important elements to consider are:
- Understanding the actual costs of growth, whether these costs are necessary for growth or drivers by growth
  - Identifying the reality of growth in the context of the services and assets

- Understanding the revenue and funding impacts and the costs of the alternatives

5.19 Analysis of the Long Term Plan capital programme and projected revenue from development Contributions reveals:

- The 10 year costs of growth for capital are \$27.477m of a total capital budget of \$172.355m
- Development contributions revenue is budgeted at \$15.965m

5.20 For the last three years Council's Annual Reports show the following breakdowns of growth capital expenditure against budget:

(\$000)	Budget	Actual collected from previous year's collected but not expended	Variance
2011/12	1,738	537	(1,201)
2012/13	1,759	1,745	(14)
<u>2013/14</u>	<u>1,714</u>	<u>1,040</u>	<u>(674)</u>
Total	5,211	3,322	(1,889)

5.21 The following table shows actual development contributions revenue against budget:

(\$000)	Budget	Actual	Variance
2012/13	1,366	784	(582)
2013/14	1,366	463	(903)
Budget 2014/15	1,461	646	(815)
Total	4,191	1,893	(2,298)

5.22 Two major things stand out in regards to the above:

Firstly, the level of growth related expenditure is 36% below forecasted expenditure, indicating a deferral of growth related capital expenditure

The second item is that the revenue from development contributions is significantly below budget. The revenue from this source accounts for 1.2% of actual total revenue. As such, the Development Contributions Policy and its management are not strong contributors to the revenue or the indebtedness of Council.

5.23 Another consideration with regard to development contributions is that it is a complex and expensive process for obtaining income. The cost of preparing the policy, reviewing and implementing is estimated to be on average \$83k per annum. This has not been precisely calculated but is a reasonable estimate based on staff time for reviewing, calculating development contributions, debtors and debt recovery administration, CEO and Mayor time dealing with complaints and the time taken for appeals. This point becomes more important when considering funding sources. The cost of the administration sets as an operational cost and is funded from operational revenue. However the revenue from development contributions sets as a capital funding source which reduces operations funding to the extent of the interest component as cost of funds. Therefore, the operating costs of Council are lower by



approximately \$104k over the last three years through the interest effect, while the operating costs are more than double that sum through the costs of administering the policy.

- 5.24 There is an argument in the Horowhenua context that as a mechanism for collecting a small amount of revenue, development contributions do not evaluate well as an alternative revenue source. It is expensive to administer relative to revenue, it impacts on the behaviours of the payers and it does not have a broad base. The financial arguments for keeping it as a mechanism are also not strong. It does not yield a significant amount of revenue and imposes risks on the organisation due to the uncertainty of it as an income system.

Methodology and Calculations as at 1 May 2012

**Development Contributions Key Logic**

- 5.25 What follows outlines the key logic relating to the Development Contributions Policy and the methodology behind the calculation of development contributions.

(i) Household Equivalent Units and Growth

As part of its Long Term Plan 2012/22, Council decided to equalize rates across all of its water and wastewater schemes in recognition of the high unit costs of upgrading those schemes serving smaller communities. However, legislation requires that developers pay only for the projected growth related components of the scheme to which the proposed development is connected. Consequently, for small schemes where upgrading costs are high and growth is slow, the resulting development contributions are inordinately high.

Development contributions have generally been calculated based on the growth projects as set out in the 2008 Growth Strategy occurring over a 10 year period. However, growth is projected to be slow in some smaller communities so in order to encourage development across all parts of the district the following has been assumed in calculating the number of HEUs (household equivalent units).

- Where the proposed growth rate for a town or development areas is 5 or more allotments per annum then the number of HEUs used to determine the appropriate development contribution, shall be calculated over a 10 year period.
- Where the proposed growth rate for a town or development area is less than 5 allotments per annum then the number of HEUs used to determine the appropriate development contribution, shall be calculated over a fifty year period.

(ii) Development Contribution Fee

Stage 1 – Fee Development

Three drivers are used to assess whether projects meet Council's objectives – growth, levels of service, or renewal. Some projects have only one driver, while others have all three as drivers. When a project is included in Council's LTP as assessment is made as to the extent to which each of the drivers relates to the project cost. Development contribution fees were calculated based on the assessed percentage of project cost allocated to the growth driver only. The resulting development contribution fees are presented in the following table:

**Development Contribution Fees - Unmoderated**

	<u>Water</u> \$	<u>Wastewater</u> \$	<u>Roads</u> \$	<u>Reserves</u> \$	<u>Community</u> \$	<u>Total</u> (ex GST) \$
Tokomaru	2,325	100	2,348	645	1,104	6,522
Tokomaru Development Area	2,325	0	2,348	645	1,104	6,422
Shannon	4,836	15,625	2,348	645	1,104	24,558
Foxton	9,190	20,815	2,348	645	1,104	34,102
Foxton Development Area 1	700	16,759	2,348	645	1,104	21,556
Foxton Development Area 2	700	16,769	2,348	645	1,104	21,566
Foxton Beach	1,728	17,864	2,348	645	1,104	23,689
Foxton Beach Development Area 1	2,957	19,291	2,348	645	1,104	26,345
Levin	7,906	4,262	2,348	645	1,104	16,265
Levin Development Area 1	7,906	4,262	2,348	645	1,104	16,265
Levin Development Area 2	7,171	2,904	2,348	645	1,104	14,172
Levin Development Area 3	9,428	6,086	2,348	645	1,104	19,611
Ohau	7,906	0	2,348	645	1,104	12,003
Waitarere Beach	0	3,896	2,348	645	1,104	7,993
Waitarere Beach Development Area 1	0	3,761	2,348	645	1,104	7,858
Waitarere Beach Development Area 2	0	3,896	2,348	645	1,104	7,993
All Other Rural & Urban Areas	0	0	2,348	645	1,104	4,097

**Stage 2 – Executive Management Team (EMT)**

The fees shown in the above table were presented to the Executive Management Team where they were moderated for presentation to Council. The above table now shows the unmoderated development contribution fees.

**Stage 3 – Development Contribution Fee Moderation**

The development contribution fees were moderated as instructed by EMT. The moderated fees in the following table were presented to Council for inclusion in the Long Term Plan 2012/22. It is important to note that the moderation was carried out on actual fees and not the logic behind the calculation.

**Development Contribution Fees - Moderated**

	<u>Water</u> \$	<u>Wastewater</u> \$	<u>Roads</u> \$	<u>Reserves</u> \$	<u>Community</u> \$	<u>Total</u> (ex GST) \$
Tokomaru	476	15	3,675	656	1,134	5,956

Tokomaru Development Area	476	15	3,675	656	1,134	5,956
Shannon	1,895	4,168	3,675	656,	1,134	11,528
Foxton	1,750	1,886	3,675	656,	1,134	9,101
Foxton Development Area 1	1,750	1,886	3,675	656,	1,134	9,101
Foxton Development Area 2	1,750	1,886	3,675	656,	1,134	9,101
Foxton Beach	1,378	7,114	3,675	656,	1,134	13,957
Foxton Beach Devel area 1	2,607	8,540	3,675	656,	1,134	16,612
Levin	5,001	4,329	3,675	656,	1,134	14,795
Levin Development Area 1	5,001	4,329	3,675	656,	1,134	14,795
Levin Development Area 2	6,677	6,152	3,675	656,	1,134	18,294
Levin Development Area 3	4,846	4,329	3,675	656,	1,134	14,640
Ohau	6,719	0	3,675	656,	1,134	12,184
Waitarere Beach	0	1,038	3,675	656,	1,134	6,503
Waitarere Beach Devel Area 1	0	1,038	3,675	656,	1,134	6,503
Waitarere Beach Devel Area 2	0	1,038	3,675	656,	1,134	6,503
All Other Rural & Urban Areas	0	0	3,675	656,	1,134	5,465

## 6. Options

- (1) Cancellation of the Development Contributions Policy.
- (2) Suspend the Development Contributions Policy.
- (3) Universal Development Contributions funding for the whole district, i.e. harmonisation.
- (4) Moderate Development Contributions to market affordable levels.
- (5) Recalculate existing Development Contributions under the current Development Contributions Policy.

### 6.1 CANCELLATION OF THE DEVELOPMENT CONTRIBUTIONS POLICY

Subject to consultation, if Council resolves to cancel development contributions, this would result in no development contributions from any residential or non-residential development in the district from a date identified by Council, likely to be 1 July 2015.

With this option Council could choose to reintroduce Financial Contributions for development in new growth areas of the district, under the provisions of the Resource Management Act 1991 ("RMA").

If Council opts for financial contributions to the exclusion of development contributions, it will also need to set in motion the process to make the necessary changes to the District Plan.

### 6.1.1 Cost

Current projections for growth over the next 10 years in the district have resulted in an estimate of \$4.8m in development contributions being collected over that period.

Should Council decide to cancel the Development Contributions Policy, it would be required to fund this amount for infrastructure development and renewals through loan funding, less any amount collected through Financial Contributions, should Council decide to introduce Financial Contributions.

The cost of borrowing over the period of the LTP of the \$4.8m or \$400,000 per annum accumulating over the 10 years is estimated as follows:

	<u>Total Borrowing</u>	<u>Cumulative Annual Interest</u>
Year 1	\$400,000	\$24,000
2	\$800,000	\$49,440
3	\$1,200,000	\$74,966
4	\$1,600,000	\$100,498
5	\$2,000,000	\$126,030
6	\$2,400,000	\$151,562
7	\$2,800,000	\$177,094
8	\$3,200,000	\$202,626
9	\$3,600,000	\$228,158
10	\$4,000,000	\$253,689

### 6.1.2 Rate Impact

The rate impact of funding infrastructure development and renewals through loan funding rather than development contributions would be a 0.08% increase on current rates revenue income or 0.80% over a period of 10 years.

### 6.1.3 Community Wellbeing

This option would not have any impact on Council's Community Wellbeing Strategy.

### 6.1.4 Consenting Issues

There are no consenting issues with this option.

### 6.1.5 LTP Integration

Whilst some would argue that cancelling development contributions would increase development in the district, thus increasing the number of ratepayers and lowering the average cost of infrastructure service delivery, no amendment has been made to growth projections in the 2015-25 draft LTP.

Should this option be adopted by Council for consultation, in the 2015-25 LTP draft the Revenue and Financing Policy would be amended to exclude development contributions and include financial contributions estimated for growth areas where infrastructure development is planned.

## 6.2 SUSPEND DEVELOPMENT CONTRIBUTIONS

Subject to consultation, if Council resolves to suspend development contributions for a defined period, this would result in no development contributions being collected

for residential and non-residential development until Council decides to reinstate them.

With this option Council could choose to reintroduce financial contributions for development in new growth areas of the district under the provisions of the RMA. This would require Council to make the necessary changes to the District Plan.

#### 6.2.1 Cost

Higher administration costs would apply for a suspension of development contributions compared to the cancelling of financial contributions until such time as Council decides to lift the suspension of development contributions.

#### 6.2.2 Rate Impact

The rate impact of suspending development contributions and funding infrastructure development and renewals through loan funding rather than development contributions would be an average of 0.08% increase on current rates revenue per annum depending on interest rates.

#### 6.2.3 Community Wellbeing

This option does not have an impact on Council's Community Wellbeing strategy.

#### 6.2.4 Consenting Issues

There are no consenting issues with this option.

#### 6.2.5 LTP Integration

Should this option be adopted by Council for consultation in the 2015-25 LTP draft, the Revenue and Financing Policy would be amended to exclude development contributions and include financial contributions estimates for growth areas where infrastructure development is planned.

### 6.3 UNIVERSAL DEVELOPMENT CONTRIBUTION FUNDING FOR THE WHOLE DISTRICT

Presenting universal development contributions across the whole district is applied for the following infrastructure types:

Roading	\$3,675
Community	\$1,134
Reserves	\$ 656

Despite water and wastewater rates being harmonized across the district, these two infrastructure types do not have their development contributions harmonised.

Development contributions for water and wastewater have been calculated using estimated growth, renewal and development costs, and planned plant upgrades for each township with these utilities.

Should a universal development contribution be applied across all infrastructure types across the district, the following development contributions would be charged compared to the current development contributions for each township, not including development areas.

	<u>Water</u> \$	<u>Wastewater</u> \$	<u>Roads</u> \$	<u>Reserves</u> \$	<u>Community</u> \$	<u>Total</u> (ex GST) \$
<u>Universal</u>	4,439	4,458	3,675	656	1,134	14,362

DC						
<u>Current DCs</u>						
Tokomaru	475	15	3,675	656	1,134	5,956
Shannon	1,895	4,168	3,675	656	1,134	11,528
Foxton	1,750	1,886	3,675	656	1,134	9,101
Foxton Beach	1,378	7,114	3,675	656	1,134	13,957
Levin	5,001	4,329	3,675	656	1,134	14,795
Ohau	6,719	-	3,675	656	1,134	5,465
Waitarere Beach	-	1,035	3,675	656	1,134	6,500
All other rural & urban areas	-	-	3,675	656	1,134	5,465

### 6.3.1 Cost

Should Council decide to harmonise development contributions across all infrastructure activities, it is estimated that slightly less than \$400,000 per annum will be collected in development contributions compared to the current budget of \$400,000 per annum.

### 6.3.2 Rate Impact

There is very little rate impact with this option as no additional loan funding will be required.

### 6.3.3 Community Wellbeing

This option does not have an impact on Council's Community Wellbeing Strategy.

### 6.3.4 Consenting Issues

There are no consenting issues with this option.

### 6.3.5 LTP Integration

Should this option be adopted by Council for consultation with the draft 2015-25 LTP, the Development Contributions Policy would be amended to harmonise development contributions across all infrastructure activities. Development contributions for growth areas would be maintained at existing levels.

## 6.4 MODERATE DEVELOPMENT CONTRIBUTIONS TO MARKET AFFORDABLE LEVELS

Council could choose to moderate development contributions to around \$7,500 for urban residential and the roading component only for rural, \$3,675, which still enables a development contribution but does not tip the development to be unviable. If rural properties were connected to either of Council's water or sewerage network an additional DC charge could apply.

The theory behind the roading component being retained for rural development is that each new unit will generate additional vehicular traffic on rural roads.

There is anecdotal evidence from some developers in the district that development contributions are justified and understood. However, the quantum of current development contributions relative to lower market values of new housing in the

Horowhenua, compared to say Kapiti and Manawatu, means margins are being squeezed with current development contributions. Some developers have suggested to the Chief Executive that they would be comfortable to pay \$7,000-\$8,000 in development contributions if Council retained the Development Contributions Policy.

#### 6.4.1 Cost

Should Council decide to moderate the development contributions to say \$7,500 for urban residential development and \$3,675 for rural development, the level of development contributions collected per annum would be \$250,000-\$300,000, compared to the current budget of \$400,000 per annum.

This would result in additional borrowing of \$100,000-\$150,000 per annum or \$1,000,000-\$1,500,000 over the period of the LTP.

#### 6.4.2 Rate Impact

The rate impact of funding infrastructure development and renewals through additional loan funding rather than development contributions would be a 0.03% increase on current rates revenue or 0.30% over a 10 year period.

#### 6.4.3 Community Wellbeing

This option would not have any impact on Council's Community Wellbeing Strategy.

#### 6.4.4 Consent Issues

There are no consenting issues with this option.

#### 6.4.5 LTP Integration

Should this option be adopted by Council for consultation in the draft 2015-25 LTP the current Development Contributions Policy would be recalculated and updated taking into account updated costs for projects and new assumptions. Council would then resolve to moderate the development contributions to levels deemed appropriate based on assumptions revolved around affordability and the projected growth assumptions.

### 6.5 **RECALCULATE DEVELOPMENT CONTRIBUTIONS UNDER CURRENT DEVELOPMENT CONTRIBUTIONS POLICY**

Should this option be adopted by Council, the Development Contributions Policy would be updated taking into account updated costs for projects and new assumptions.

Taking into account the unmoderated development contributions detailed in 5.25(ii), Council would probably be required to moderate development contributions to at least current levels.

The recalculation of current Development Contributions would be required before the end of December 2014.

#### 6.5.1 Cost

Should Council retain the existing Development Contributions Policy, an estimated \$400,000 in development contributions will be raised each year for the period of the LTP.

#### 6.5.2 Rate Impact

Should this option be chosen by Council, there will be no rate impact.

### 6.5.3 Community Wellbeing

This option would not have any impact on Council's Community Wellbeing Strategy.

### 6.5.4 Consenting Issues

There are no consenting issues with this option.

### 6.5.5 LTP Integration

Should Council retain the Development Contributions Policy and moderated development contributions as per current rates or similar, it is unlikely that development contributions would be included in the 2015-25 LTP consultation document. The Significance and Engagement Policy criteria is unlikely to have been met; thus not requiring including in the LTP consultation document.

## 7. Consultation

- 7.1 Should Council recommend that it wishes to suspend or cancel the Development Contributions Policy, it must first consult in a manner that gives effect to the requirements of section 82 of the Local Government Amendment Act 2014 (details of which are covered in the legal considerations section of this report).
- 7.2 Council's proposed Significance and Engagement Policy for consultation would also be triggered should Council recommend suspending or cancelling the Development Contributions Policy or moderate current development contributions.
- 7.3 It is recommended that any consultation on changes to the Development Contributions Policy be included in the consultation document for the 2015-25 LTP.

## 8. Legal Considerations

- 8.1 Council has sought legal advice from Brookfields Lawyers concerning the possibility of cancelling or suspending Council's Development Contributions Policy in response to concerns about its impact as a funding source for capital expenditure projects.
- 8.2 We advised Brookfields that Council may wish either to declare a moratorium on the implementation of the Development Contributions Policy for a period of years whilst its impact on the funding of growth-related projects is reviewed, or to cancel the policy altogether. Council asked Brookfields to advise, in either case, the process that would need to be followed by Council, particularly in relation to public consultation.
- 8.3 Council is required by law to have adopted a policy on development contributions or financial contributions. This is clearly set out in section 102 of the Local Government Act 2002 ("LGA02"), which states, as far as is relevant:
  - (1) *A local authority must, in order to provide predictability and certainty about sources and levels of funding, adopt the funding and financial policies listed in subsection (2).*
  - (2) *The policies are –*
    - (d) *A policy on development contributions or financial contributions.*
- 8.4 It follows that if Council cancels its current Development Contributions Policy, it will need to replace it with a new policy. This may be a policy that states that no development contributions will be required, and describes the financial contributions, the Council will collect under the provisions of the RMA. If the Council opts for financial contributions to the exclusion of development contributions, it will also need to set in motion the process to make the necessary changes to the District Plan.



- 8.5 The provisions that relate to the contents of a financial contributions policy are set out at section 106(2) and (4) of the LGA02. In section 106(2)(f) it states that the policy must, if financial contributions will be required, “summarise the provisions that relate to financial contributions in the District Plan”. Council currently relies on development contributions rather than financial contributions for growth-related infrastructure (other than that integral to subdivision). Therefore, if Council were to cancel the Development Contributions Policy, it would need to either make the timing coincident with the adoption of changes to the District Plan introducing provisions for financial contributions, or adopt an interim policy under section 102(2)(d) that addressed the gap in provision for either development contributions or financial contributions.
- 8.6 The manner in which a development contribution policy must be adopted or amended is set out in section 102(4) of the LGA02, as recently amended by the Local Government Act 2002 Amendment Act 2014 (“the 2014 Amendment”). Section 102(4) reads:
- “A local authority –*
- (a) must consult on a draft policy in a manner that gives effect to the requirements of section 82 before adopting a policy under this section;*
  - (b) may amend the policy adopted under this section at any time after consulting on the proposed amendments in a manner that gives effect to the requirements of section 82”.*
- 8.7 There is no provision that specifically addresses the cancellation of the Development Contributions Policy, although it is noted the requirement, in section 106(6), to review a Development Contributions Policy every three years must also be conducted pursuant to “a consultation process that gives effect to the requirements of section 82”. Since a review of the Development Contributions Policy might well, under certain circumstances, lead to its cancellation, we consider the consultation process outlined in that provision to be applicable in the event that Council proposes to cancel the Development Contributions Policy. Brookfields considers a moratorium on the implementation of the Development Contributions Policy to be an amendment to the period over which the Development Contributions Policy applies, and therefore subject to the consultation process set out in section 102(4)(b).
- 8.8 That is to say whether Council wishes to suspend or to cancel the Development Contributions Policy, it must first consult in a manner that gives effect to the requirements of section 82.
- 8.9 Section 82 of the LGA02 requires that a local authority undertakes consultation in accordance with a set of principles, although pursuant to section 82(3) those principles are to be observed in such manner as the Council, in its discretion, considers to be appropriate. The limits on the exercise of that discretion are set out in section 82(4).
- 8.10 Although section 82 is largely unaffected by the 2014 amendment, there is a new related section 82A that applies where a local authority is required to consult “in accordance with, or using a process or a manner that gives effect to, the requirements of section 82”. It therefore applies to the consultation Council must undertake if it intends to suspend or cancel the Development Contributions Policy. The active requirements are set out in section 82A(2), which reads as follows:
- “The local authority must, for the purposes of section 82(1)(a) and (c), make the following publicly available:*

- (a) *the proposal and the reasons for the proposal; and*
- (b) *an analysis of the reasonably practicable options, including the proposal, identified under section 77(1); and*
- (c) *if a plan or policy or similar document is proposed to be adopted, a draft of the proposed plan, policy or other document; and*
- (d) *if a plan or policy or similar document is proposed to be amended, details of the proposed changes to the plan, policy, or other document.”*

8.11 The combined effect of these provisions is that before Council determines the future of the Development Contributions Policy it will be required to prepare a consultation document pursuant to section 82A, and to consult with the relevant stakeholders (i.e. those persons who will or may be affected by, or have an interest in, the decision). Whereas the consultation process now required pursuant to the changes made by the 2014 Amendment is more flexible than the previous requirement to adopt or amend a Development Contributions Policy pursuant to the special consultative procedure, Council will still be required to go through a public consultation process with respect to the future of the Development Contributions Policy. This will apply whether it is proposed to introduce a moratorium (i.e. suspend the implementation of the Development Contributions Policy), or to cancel the Development Contributions Policy.

8.12 In the case of cancellation, that consultation process would also include consultation on the adoption of a new financial contribution policy, or an interim development contribution/financial contribution policy.

8.13 Finally, Brookfields notes that the Development Contributions Policy is included in Council's LTP although there is no specific requirement for its inclusion. The only relevant reference is found in Schedule 10 of the LGA02, at clause 15, namely that the Funding Impact Statement identify the sources of funding to be used by the local authority, and the amount of funds expected to be produced from each source. Therefore, if the suspension or cancellation of the Development Contributions Policy will be made effective at the same time as the 2015 LTP is adopted next year, or at some later date, there will be no need to amend the current LTP.

## **9. Financial Considerations**

9.1 The financial considerations for each option have been included in the options section of this report.

9.2 An additional consideration for cancelling or suspending Development Contributions is the impact on Council debt levels over the period of the 10 year LTP. Council's Financial Strategy will need to be modified should Development Contributions be cancelled or modified.

## **10. Other Considerations**

### **Risks**

The following risks have been identified for the options identified:

- (a) Implementing transition provisions during the consultation period and up to 30 June 2015. Developers may get upset about having to pay a development contribution when a development contribution may not apply or have been modified after 30 June 2014.

- (b) Upset developers who have paid development contributions over the past 8 years when development contributions may not apply or be modified from 30 June 2015.
- (c) Not implementing a District Plan change to reintroduce financial contributions by 30 June 2015 should development contributions be cancelled or suspended.

## 11. Next Steps

Whatever decision Council makes with regard to the future of development contributions, this will be consulted on as part of the 2015-25 LTP.

### Confirmation of statutory compliance

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,
- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

## 1. Appendices

There are no appendices for this report

Author(s)	David Clapperton Chief Executive	
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Approved by	David Clapperton Chief Executive	
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# Council

## IN COMMITTEE MINUTES

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In Committee minutes of a meeting of Council held in the Council Chambers, 126-148 Oxford St, Levin on Wednesday 3 December 2014 at 4.15 pm.

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The meeting reconvened at 7.00 pm.

An apology was recorded for Mayor Duffy.

NOTED

Deputy Mayor Good assumed the Chair.

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## Finance

### C1 Development Contributions

#### Purpose

The purpose of this report is for Council to consider options for the Development Contributions Policy for the 2015-2025 LTP.

MOVED by Cr Campbell, seconded Cr Kaye-Simmons:

*THAT Report 14/899 Development Contributions be received.*

*THAT this decision is recognised as significant in terms of S76 of the Local Government Act.*

**CARRIED**

Mr Clapperton noted that the purpose of this report was to identify Council's preferred option with regard to Development Contributions going forward. Whilst Council would consult on all the options noted in his report during the LTP process, he believed it was important that Council did indicate its preference. Should Council decide to cancel development contributions, there were other mechanisms, such as financial contributions or capital contributions, it could use to assist with funding growth.

After responses from Mr Clapperton and Mr Law to Councillors' queries, discussion and debate, it was:

MOVED by Cr Rush, seconded Cr Feyen:

*I H A I the Horowhenua District Council consults on the following preferred option in relation to Development Contributions in the Long Term Plan Consultation document:*

- (i) Cancellation of the HDC Development Contributions Policy;*

*with other options for consultation to include:*

- (ii) Suspension of the HDC Development Contributions Policy;*
- OR *(iii) Harmonisation of development contributions across the district and retention of the current Development Contributions Policy;*
- OR *(iv) Moderation of development contributions to market affordable levels under the current Development Contributions Policy;*
- OR *(v) Recalculation of existing development contributions under the current Development Contributions Policy.*

**CARRIED**

## Customer and Community Services

### C2 2015 Tertiary Scholarship Recipients

#### Purpose

The purpose of this report is for Council to ratify the recommendation of the Tertiary Scholarships Committee.

MOVED by Cr Rush, seconded Cr Good:

*THAT Report 14/889 2015 Tertiary Scholarship Recipients be received.*

*THAT this matter or decision be recognised as not significant in terms of s76 of the Local Government Act 2002.*

*THAT Horowhenua District Council awards its 2015 Tertiary Scholarships to Audrey Livirya and Jessica Hoskins.*

*THAT Council's decision on the 2015 Tertiary Scholarships be brought out of in committee and released to the public and media.*

**CARRIED**

### **C3 Proposed Sale of Roe Street Land**

#### **Purpose**

The purpose of this report is to obtain Council's approval to negotiate the sale of a portion of Council owned land at the end of Roe Street.

MOVED by Cr Kaye-Simmons, seconded Cr Campbell:

*THAT Report 14/881 In Committee Proposed Sale of Roe Street Land be received.*

*THAT this decision is recognised as not significant in terms of S76 of the Local Government Act.*

**CARRIED**

In speaking to this report, Mr Clapperton noted that Council would be the developer. As indicated in the report, Council believed it could recover the cost of establishing infrastructure based on the value of the land through the sale process. It was hoped it would be a catalyst for further development in that area. The land would not require to be rezoned. The agreement would also come back to Council for approval following the negotiation process.

MOVED by Cr Rush, seconded Cr Campbell:

*THAT the Chief Executive be granted the delegated authority to negotiate the conditional sale and purchase of the identified Roe Street land to The Westmount School.*

*THAT Council support the development of infrastructure as defined in Option A (To provide services to one lot of approximately 2,656 hectares (the School site alone), conditional on the negotiation of a satisfactory sale and purchase agreement.*

**CARRIED**

7.47 pm

There being no further business, the Chairperson declared the meeting closed.

CONFIRMED AS A TRUE AND CORRECT RECORD  
AT A MEETING OF COUNCIL HELD ON

**DATE:**.....

**CHAIRPERSON:**.....





File No.: 14/924

## In Committee Development Contributions Policy and Financial Contributions Policy

### Confidentiality

<b>Reason:</b>	The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.
<b>Interests:</b>	s7(2)(h) - The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities. s7(2)(i) - The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).
<b>Grounds:</b>	s48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.

### 1. Purpose

The purpose of this report is to seek Council's approval to draft an Amended Development Contributions Policy and a Draft Financial Contributions Policy.

### 2. Executive Summary

- 2.1 At its 3 December 2014 Council meeting, Council resolved that during the Long Term Plan 2015-2025 Council would consult on a number of options in regards to development contributions, with the preferred option identified as cancelling development contributions.
- 2.2 This report identifies the options available to council on how they would pursue that, and the process to be followed to ensure Council is meeting its legislative requirements.

### 3. Recommendation

- 3.1 That Report 14/924 Development Contributions Policy and Financial Contributions Policy be received.
- 3.2 That this decision is recognised as not significant in terms of S76 of the Local Government Act
- 3.3 That Council supports Option 1 which is that Officers prepare an amended Development Contributions Policy and a Draft Financial Contributions Policy to come back to Council for adoption in February 2014 prior to being included in the Long Term Plan 2015-2025 consultation document.

## 4. Background / Previous Council Decisions

- 4.1 Horowhenua District Council ("HDC") adopted a Development Contributions Policy as part of its Long Term Plan in 2006. HDC reviews the development contribution charges every three years with reviews being undertaken in 2009 and 2012.
- 4.2 Over the last nine months Council have been participating in extensive briefings in preparation for the Long Term Plan 2015-2025.
- 4.3 A key focus has been the consideration of development contributions and in particular what future focus the Development Contributions policy should have.
- 4.4 At its meeting on 3 December, Council considered an in committee report that provided a comprehensive analysis on future options for Development Contributions. The options presented were as follows:
- (a) Cancellation of the Development Contributions Policy;
  - (b) Suspension of development contributions;
  - (c) Harmonised development contribution funding for the whole district;
  - (d) Moderated development contributions to market affordable levels;
  - (e) Recalculate development contributions under the current Development Contributions Policy.
- 4.5 Council resolved:
- THAT the Horowhenua District Council consults on the following in relation to Development Contributions in the Long Term Plan Consultation document:*
- (i) Cancellation of the HDC Development Contributions Policy*
- 4.6 It is understood that while Council wishes to consult on cancelling Development Contributions, it still wishes to ensure that a contribution is made by developers for development in those areas where 100% growth is identified (new growth areas).
- 4.7 The purpose of this report is to advise Council of the legislative requirements Council must now follow in order to enable the policy direction as identified in 4.6, and for Council to endorse the direction Council Officers recommend in developing an amended Development Contributions Policy and a Financial Contributions Policy. This report and endorsement of the recommended option is considered necessary to enable officers to proceed in preparing the LTP Consultation Document and associated supporting information prior to February.
- 4.8 This report also presents an alternative option, should Council not wish to endorse Council Officers recommendation.

## 5. Discussion

- 5.1 As highlighted in the 3 December 2014 report Council has sought legal advice from Brookfields Lawyers concerning the possibility of cancelling Council's Development Contributions Policy.
- 5.2 Council is required by law to have adopted a policy on development contributions or financial contributions. This is clearly set out in section 102 of the Local Government Act 2002 ("LGA02"), which states, as far as is relevant:
- "(1) A local authority must, in order to provide predictability and certainty about sources and levels of funding, adopt the funding and financial policies listed in subsection (2).*

(2) *The policies are –*

(d) *A policy on development contributions or financial contributions.”*

- 5.3 If Council cancels its current Development Contributions Policy, it will need to replace it with a new policy. This may be a policy that states that no development contributions will be required, and describes the financial contributions, the Council will collect under the provisions of the Resource Management Act 1991 (“RMA”). If the Council opts for financial contributions to the exclusion of development contributions, it will also need to set in motion the process to make the necessary changes to the District Plan.
- 5.4 The provisions that relate to the contents of a financial contributions policy are set out at section 106(2) and (4) of the Local Government Act 2002 (“LGA02”). In section 106(2)(f) it states that the policy must, if financial contributions will be required, “summarise the provisions that relate to financial contributions in the District Plan”. Council currently relies on development contributions rather than financial contributions for growth-related infrastructure (other than that integral to subdivision). Therefore, if Council were to cancel the Development Contributions Policy, it would need to either make the timing coincident with the adoption of changes to the District Plan introducing provisions for financial contributions, or adopt an interim policy under section 102(2)(d) that addressed the gap in provision for either development contributions or financial contributions.
- 5.5 It is conceivable that Council could adopt a Financial Contributions Policy by 30 June 2015. This would however not be able to be implemented until such time as a plan change to the District Plan has been initiated and become operative. The timeframe for preparing the plan change could range from 6 to 18 months. It would take approximately six months from developing the plan change through the decision being notified. Once Council notifies the decision it triggers the period for submitters to appeal the decision to the Environment Court. If there are appeals the timeframes for resolution will be dependent on the number and nature of the appeals. Recent experience suggests that the Environment Court would be directing parties to resolve appeals within 12 months. The length of time for the plan change to become operative becomes a relevant consideration for the options set out below.

## **6. Options**

- 6.1 Council has resolved to consult on the cancellation of development contributions. As a result of this Council has two options as to how it might introduce Financial Contributions.

Option 1 - Council could amend the Development Contributions Policy to allow the continued collection of particular development contributions in specific catchments (areas of new growth) for a period of time until the Financial Contributions Policy is adopted and enforceable. The Financial Contributions Policy is only enforceable once the necessary changes are made to the District Plan (potentially up to 18 months). If the Development Contributions Policy is instead to be amended for a limited period of time, the Council needs to propose an appropriate amendment to the Development Contributions Policy, and also a policy on financial contributions that sets out its intent to propose an amendment to the District Plan within a defined timeframe that would provide for financial contributions to be taken as conditions of resource consents for the provision of the specified types of infrastructure. The amendment to the Development Contributions Policy should set out the intent that the remaining development contributions be replaced with financial contributions, and could include a sunset clause that cancelled the Development Contributions

Policy if and when the plan change containing the new financial contributions come into force.

or

Option 2 - Council could cancel the Development Contributions Policy from 1 July 2015, so that there was a period of time during which neither development contributions nor financial contributions could be required. Pursuant to section 101(2)(d) the Council would need to adopt and include in the LTP a policy stating that the Council intended not to require development contributions, but instead intended to propose an amendment to the District Plan within a defined timeframe that would provide for financial contributions to be taken as conditions of resource consents for the provision of the specified types of infrastructure.

- 6.2 It is Council Officers' recommendation that Option 1 is supported. This is consistent with Council's support for ensuring development is charged where the growth component is evident. If Option 2 was selected, there would be a time for which Council would have no ability to charge for development in those areas identified as new growth (potentially up to 18 months).

## **7. Consultation**

The draft policies will be consulted on during the Long Term Plan 2015-2025 consultation process, pursuant to Section 82 and 82A requirements. No public consultation has been undertaken on this matter.

## **8. Legal Considerations**

Legal Considerations have been referred to in the discussion above.

## **9. Financial Considerations**

If Council endorses Option 1, Council will still have an ability to charge for development in those areas where new growth is identified. However if Council prefers to endorse Option 2, there will be a period (potentially up to 18 months) by which Council will have no ability to charge for development in new areas of growth - this would no doubt have a funding impact.

## **10. Other Considerations**



There are no other considerations

## **11. Next Steps**

If Council were to accept the recommendation, Officers will prepare a Draft Amendment to the Development Contributions Policy and a Draft Financial Contributions Policy to be presented to Council for adoption in February 2014, prior to the Long Term Plan 2015-2025 consultation document being adopted.

## 1. Appendices

There are no appendices for this report

Author(s)	Monique Davidson <b>Group Manager - Customer and Community Services</b>	
Approved by	David Clapperton <b>Chief Executive</b>	



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**Council**

**IN COMMITTEE MINUTES**

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In Committee minutes of an extraordinary meeting of Council held in the Council Chambers, 126-148 Oxford St, Levin on Wednesday 17 December 2014 at 5.00 pm.

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Executive

**C1 Development Contributions Policy and Financial Contributions Policy**

**Purpose**

The purpose of this report is to seek Council's approval to draft an Amended Development Contributions Policy and a Draft Financial Contributions Policy.

MOVED by Cr Good, seconded Cr Mason:

*THAT Report 14/924 Development Contributions Policy and Financial Contributions Policy be received.*

*THAT this decision is recognised as not significant in terms of S76 of the Local Government Act.*

**CARRIED**

Mr Clapperton noted that at the last Council meeting a preferred option had been identified from a Council perspective which was that Development Contributions should be cancelled. Since that meeting he had sought further counsel from staff and legal advisors as to the timeline that Council would have to go through to get financial contributions in place should it be decided to cancel Development Contributions from 1 July 2015. The reality was it would be very unlikely to get financial contributions into the District Plan by July 2015. That would then mean Council would not have the ability to recover the cost of new infrastructure in the district's growth areas such as Gladstone Road and Kawi Road, because a Financial Contributions Policy would not be in place.

Mr Clapperton further explained the financial implications of the two options proposed and possible timelines and possible impact on projected growth.

After discussion on the possible cost to Council, the impact it could have on projected growth and also on community perception, Option 2 was proposed by Councillors as their preferred option.

MOVED by Cr Bishop, seconded Cr Campbell:

*THAT the Horowhenua District Council adopts to consult on as part of the Long Term Plan 2015-2025 consultation document, the cancellation of the Development Contributions Policy from 1 July 2015, and pursuant to section 101(2)(d) the adoption of a policy to not require development contributions and instead introduce a Financial Contributions Policy that would be implemented through an amendment to the District Plan, to provide for financial contributions to be taken as a condition of resource consents for the provision of the specified types of infrastructure.*

**CARRIED**

6.24 pm

There being no further business, the Chairperson declared the meeting closed.

CONFIRMED AS A TRUE AND CORRECT RECORD  
AT A MEETING OF COUNCIL HELD ON

**DATE:**.....



**CHAIRPERSON:**.....



# Draft Financial Contributions Policy

File No.: 15/43

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## 1. Purpose

The purpose of this report is to present to Council the Draft Financial Contribution Policy and Development Contribution Discussion Paper for adoption

## 2. Recommendation

- 2.1 That Report 15/43 on Draft Financial Contributions Policy be received.
- 2.2 That this matter or decision be recognised as not significant in terms of s76 of the Local Government Act 2002.
- 2.3 That Council adopts the Draft Financial Contributions Policy to be consulted on as part of the Long Term Plan 2015-2025 consultation process.
- 2.4 That Council adopts the Development Contribution Discussion Paper to be included as supporting information to the Long Term Plan 2015-2025 consultation process.

## 3. Background/Previous Council Decisions

- 3.1 Horowhenua District Council ("HDC") adopted a Development Contributions Policy as part of its Long Term Plan in 2006. HDC reviews the development contribution charges every three years with reviews being undertaken in 2009 and 2012.
- 3.2 Over the last nine months Council have been participating in extensive briefings in preparation for the Long Term Plan 2015-2025.
- 3.3 A key focus has been the consideration of development contributions and in particular what future focus the Development Contributions policy should have.
- 3.4 At its meeting on 3 December, Council considered a report that provided a comprehensive analysis on future options for Development Contributions. The options presented were as follows:
  - (a) Cancellation of the Development Contributions Policy;
  - (b) Suspension of development contributions;
  - (c) Harmonised development contribution funding for the whole district;
  - (d) Moderated development contributions to market affordable levels;
  - (e) Recalculate development contributions under the current Development Contributions Policy.
- 3.5 Council resolved that the Horowhenua District Council consults on the cancellation of the HDC Development Contributions Policy and furthermore that officers prepare a Draft Financial Contribution Policy to be consulted on as part of the Long Term Plan 2015-2025 consultation process. The Draft Financial Contribution Policy recognises the requirement for a financial contribution to be made in areas of new growth.

## 4. Issues for Consideration

- 4.1 Council is required by law to have adopted a policy on development contributions or financial contributions. This is clearly set out in section 102 of the Local Government Act 2002 ("LGA02"), which states, as far as is relevant:

- “(1) *A local authority must, in order to provide predictability and certainty about sources and levels of funding, adopt the funding and financial policies listed in subsection (2).*
  - (2) *The policies are –*
  - (d) *A policy on development contributions or financial contributions.”*
- 4.2 Given Council’s decision to consult on cancelling the existing HDC Development Contribution Policy, a draft Financial Contribution Policy is required.
- 4.3 The Discussion Paper attached provides in detail the options considered by Council and will be provided to the public to provide additional information. ,

## Attachments

No.	Title	Page
A	Draft Financial Contributions Policy	
B	Discussion Document	
C	LTP 2015-2025 - Financial Contribution Map Areas Levin N	
D	LTP 2015-2025 - Financial Contribution Map Areas Waitarere Beach	
E	LTP 2015-2025 - Financial Contribution Map Areas Foxton Beach	
F	LTP 2015-2025 - Financial Contribution Map Areas Foxton	
G	LTP 2015-2025 - Financial Contribution Map Areas Hokio Beach	
H	LTP 2015-2025 - Financial Contribution Map Areas Tokomaru	
I	LTP 2015-2025 - Financial Contribution Map Areas Waikawa Beach	
J	LTP 2015-2025 - Financial Contribution Map Areas Levin SE	
K	LTP 2015-2025 - Financial Contribution Map Areas Manakau	
L	LTP 2015-2025 - Financial Contribution Map Areas Ohau	
M	LTP 2015-2025 - Financial Contribution Map Areas Shannon	

### Confirmation of statutory compliance

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,
- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

### Signatories

Author(s)	Monique Davidson <b>Group Manager - Customer and Community Services</b>	
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Approved by	David Clapperton <b>Chief Executive</b>	
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# Council

## OPEN MINUTES

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Minutes of an extraordinary meeting of Council held in the Council Chambers, 126-148 Oxford St, Levin on Wednesday 18 February 2015 at 4.00 pm.

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### PRESENT

<b>Mayor</b>	Mr B J Duffy
<b>Deputy Mayor</b>	Mr G G Good
<b>Councillors</b>	Mr W E R Bishop
	Mr R J Brannigan
	Mr R H Campbell
	Mr M Feyen
	Mrs V M Kaye-Simmons
	Mrs J Mason
	Mrs C B Mitchell
	Mr A D Rush
	Ms P Tukapua

### IN ATTENDANCE

Mr D M Clapperton	(Chief Executive)
Mrs M Davidson	(Group Manager – Customer & Community Services)
Mr G Saily	(Group Manager – Infrastructure Services)
Mr D McCorkindale	(Senior Manager – Strategic Planning)
Mr D Down	(Asset Planning Manager)
Ms G Scandrett	(Community Engagement Manager)
Mrs K J Corkill	(Meeting Secretary)

### ALSO IN ATTENDANCE

Ms D Perera	(Audit Director, Audit New Zealand)
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### MEDIA IN ATTENDANCE

Mr M Grocott	("Manawatu Standard")
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### PUBLIC IN ATTENDANCE

There were seven members of the public in attendance at the commencement of the meeting.

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## 1 Apologies

There were no apologies.

## 2 Public Speaking Rights

Public Speaking Rights had not been available for this meeting as the opportunity to submit and speak to these items would be available during the public consultation on the Long Term Plan.

## 3 Late Items

There were no late items.

## 4 Declaration of Interest

There were no declarations of interest.

## 5 Announcements

### Audit New Zealand

Ms Debbie Perera, Audit Director, Audit New Zealand, was welcomed to the table. She congratulated Council on being one of the first Councils in New Zealand to be in a position to adopt its Long Term Plan consultation document under the new legislation, which was a significant achievement. She acknowledged the amount of time and effort required by both Councillors and Council officers to reach this point. Audit New Zealand had been impressed with the quality of the documentation provided with the audit process being quite smooth.

Ms Perera gave an explanation of the changes in the Audit process since the last Long Term Plan and what the auditors were required to consider during the audit process.

If Council adopted the documentation as tabled this evening, Ms Perera said she was pleased to be in a position to issue an unqualified audit opinion.

Mr McCorkindale joined the table providing an overview of the Annual Plan process to date and next steps. He noted that tonight marked an important milestone in development the 2015-2025 Long Term Plan, with the process having started 8 months ago (on 8 June 2014) with a Long Term Plan training workshop. He stressed that what was being presented was not new information and he explained the risk of the Plan not be adopted tonight and the issues if there were major changes made.

In response to a query, Mr McCorkindale confirmed that tonight was the halfway point in the journey and was the start of another process where feedback would be sought from the community. If there was strong feedback from the community on particular aspects in the Plan, that would be the time to look at making changes.

## 6 Executive



## 6.1 HDC Infrastructure Strategy

### Purpose

The purpose of this report is to seek Council's adoption of amendments to the HDC Infrastructure Strategy 2015-45.

MOVED by Cr Kaye-Simmons, seconded Cr Bishop:

*THAT Report 15/55 on HDC Infrastructure Strategy be received.*

*THAT this matter or decision be recognised as not significant in terms of s76 of the Local Government Act 2002.*

**CARRIED**

Mr Down, in speaking to this report, said what was being sought tonight was the adoption of the final Strategy document.

As he had about 200 questions which he believed were critical and had a lot of reservations, Cr Feyen said he would vote against everything tonight.

Mayor Duffy overruled a Point of Order raised by Cr Rush when Cr Feyen continued to stand and speak when requested by Mayor Duffy to respect the table and to be more specific with his comments.

MOVED by Cr Kaye-Simmons, seconded Cr Bishop:

*THAT the Horowhenua District Council's Infrastructure Strategy 2015-45 be adopted.*

A division was called for, voting on which was as follows:

#### **For:**

Councillors: Wayne Bishop  
Ross Brannigan  
Garry Good  
Victoria Kaye-Simmons  
Joanna Mason  
Christine Mitchell  
Tony Rush  
Piri-Hira Tukapua

#### **Against:**

Councillors: Ross Campbell  
Michael Feyen

The motion was declared **CARRIED** by 8 votes to 2.

## 6.2 LTP Financial Statements, Financial Strategy and Balance the Budget Statement

### Purpose

To enable Council to adopt the LTP Financial Statements, Balance the Budget Statement (and resolution), and amended Financial Strategy

MOVED by Cr Good, seconded Cr Brannigan:

*THAT Report 15/56 LTP Financial Statements, Financial Strategy and Balance the Budget Statement be received.*

*THAT this decision is recognised as significant in terms of S76 of the Local Government Act.*

**CARRIED**

Mr Clapperton introduced this report on behalf of Mr Law (who was not able to be present), noting the significance and level of detail contained in the documentation

and also that this information had been seen by Councillors by way of briefings. One of the recommendations was in relation to Council's legislative requirement to balance the budget. That resolution was required as Council would be in breach of that requirement for the next two years.

With regard to balancing the operating budget, Cr Mitchell queried what percentage of rate increase would be required for each of the next two years to bring that up so that Council did not have a deficit and would not go over the Government benchmark.

Having been forewarned of the question, Mr Clapperton said the percentage in 2015/16 would be 4.9% or \$1.4m and in the 2016/17 year would be 1.3% or a little over \$400,000.00.

After further discussion, it was:

MOVED by Cr Good, seconded Cr Brannigan:

*THAT in relation to both the 2015/2016 and 2016/17 financial years within the 2015/25 Long Term Plan, the Council resolves that it is financially prudent, after considering the matters set out in Section 100(2) (a)-(d) of the Local Government Act 2002, to set projected operating revenues at a level that are insufficient to meet projected operating expenses.*

*THAT Horowhenua District Council adopts the Draft 2015/25 LTP financial statements, amended Financial Strategy, Prudential Benchmark Disclosure Statement and Balance the Budget Statement, to support the Consultation Document.*

A division was called for, voting on which was as follows:

**For:**

Councillors: Wayne Bishop  
Ross Brannigan  
Garry Good  
Victoria Kaye-Simmons  
Joanna Mason  
Christine Mitchell  
Tony Rush  
Piri-Hira Tukapua

**Against:**

Councillors: Ross Campbell  
Michael Feyen

The motion was declared CARRIED by 8 votes to 2.

### 6.3 Revenue and Financing Policy and Funding Impact Statement

#### **Purpose**

To allow Council to adopt the Revenue and Financing policy and associated Funding Impact Statement.

MOVED by Cr Mason, seconded Cr Brannigan:

*THAT Report 15/57 Revenue and Financing Policy and Funding Impact Statement be received.*

*THAT this decision is recognised as significant in terms of S76 of the Local Government Act.*

**CARRIED**

Mr Clapperton noted that the purpose of this report was for Council to adopt, as required by legislation, a Revenue and Financing Policy which largely determined

how Council was going to fund its budget, whether by rates, by user fees and charges, etc. Council was indicating to the Community a possible change in the method of rating, from land value to capital value, so inclusive in the consultation document were the options around the method of rating and community feedback was being sought.

MOVED by Cr Mason, seconded Cr Brannigan:

*THAT the Draft Revenue and Financing policy be adopted for consultation as part of the LTP consultation process.*

*THAT the Funding Impact Statement be adopted and form part of the LTP supporting documentation for the Consultation Document.*

A division was called for, voting on which was as follows:

**For:**

Councillors: Wayne Bishop  
Ross Brannigan  
Garry Good  
Victoria Kaye-Simmons  
Joanna Mason  
Christine Mitchell  
Tony Rush  
Piri-Hira Tukapua

**Against:**

Councillors: Ross Campbell  
Michael Feyen

The motion was declared **CARRIED** by 8 votes to 2.

#### **6.4 Draft Financial Contributions Policy**

##### **Purpose**

The purpose of this report is to present to Council the Draft Financial Contribution Policy and Development Contribution Discussion Paper for adoption

MOVED by Cr Tukapua, seconded Cr Kaye-Simmons:

*THAT Report 15/43 on Draft Financial Contributions Policy be received.*

*THAT this matter or decision be recognised as not significant in terms of s76 of the Local Government Act 2002.*

**CARRIED**

Mrs Davidson spoke to this report saying the emphasis was on the word "Draft" with its purpose being to go out for public consultation as part of the Long Term Plan process.

In response to a query, Mrs Davidson clarified that Council had to have one or the other – either a Financial Contributions Policy or a Development Contributions Policy.

MOVED by Cr Tukapua, seconded Cr Kaye-Simmons:

*THAT Horowhenua District Council adopts the Draft Financial Contributions Policy to be consulted on as part of the Long Term Plan 2015-2025 consultation process.*

*THAT Horowhenua District Council adopts the Development Contribution Discussion Paper to be included as supporting information to the Long Term Plan 2015-2025 consultation process.*

A division was called for, voting on which was as follows:

**For:**

**Against:**

Councillors: Wayne Bishop  
Ross Brannigan  
Garry Good  
Victoria Kaye-Simmons  
Joanna Mason  
Christine Mitchell  
Tony Rush  
Piri-Hira Tukapua

Councillors: Ross Campbell  
Michael Feyen

The motion was declared CARRIED by 8 votes to 2.

## 6.5 Long Term Plan 2015-25 Supporting Documents

### Purpose

The purpose of this report is to present to Council for adoption a number of the supporting documents to the 2015-25 Long Term Plan Consultation Document.

MOVED by Cr Bishop, seconded Cr Mitchell:

*THAT Report 15/36 Long Term Plan 2015-25 Supporting Documents be received.*

*THAT this decision is recognised as not significant in terms of section 76 of the Local Government Act.*

**CARRIED**

Mr McCorkindale requested a slight wording change in Recommendation 3.4, with the “Chair of the Finance Subcommittee” to be replaced by the “Chief Executive and the Mayor”. This was agreed to by the mover and seconder of the resolution.

MOVED by Cr Bishop, seconded Cr Mitchell:

*THAT the supporting documents including Council's Activity Statements, Significant Forecasting Assumptions, the proposed Planning Fees and Charges 2015/16, a Statement on Council Controlled Organisations, a Statement on the development of Maori capacity to contribute to decision making processes, and a Summary of Council's Significance and Engagement Policy (attached as Appendices to this report) be adopted and be made available to the public as supporting information for the Council's 2015-2025 Long Term Plan Consultation Document.*

*THAT, if necessary, the Senior Manager – Strategic Planning, in conjunction with the Chief Executive and the Mayor be authorised to correct any minor errors or omissions in the text or tables of any of the supporting documents before the 2015-2025 Long Term Plan Consultation Document is publicly notified.*

A division was called for, voting on which was as follows:

**For:**

Councillors: Wayne Bishop  
Ross Brannigan  
Garry Good  
Victoria Kaye-Simmons  
Joanna Mason  
Christine Mitchell  
Tony Rush  
Piri-Hira Tukapua

**Against:**

Councillors: Ross Campbell  
Michael Feyen

The motion was declared CARRIED by 8 votes to 2.

**6.6 Adoption of 2015-2025 Long Term Plan Consultation Document**

**Purpose**

The purpose of this report is to adopt Council's 2015-2025 Long Term Plan Consultation Document for public consultation.

MOVED by Cr Mitchell, seconded Cr Mason:

*THAT Report 15/33 Adoption of 2015-2025 Long Term Plan Consultation Document be received.*

*THAT this decision is recognised as not significant in terms of S76 of the Local Government Act.*

**CARRIED**

MOVED by Cr Mitchell, seconded Cr Mason:

*THAT the 2015-2025 Long Term Plan Consultation Document be adopted for public consultation.*

*THAT, if necessary, the Senior Manager – Strategic Planning, in consultation with the Mayor and Chief Executive, be authorised to correct any minor errors or omissions in the 2015-2025 Long Term Plan Consultation Document before it is publicly notified.*

A division was called for, voting on which was as follows:

**For:**

Councillors: Wayne Bishop  
Ross Brannigan  
Garry Good  
Victoria Kaye-Simmons  
Joanna Mason  
Christine Mitchell  
Tony Rush  
Piri-Hira Tukapua

**Against:**

Councillors: Ross Campbell  
Michael Feyen

The motion was declared **CARRIED** by 8 votes to 2.

5.08 pm

There being no further business, the Chairperson declared the meeting closed.

CONFIRMED AS A TRUE AND CORRECT RECORD  
AT A MEETING OF COUNCIL HELD ON

**DATE:**.....

**CHAIRPERSON:**.....



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# Council

## OPEN MINUTES

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Minutes of a meeting of Council held in the Council Chambers, 126-148 Oxford St, Levin, on Tuesday 5 May 2015 at 3.00 pm.

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### PRESENT

<b>Mayor</b>	Mr B J Duffy
<b>Deputy Mayor</b>	Mr G G Good
<b>Councillors</b>	Mr W E R Bishop
	Mr R J Brannigan
	Mr R H Campbell
	Mr M Feyen
	Mrs V M Kaye-Simmons
	Mrs J Mason
	Mrs C B Mitchell
	Mr A D Rush
	Ms P Tukapua

### IN ATTENDANCE

Mr D McCorkindale	(Senior Manager – Strategic Planning)
Mr D M Clapperton	(Chief Executive)
Mr D Law	(Group Manager – Finance)
Mrs M Davidson	(Group Manager – Customer & Community Services)
Mr G Saidy	(Group Manager – Infrastructure Services)
Mr K Peel	(Roading Services Manager)
Mr D Down	(Asset Planning Manager)
Mr J Paulin	(Finance Manager)
Ms G Scandrett	(Community Engagement Manager)
Mr M E Lepper	(Customer & Regulatory Services Manager)
Mr S Grainger	(Economic Development Manager)
Ms T Williams	(Strategic Planner)
Mr A Mohammed	(Financial Systems Manager)
Mrs K J Corkill	(Meeting Secretary)

### ALSO IN ATTENDANCE

Various Council Officers attended from time to time throughout the meeting.

### PUBLIC IN ATTENDANCE

The number of members of the public in attendance fluctuated throughout the evening.

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## 1 Apologies

There were no apologies.

## 2 Declarations of Interest

Cr G Good	Submission 202 - Levin Adventure Park – wife, Pam, is a Trustee.
Cr Brannigan	Submission 46 - Emergency Management
Cr Tukapua	Various Submissions relating to the Foxton Beach Freeholding Account (TANS Trustee)
Cr Kaye-Simmons	Manawatu Estuary Trust (Financial Member) Green Party, Otaki Branch (Financial Member) Levin Mall Car Park (Mall Tenant)
Cr Bishop	Development Contributions
Cr Mitchell	Her husband had put in a submission and was a member of Federated Farmers. She had carefully considered whether or not she should declare a conflict of interest but as the submissions was of a general nature and there was no pecuniary interest she did not believe she needed to declare a conflict.
Cr Feyen	TANS member and Council representative on SORT.
Cr Campbell	He was in a similar situation to Cr Mitchell. His wife had put in a submission on behalf of the Shannon Progressive Association but there was no pecuniary interest.
Cr Rush	Whilst he lived in a lifestyle village, and there was a submission from Mr Smellie on behalf of people living in lifestyle villages, it was general not specific so he did not believe he had a conflict.

## 3 Announcements

It was noted the In Committee item – Roading Maintenance Contract 2015 - would be heard tomorrow evening following hearing from submitters.

Mr McCorkindale advised that the speaking schedule for today's hearing (as at 3.00 pm) had been provided together with an updated index page which included late submissions 265 and 267 and submission 266, copies of which were also provided. There had been some changes from the original schedule as some submitters who had wished to speak had withdrawn and other speakers had been rescheduled to accommodate the changes.

Mayor Duffy stressed that as submitters spoke over the next three days, Councillors would have the opportunity to ask questions and seek points of clarification. It was not about going into the debate. This would then assist officers to produce their final reports before going into the deliberations. He would bring people back on topic if they strayed too far from a question.

## 4 Receipt and Hearing of Submissions on the Draft Long Term Plan 2015/25

MOVED by Cr Good, seconded Cr Mitchell:

*THAT Submissions 1-260 and 266 to the 2015/2025 Draft Long Term Plan be received.*

**CARRIED**



MOVED by Cr Campbell, seconded Cr Rush:

*THAT Late Submissions 261-265 and 267 to the 2015/2025 Draft Long Term Plan be received in accordance with Council's Acceptance of Late Submissions Policy.*

**CARRIED**

The following submitters joined the table to speak to their submission, add further detail or emphasis and respond to Councillors' questions.

The meeting was audio recorded and submitters' verbal submissions would be available on Council's website.

*Submission 172 – D R & V A Mercer (Rating System; Water Tanks; Smokefree Environment Policy; Paid Parking in the Levin Mall Car Park)*

*Submission 189 – Per Gnatt (Paid Parking in the Levin Mall Car Park)*

A copy of Mr Gnatt's further comments is **attached** to the official minutes.

*Submission 213 – George Thomson (University of Otago, Wellington) (Smokefree Environment Policy)*

*Submission 205 – Charles Joseph (Joe) Havill (Rating System; Development Contributions Policy; Water Tanks)*

A copy of Mr Havill's further submission is **attached** to the official minutes.

*Submission 50 – Horowhenua Integrated Family Health Centre / Craig Fleury (Smokefree Environment Policy)*

*Submission 63 – Quin Roofing / Donald McFedries on behalf of Bruce Love (Development Contributions Policy)*

*Submission 237 – Gordon Bruce & Elaine Margaret Little (Rating System; Development Contributions Policy)*

A copy of Mr & Mrs Little's verbal submission is **attached** to the official minutes.

*Submission 133 – Sport Manawatu / Trevor Shailer (Smokefree Environment Policy; Swim School Fees and Charges; Cycling and Walking Strategy; Velodrome and other Community Facilities Strategy)*

*Submission 135 – Horizons Regional (Pen Tucker and Helen Thomas)*

A copy of Ms Tucker and Ms Thomas' further comments are **attached** to the official minutes.

The meeting adjourned briefly (4.30-4.40 pm).

*Submission 250 – Linda Rawlings (Rating System; Financial Strategy; Development Contributions Policy; Infrastructure Strategy; Water Tanks; Smokefree Environment Policy; Paid Parking in the Levin mal Car Park; Swim School Fees and Charges; Planning Fees and Charges; Foxton Beach Freehold Account – Parks & Reserves, Whitebait Creek, Te Awahou-Nieuwe Stroom; Reserves)*

*Submission 256 – Wally Dalgliesh (Rating System)*

A copy of Mr Dalgliesh's verbal submission is **attached** to the official minutes.

*Submission 257 – Papaitonga Springs Subdivision Committee / Jan Henshall, Wally Dalgleish & Hamish McDonald (Rating System; Development Contributions Policy)*

*Submission 259 – Hamish McDonald (Rating System; Financial Strategy; Development Contributions Policy; Infrastructure Strategy; Water Tanks; Smokefree Environment Policy; Paid Parking in the Levin Mall Car Park; Swim School Fees and Charges; Planning Fees and Charges)*

A copy of Mr McDonald's further comments is **attached** to the official minutes.

*Submission 224 – Philip Taueki (Hokio Trust's Rate debt; Stormwater discharge to Lake Horowhenua; Sediment build up in Lake Horowhenua; Relocation of "The Pot"; Restorative work at the "Cut" at Hokio Beach; Impact of Levin landfill on water bodies)*

*Submission 47 – Stuart Campbell (Rating System; Financial Strategy; Development Contributions Policy; Water Tanks)*

A copy of Mr Campbell's verbal submission is **attached** to the official minutes.

*Submission 240 – Deborah Burns (Water Tanks; Support for Levin Bypass; Paid Parking in the Levin Mall Car Park)*

The meeting adjourned for a meal break (5.50-6.30 pm)

*Submission 146 – Ken & Lynn Riddle (Rating System; Development Contributions Policy)*

A copy of Mr & Mrs Riddle's verbal comments is **attached** to the official minutes.

*Submission 167 – Cancer Society of New Zealand Manawatu Centre Inc / Kerry Hocquard (Smokefree Environment Policy; Community Outcomes)*

*Submission 227 – Cancer Society of New Zealand Manawatu Centre Inc / Kerry Hocquard (Parks & Reserves)*

*Submission 89 – Geoff Kane (Rating System; Development Contributions Policy)*

*Submission 221 – Dennis Hunt (Rating System; Development Contributions Policy; Potable water for Waitarere Beach)*

*Submission 55 – (Rating System; Financial Strategy; Development Contributions Policy; Infrastructure Strategy; Water Tanks; Planning Fees & Charges; Paid Parking in the Levin Mall Car Park; Swimming School Fees & Charges; Smokefree Environment; Public Transport)*

The meeting adjourned at 7.25 pm, to reconvene tomorrow (6 May 2015) at 3.00 pm.

CONFIRMED AS A TRUE AND CORRECT RECORD  
AT A MEETING OF COUNCIL HELD ON

**DATE:**.....

**CHAIRPERSON:**.....

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# Council

## OPEN MINUTES

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Minutes of a reconvened meeting of Council held in the Council Chambers, 126-148 Oxford St, Levin, on Wednesday 6 May 2015 at 4.00.

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### PRESENT

<b>Mayor</b>	Mr B J Duffy
<b>Deputy Mayor</b>	Mr G G Good
<b>Councillors</b>	Mr W E R Bishop
	Mr R J Brannigan
	Mr R H Campbell
	Mr M Feyen
	Mrs V M Kaye-Simmons
	Mrs J Mason
	Mrs C B Mitchell
	Mr A D Rush
	Ms P Tukapua

### IN ATTENDANCE

Mr D McCorkindale	(Senior Manager – Strategic Planning)
Mr D M Clapperton	(Chief Executive)
Mr D Law	(Group Manager – Finance)
Mrs M Davidson	(Group Manager – Customer & Community Services)
Mr G Saidy	(Group Manager – Infrastructure Services)
Mr K Peel	(Roading Services Manager)
Mr D Down	(Asset Planning Manager)
Mr J Paulin	(Finance Manager)
Ms G Scandrett	(Community Engagement Manager)
Mr M E Lepper	(Customer & Regulatory Services Manager)
Mr S Grainger	(Economic Development Manager)
Ms T Williams	(Strategic Planner)
Mr A Mohammed	(Financial Systems Manager)
Mrs K J Corkill	(Meeting Secretary)

### ALSO IN ATTENDANCE

Mr H Waugh (Manawatu District Council) (from 7.45 pm)  
Various Council Officers attended from time to time throughout the meeting.

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## MEDIA IN ATTENDANCE

Ms L Knight

("Manawatu Standard") (to 5.20 pm)

## PUBLIC IN ATTENDANCE

There were five members of the public in attendance at the commencement of the meeting, with numbers fluctuating throughout the evening.

### 1 Apologies

There were no apologies.

### 2 Declarations of Interest

There were no further declarations of interest.

### 3 Announcements

Mr McCorkindale noted that Councillors had been provided with the speaking schedule for the evening. Also provided was rating information for Electra. There was no Officer recommendation for Electra as this was a late submission and this was information that had been requested by Mr Leggett who would be speaking on behalf of Electra at 3.30 pm.

In response to a query from Cr Feyen as to whether there had been any other late submissions and had any be turned down, Mr McCorkindale said there had been four or five late submissions received prior to the hearings and they had all been addressed in a fair and equal way.

The following submitters joined the table to speak to their submission, add further detail or emphasis and respond to Councillors' questions.

The meeting was being audio recorded and submitters' verbal submissions would be available on Council's website.

*Submission 904 – Gaylyn & Ross Bennett (Rating System; Financial Strategy; Remissions Policy; Development Contributions Policy; Infrastructure Strategy; Water Tanks; Paid Parking in the Levin mall Car Park; Te Awahou-Nieuwe Stroom)*

A copy of Mrs Bennett's further comments at **attached** to the official minutes.

*Submission 615 – Terry Hart (T & M Design) (Development Contributions Policy)*

*Submission 247 – William Huzziff (Rating System; Development Contributions Policy)*

A copy of Mr Huzziff's further submission is **attached** to the official minutes.

*Submission 267 – Electra / Ross Leggett (Rating System)*

*Submission 154 – Charles Rudd (Rating System; Financial Strategy; Infrastructure Strategy; Water Tanks; Planning Fees and Charges; Paid Parking in the Levin Mall Car Park; Swim School Fees and Charges; Smokefree Environment; Other Matters)*

A copy of Mr Rudd's verbal submission is **attached** to the official minutes.

*Submission 147 – Heart Foundation Manawatu / Sally Darragh (Smokefree Environment)*

*Submissions 88 & 138 – Maurice Manihera / Te Runanga o Raukawa) (Smokefree Environment; Roding)*

A copy of Mr Manihera's further comments is **attached** to the official minutes.

*Submission 144 – KCE Mangahao Ltd / Lorelle Barry, Paul Robinson (Rating System)*

A copy of Ms Barry's Statement in relation to the submission by KCE Mangahao Ltd is **attached** to the official minutes.

*Submission 66 – Larry Hine (Rating System; Development Contributions Policy; Reserves Planning; Waitarere Beach – Visitor Destination)*

*Submission 266 – Anne Hunt (Foxton Beach Freeholding Account – Te Awahou-Nieuwe Stroom; Te Awahou-Nieuwe Stroom; Civic building; Māori Capacity to Decision Making; Proportionality of Elderly Citizens; Hokio Stream Trench; Stormwater; The Pot)*

*Submission 228 – Hokio Progressive Association / Rose Cotter, Trish Overend & Sharyn Williamson (Rating System; Development Contributions Policy; Infrastructure Strategy; Water Tanks; Paid Parking in the Levin Mall Car Park; Smokefree Environment; Levin Domain, Velodrome/cycle track, Hokio Road playground, Tree works)*

*Submission 225 – Save Our River Trust & Wildlife Foxton Trust / Tony Murdoch (Parks & Reserves – Grants and Funding)*

*Submission 242 – Tony Murdoch (Rating System; Financial Strategy; Development Contributions Policy; Infrastructure Strategy)*

*Submission 229 – Foxton Community Board / Janine Smart (Foxton Beach Freeholding Account – Parks and Reserves; Foxton Beach Freeholding Account – Whitebait Creek; Foxton Beach Freeholding Account – Te Awahou-Nieuwe Stroom; Roding Foxton/Foxton Beach; Southern Gateway Development; Parks & Reserves; Foxton Aquatic Centre; Promotions)*

A copy of Ms Smart's verbal submission is **attached** to the official minutes.

Cr Rush briefly left the meeting (5.10-5.26 pm)

*Submission 45 – David Thomson (Rating System; Financial Strategy; Development Contributions Policy; Infrastructure Strategy; Water Tanks)*

*Submission 163 – Manawatu Estuary Trust / Kelvin Lane (Manawatu Estuary)*

A copy of Mr Lane's further submission is **attached** to the official minutes.

*Submission 175 – Kelvin Lane (Rating System; Financial Strategy; Development Contributions Policy; Infrastructure Strategy; Water Tanks)*

A copy of Mr Lane's further comments is **attached** to the official minutes.

*Submission 166 – William Taylor (Rating System)*

*Submission 253 – Gary Davis / Davis Contracting Levin Ltd (Rating System; Development Contributions; Water Tanks)*

*Submission 230 – Federated Farmers / Kristy McGregor (Rating System; Other Financial Issues; Development Contributions Policy; Roding; Economic Development & Visitor Information; Community Outcomes)*

*Submission 230 – Federated Farmers / Kristy McGregor, James Stewart (President of Manawatu/Rangitikei Farmers) and Geoff Kane (Rating System; Other Financial Issues;*

*Development Contributions Policy; Roading; Economic Development & Visitor Information; Community Outcomes)*

A copy of Ms McGregor's Hearing Statement is **attached** to the official minutes.

The meeting adjourned for a meal break (6.15-6.45 pm)

*Submission 159 – Horowhenua GreyPower Association / Lew Rohloff (Rating System; Infrastructure Strategy; Paid Parking in the Levin Mall Car Park; Smokefree Environment)*

A copy of GreyPower's further submission is **attached** to the official minutes.

*Submission 185 – Farmers Ratepayers' Group / Ann Thomas (Rating System; Development Contributions Policy; Water Tanks; Te Awahou-Nieuwe Stroom)*

A copy of the Farmers Ratepayers' Group's verbal submission is **attached** to the official minutes.

*Submission 203 – Brian & Ann Thomas (Rating System; Financial Strategy; Development Contributions Policy; Infrastructure Strategy; Stormwater; Water Tanks; Te Awahou-Nieuwe Stroom; Parks and Reserves Expenditure)*

A copy of Mr & Mrs Thomas' further submission is **attached** to the official minutes.

*Submission 234 – Peter Everton (Rating System; Solid Waste)*

*Submission 46 – Tokomaru Village Association / David Wilton (Chair), Peter Ward and Lone Jorgensen (Rating System; Development Contributions Policy; Water Tanks; Paid Parking in the Levin Mall Car Park; Planning Fees and Charges; Smokefree Environment; Te Awahou-Nieuwe Stroom; Economic Development; Solid Waste; Lack of Footpaths and Road Safety Concerns; Parks and Reserves, Walkways, Cycling and Walking Strategy and Tokomaru Domain; Emergency Management; Community Outcomes)*

*Submission 29 – Lone & Jens Jorgensen (Rating System; Financial Strategy; Development Contributions Policy; Infrastructure Strategy; Water Tanks; Paid Parking in the Levin Mall Car Park)*

*Submission 195 – Waitarere Beach Surf Club / Sam Ferguson, Brian Forth (Club Captain) (Funding for design and building costs of a new surf club and community facility)*

A copy of the Club's PowerPoint presentation is **attached** to the official minutes.

*Submission 197 – Sam Ferguson / Green Party – Otaki Electorate (Water Tanks)*

## **12 Procedural motion to exclude the public**

*MOVED by Cr Rush, seconded Cr Brannigan:*

*THAT the public be excluded from the following part(s) of the proceedings of this meeting.*

*The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution follows.*

*This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, as follows:*

**C1 Roothing Maintenance Contract 2015**

<i>Reason for passing this resolution in relation to each matter</i>	<i>Particular interest(s) protected (where applicable)</i>	<i>Ground(s) under section 48(1) for the passing of this resolution</i>
<i>The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</i>	<i>s7(2)(h) - The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities. s7(2)(i) - The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).</i>	<i>s48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</i>

**AND FURTHER**

*THAT Hamish Waugh from Manawatu District Council be invited to remain due to his knowledge in relation to the item under consideration.*

The text of these resolutions is made available to the public who are present at the meeting and form part of the minutes of the meeting.

**CARRIED**

8.20 pm The public were excluded.

Resolutions in relation to the confidential items are recorded in the confidential section of these minutes and are not publicly available.

The meeting adjourned at 8.50 pm following consideration of the In Committee item to reconvene tomorrow (7 May 2015) at 3.00 pm.

CONFIRMED AS A TRUE AND CORRECT RECORD  
AT A MEETING OF COUNCIL HELD ON

**DATE:**.....

**CHAIRPERSON:**.....





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# Council

## OPEN MINUTES

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Minutes of a reconvened meeting of Council held in the Council Chambers, 126-148 Oxford St, Levin, on Thursday 7 May 2015 at 3.00 pm.

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### PRESENT

<b>Mayor</b>	Mr B J Duffy	
<b>Deputy Mayor</b>	Mr G G Good	
<b>Councillors</b>	Mr W E R Bishop	
	Mr R J Brannigan	(from 4.07 pm)
	Mr R H Campbell	
	Mr M Feyen	(from 3.37 pm)
	Mrs V M Kaye-Simmons	
	Mrs J Mason	
	Mrs C B Mitchell	
	Mr A D Rush	
	Ms P Tukapua	

### IN ATTENDANCE

Mr D McCorkindale	(Senior Manager – Strategic Planning)
Mr D M Clapperton	(Chief Executive)
Mr D Law	(Group Manager – Finance)
Mrs M Davidson	(Group Manager – Customer & Community Services)
Mr G Saidy	(Group Manager – Infrastructure Services)
Mr K Peel	(Roading Services Manager)
Mr D Down	(Asset Planning Manager)
Mr J Paulin	(Finance Manager)
Ms G Scandrett	(Community Engagement Manager)
Mr M E Lepper	(Customer & Regulatory Services Manager)
Mr S Grainger	(Economic Development Manager)
Ms T Williams	(Strategic Planner)
Mr A Mohammed	(Financial Systems Manager)
Mrs K J Corkill	(Meeting Secretary)

### ALSO IN ATTENDANCE

Various Council Officers attended from time to time throughout the evening.

### MEDIA IN ATTENDANCE

Ms T Wood	(“Manawatu Standard”)
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## PUBLIC IN ATTENDANCE

There were five members of the public in attendance at the commencement of the meeting, with numbers fluctuating throughout the meeting.

### 1 Apologies

Apologies for lateness were recorded for Crs Feyen and Brannigan.

NOTED

### 2 Declarations of Interest

There were no further declarations of interest.

### 3 Announcements

Mayor Duffy reconvened the meeting and advised the process that the meeting would follow.

The following submitters joined the table to speak to their submission, add further detail or emphasis and respond to Councillors' questions.

The meeting was being audio recorded and submitters' verbal submissions would be available on Council's website.

*Submission 177 – Christina Paton (Rating System; Development Contribution Policy; Infrastructure Strategy; Financial Strategy; Water Tanks & Universal Water Metering; Paid Parking in the Levin Mall Car Park; Smokefree Environment; Foxton Beach Freeholding Account – Parks & Reserves; Foxton Beach Freeholding Account – Whitebait Creek; Foxton Beach Freeholding Account – Te Awahou-Nieuwe Stroom; Solid Waste)*

A copy of Mrs Paton's further comments is **attached** to the official minutes.

*Submission 85 – Surf Life Saving NZ / Charles Cordwell) (Grants and Funding)*

*Submission 154 – Ross Richard Nicholson (Rating System; Financial Strategy; Development Contributions Policy; Infrastructure Strategy; Paid Parking in the Levin Mall Car Park)*

*Submission 201 – Julie Beckett (Smokefree Environment)*

*Submission 226 – Lorraine Blenkhorn (Rating System)*

Cr Feyen joined the meeting (3.37 pm)

*Submission 218 – Trackside Villas Body Corporate / Eric Booth (Rating System)*

A copy of Mr Booth's further comments is **attached** to the official minutes.

*Submission 243 – Christopher Painter (Rating System; Paid Parking in the Levin Mall Car Park; Smokefree Environment; Foxton Beach Freeholding Account – Parks and Reserves; Foxton Beach Freeholding Account – Whitebait Creek; Foxton Beach Freeholding Account – Te Awahou-Nieuwe Stroom)*

*Submission 251 – Michael Nash (Rating System; Infrastructure Strategy; Community Centres – Te Awahou Nieuwe Stroom)*

*Submission 158 – Truebridge Associates Ltd / Roger Truebridge (Rating System; Development Contributions Policy; District Plan)*

Cr Brannigan joined the meeting at this juncture (4.07 pm).

*Submission 116 – Maurice & Sophie Campbell (Rating System; Financial Strategy; Development Contributions Policy; Stormwater improvements; Water Tanks; Paid Parking in the Levin Mall Car Park; Smokefree Environment)*

A copy of Mrs Campbell's verbal submission is **attached** to the official minutes.

*Submission 238 – Horowhenua Economic Development Board / Cam Lewis, Shannon Grainger (Rating System; Development Contributions Policy; Paid Parking in the Levin Mall Car Park)*

A copy of Mr Lewis' verbal submission is **attached** to the official minutes.

The meeting adjourned briefly (4.36-4.46 pm).

*Submission 264 – Retirement Villages Association / John Collyns (Executive Director, RVA), Warwick Dunn (CEO, Wellington Masonic Villages Trust), and Paul Westney (My Life) (Rating System)*

A copy of the Association's further comments is **attached** to the official minutes.

*Submission 249 – Leslie (Gary) Bidlake (Rating System; Water Tanks)*

A copy of Mr Bidlake's verbal submission is **attached** to the official minutes)

*Submission 212 – Simon Kuiti (Rating System; Financial Strategy; Development Contributions Policy; Water Tanks; Planning Fees & Charges; Paid Parking in the Levin Mall Car Park; Swim School Fees & Charges; Smokefree Environment)*

*Submission 70 – Frederick Cockram (Rating System)*

A copy of Mr Cockram's supplementary submission is **attached** to the official minutes.

*Submission 235 – Jacqueline Kerins (Swim School Fees & Charges)*

*Submission 241 – Levin Swim Club / Jill Aungiers (Swim School Fees & Charges; Community Services Review)*

*Submission 151 – Stephen & Karen Prouse (Rating System & Rates Remissions; Development Contributions policy; Walking & Cycling)*

A copy of Mr & Mrs Prouse's verbal submission is **attached** to the official minutes.

The meeting adjourned for a meal break (5.55 – 6.30 pm)

*Submission 90 – Save Our River Trust / Robin Hapi (Foxton Beach Freeholding Account – Te Awahou Nieuwe Stroom)*

A copy of Mr Hapi's further comments is **attached** to the official minutes.

*Submission 59 – Warwick Meyer (Rating System)*

*Submission 176 – Youth Voice / Jotham Harris, Kirby Kaye-Simmons, Bailey Darwin, Emily Schleuss, Rebekah Rowan, Emma Thompson (Rating System; Development Contributions Policy; Paid Parking in the Levin Mall Car Park; Smokefree Environment; Swim School Fees & Charges; Cycling and Walking Strategy)*

*Submission 130 – Peter Wright (Rating System; Development Contributions Policy)*

A copy of Mr Wright's verbal submission is **attached** to the official minutes)

*Submission 121 – Shannon Progressive Association / Don Howie (Shannon Christmas Lights)*

*Submission 87 – Waitarere Beach Progressive & Ratepayers' Association Inc / Larry Hine & Peter Rosewarne (Rating System; Financial Strategy; Development Contributions Policy; Stormwater; Wastewater Upgrades; Water Tanks; Paid Parking in the Levin Mall Car Park; Economic Development; Waitarere Beach – Footpaths, Lighting; Stormwater; Wastewater; Parks, Reserves & Property)*

A copy of the Association's PowerPoint presentation is **attached** to the official minutes.

*Submission 51 – Craig Dewhurst (Rating System; Financial strategy; Development Contributions Policy; Water Tanks; Paid Parking in the Levin Mall Car Park; Roading; Liquor Licensing; Parking Enforcement)*

#### **4 Late Item**

Councillors were given the opportunity to peruse the tabled late report, with Mr Clapperton (who had replaced Mr McCorkindale as Reporting Officer) explaining that there was some nervousness in relation to the ability of LAPP to meet Council's requirements vis a vis insurance of its infrastructure. Council reviewing its involvement with LAPP was signalled twelve months ago and a decision whether or not to withdraw had to be made by 15 May 2015; hence the reason for the late report.

#### **4.1 Local Authority Protection Plan**

##### **Purpose**

To seek delegated authority from Council for the Mayor, the Chief Executive and the Chair of the Finance Subcommittee to make the decision as to whether Council should continue to subscribe to the Local Authority Protection Plan.

MOVED by Cr Good, seconded Cr Rush:

*THAT pursuant to Section 46A(7) of the Local Government Official Information and Meetings Act 1987, Report 15/222 Local Authority Protection Plan be received.*

*THAT this decision is recognised as not significant in terms of S76 of the Local Government Act.*

**CARRIED**

Mr Clapperton and Mr Law gave a background to the current state of insurance for local authorities particularly since the Christchurch earthquake and a concern that had arisen should a further disaster occur that there may not be sufficient insurance available via LAPP to meet Council's requirements. It was suggested that the prudent option was to provide the delegated authority requested so the various alternatives with regard to insurance of Council's 3 waters infrastructural assets could be investigated by the deadline of 15 May 2015.

MOVED by Cr Good, seconded Cr Rush:

*THAT Council delegates the decision on disaster insurance for the 3 waters infrastructural assets to the Mayor, the Chief Executive and the Chair of the Finance Subcommittee.*

**CARRIED**

8.40 pm

There being no further business, the Chairperson declared the meeting closed.

CONFIRMED AS A TRUE AND CORRECT RECORD  
AT A MEETING OF COUNCIL HELD ON

**DATE:**.....

**CHAIRPERSON:**.....



File No.: 15/240

## Draft Long Term Plan 2015/2025 - Development Contributions Policy

### 1. Purpose

The purpose of this report is to present to Council for deliberation, the submissions received on the Draft Long Term Plan 2015/2025 in relation to the Council's Development Contribution Policy.

### 2. Recommendation

- 2.1 That Report Draft Long Term Plan 2015/2025 - Development Contributions Policy be received.
- 2.2 That this decision is recognised as not significant in terms of S76 of the Local Government Act.
- 2.3 That Council resolves to cancel the Development Contributions Policy and adopt the Draft Financial Contributions Policy to be put forward as a change to the District Plan.

### 2. Topic for Consideration

#### Topic: Development Contributions Policy

#### Submissions

Submission No. 21 (Landlink Ltd), 30 (Maureen Lee), 32 (Ray & Sandra Hudson), 37 (Margaret Jeune), 39 (Barry Barker), 40 (Janet & Raymond Rzepecky), 47 (Stuart Campbell), 54 (Andersons Farms Ltd), 63 (Quin Roofing Ltd), 66 (Larry Hine), 75 (Jill Brown), 87 (Waitarere Beach Progressive & Rate Payers Association Inc), 89 (Geoff Kane), 93 (Attwell Valuers Ltd), 95 (Homestead Development Ltd), 98 (Dirk Ris), 105 (Quantum Tanks), 106 (Malcolm & Andrea Howard), 114 (Trayla Trailers Ltd), 116 (Maurice & Sophie Campbell), 127 (Allan Mitchell), 128 (Bob Wright), 136 (Russell Newton), 146 (Ken & Lynn Riddle), 150 (Harcourts Levin), 161 (T & M Design), 174 (Ewen Robertson), 176 (Youth Voice Horowhenua 2015), 185 (Horowhenua Farmers Ratepayers Group), 188 (Timms Farm Ltd), 192 (Noaro Farms Ltd), 196 (Sam Ferguson), 198 (Peter Hamilton & Margaret Hill), 202 (Pamela Good), 203 (Brian & Ann Thomas), 238 (Horowhenua Economic Development Board), 253 (Davis Contracting Levin Ltd), 254 (David Clark), 257 (Papaitonga Springs Subdivision Committee), 258 (Warren Harris), 260 (Justin Wilson), Submission No. 7 (Nigel Crockett), 15 (Robyn Johns), 55 (Felicity Bernon), 65 (Fred Foothead), 69 (Raymond Bishop), 71 (Bruce Garratt), 72 (Joan Bishop), 77 (Graeme & Patricia Lucinsky), 92 (Roma Trust), 100 (Tommy Cushnahan Golf Ltd), 107 (Judy Brain), 108 (Ian & Jo Hopkirk), 119 (Robert Hoskins), 151 (Stephen & Karen Prouse), 156 (John & Robyn Soubrey), 168 (Christine Toms), 175 (Kelvin Lane), 199 (Suzanne Havill), 205 (Charles Havill), 208 (Brian Good), 217 (Kris Burberry), 255 (Daniel Brizzle), 259 (Hamish McDonald), 263 (John Heskett), Submission No. 1 (John Murphy), 31 (Gordon & Elizabeth Burr), 97 (Charles Davies), 110 (Kevin Metge), 145 (Ross Nicholson), 158 (Truebridge Associates Ltd), 194 (Rebecca Noaro), 221 (Dennis Hunt), Submission No. 8 (Rodney and Jeanette Jamieson), 13 (William & Wendy Tunley), 35 (Fiona Bell), 42 (Barry Rollinson), 56 (Sharon Freebairn), 61 (Kelvin Sherman), 64 (Murray Staples), 67 (Bernard Casey), 74 (Janice Goodburn), 99 (Catherine Madison), 130 (Peter Wright), 207 (Susanne & Murray Hanlon), 209 (Diana McGill), 223 (Sarah Elliot), 230 (Federated Farmers), 231 (Bruce Mitchell), 236 (Jeremy Manks), Submission No. 12 (Gerd Ruschhaupt), 19 (Graham Conner), 16 (Mike Fletcher), 23 (Chris Thompson), 25 (Anthony Strawbridge), 26 (Peter Price), 28

(Melanie Obers), 29 (Lone & Jens Jorgensen), 33 (Albert Burgess), 34 (Bruce & Moira Parsons), 45 (David Thomson), 46 (Tokomaru Village and Community Association), 48 (Geoffrey McBrydie), 51 (Craig Dewhurst), 52 (Pau Smith), 53 (Janice Smith), 57 (Gary Willard), 60 (Piero Lavo), 76 (David Bowker), 79 (Diane & Stephen Mead), 111 (Esther Burns), 113 (Arthur & Glenys Woollard), 126 (Sharyn & Carl Williamson), 140 (Bruce & Virginia Stafford), 141 (Neville Gimblett), 153 (Troy Taylor & Paulianne Theuma), 157 (Carlo Ricci), 164 (Carol & Lyall Bilerbeck), 177 (Christina Paton), 212 (Simon Kuiti), 228 (Hokio Progressive Association), 233 (Deborah Gimblett), 237 (Bruce & Elaine Little), 239 (Gaylyn & Ross Bennett), 247 (William Huzziff), 250 (Linda Rawlings).

### **Summary of Submissions**

The purpose of this report is to provide Council with information to assist them in making a decision with regard to Development Contributions. Council as part of the Long Term Plan 2015-2025 made a decision to consult on whether Council should cancel its existing Development Contributions Policy and implement a Financial Contributions Policy.

Through the draft LTP consultation process 125 submissions were received with regard to Development Contributions.

Below is a high-level breakdown of the submitters' views.

<b>OPTION</b>	<b>Number of Submitters</b>	<b>Percentage</b>
1. Cancel Development Contributions	40	32%
2. Suspend Development Contributions	24	24%
3. Harmonise Development Contributions	8	6%
4. Moderate Development Contributions	17	14%
5. Retain the Status Quo	36	29%

During hearings, some submitters provided further clarity to their submission - further changing the breakdown to the following:

<b>OPTION</b>	<b>Number of Submitters</b>	<b>Percentage</b>
1. Cancel Development Contributions	41	32.8%
2. Suspend Development Contributions	23	23%
3. Harmonise Development Contributions	8	6.4%
4. Moderate Development Contributions	17	13.6%
5. Retain the Status Quo	36	28.8%

## **Analysis**

### **Introduction**

Council currently charges development contributions to fund the cost of infrastructure, reserves or other community facilities arising from new housing or commercial developments. The current development contributions charged by Council are considered by some to be a disincentive to economic growth and new development in Horowhenua. Council is committed to creating an enabling environment to encourage economic growth in the Horowhenua district. Reviewing Council's position on development contributions is one area that Council can directly influence in the short to medium term.

### ***What is a Development Contribution?***



Every new residential or commercial development increases demand on the District's resources and services such as the transport network, water supply and reserves. A development contribution is a contribution from developers of cash, or in some cases land, to fund the additional demand for reserves, network infrastructure and community infrastructure created by growth. Development contributions are typically charged for new houses, new commercial buildings and new sections created through subdivisions.

Council is required to review the Development Contributions Policy every three years. The last review was undertaken in 2012. During 2014 a number of workshops were held with Council exploring whether changes should be made to the current Development Contributions Policy to help stimulate economic growth in the District.

The Local Government Act 2002 (LGA 2002) introduced development contributions as a mechanism for Territorial Authorities to obtain funding for community infrastructure and public amenities. Development contributions are an optional source of funding and throughout New Zealand, 43 Territorial Authorities charge development contributions and 20 do not. In the last two years, both Rotorua District Council and Hutt City Council have made decisions to discontinue or exempt development contributions in order to assist the stimulation of growth in their respective areas.

The purpose of development contributions is to fund the costs of infrastructure, reserves or other community facilities arising from new housing or commercial developments. A financial contribution can be imposed as a condition of resource consent for a purpose set out in the District Plan. Council ceased using financial contributions when development contributions were introduced.

Development contributions in simple terms are the cost of capital expenditure for network and community infrastructure where a share of that cost is attributed to a unit of demand created by growth.

***Development Contributions in the Horowhenua District - Discussion on Effective Funding and Implications on Growth***

Horowhenua District Council adopted a Development Contributions Policy as part of its Long Term Plan in 2006. Council reviews the development contribution charges every three years. Reviews have been undertaken in 2009 and 2012.

The 2006 Development Contribution Policy did not include charges for commercial development. This was introduced by Council in 2009.

Council collects development contributions to support the following activities:

<u>Network Infrastructure</u>	<u>Community Infrastructure</u>
Roading	Reserves
Water Supply	Public and civic amenities
Wastewater	

Under each of these activities are a number of specific projects included in the Development Contribution Policy which is formally adopted as part of the Long Term Plan.

The development contribution amount triggered by a development is calculated by using units of demand on infrastructure.

For residential development, each allotment in addition to the original allotment is assessed as one unit of demand. For residential development on existing sites, any additional residential dwelling (as defined in the District Plan) over and above that on the site is assessed as one unit of demand.

Non-residential developments are assessed on the demand that they create. The number of units of demand generated by the development is determined by using a conversion function based on gross floor area of the development.

Development contributions are charged over a 15-20 year period to cover the incremental growth of increased demand on Council's infrastructure over time. This lengthy period was intended to achieve a situation where the costs are apportioned between the community and the developer.

Whether a development attracts a development contribution depends on the type of activity and use. Development contributions can be charged for developments of all types and scales. For instance, a one into two lot subdivision, an extension to an industrial workshop and a comprehensive commercial development will commonly attract a development contribution.

Accessory buildings (as defined in the District Plan) associated with primary production activities in the Rural zone is not liable for a development contribution unless a new connection to the Council water, wastewater or stormwater infrastructure is imposed as a condition of the Resource or Building Consent or is requested by the applicant.

Essentially, any development or change of land use that can generate more demand on infrastructure than the current use of the land will attract a development contribution.

In regard to keeping scale and type of development in mind, it is important to outline that 'developers' and developments relate to a range of people and scales. The point is that 'development' in general is the holistic growth of the district and the accumulation of both small and large developments. Development contributions are charges to the developer, but ultimately, the cost is passed on to businesses and tenants or capitalised in the price of the development.

A number of factors indicated that it is a good time to consider whether development contributions should be retained as a funding tool in the Horowhenua district. These factors include:

1. Whether development contributions should be remitted to encourage economic development
2. The Local Government Amendment Act has introduced clauses which make development contributions clearer and of lesser scope in regards to services for which they can apply
3. Analysis of Council financial information indicates development contributions are not yielding the budgeted revenue indicating growth is not at expected levels
4. The difficulty of implementing and managing development contributions in a consistent manner
5. Better Council asset management information identifying capacity of existing infrastructure to handle forecasted growth in the district

### ***Long Term Plan 2015-2025 Process***

Leading up to the Long Term Plan 2015-2025, workshops were facilitated on the issue of development contributions.

Council is required by law to have adopted a policy on development contributions or financial contributions. This is clearly set out in section 102 of the Local Government Act 2002 ("LGA02"), which states, as far as is relevant:

- "(1) A local authority must, in order to provide predictability and certainty about sources and levels of funding, adopt the funding and financial policies listed in subsection (2).*
- (2) The policies are –*
  - (d) A policy on development contributions or financial contributions."*

It follows that if Council cancels its current Development Contributions Policy, it will need to replace it with a new policy. This may be a policy that states that no development contributions will be required, and describes the financial contributions, the Council will collect under the provisions of the RMA. If the Council opts for financial contributions to the exclusion of development contributions, it will also need to set in motion the process to make the necessary changes to the District Plan which is necessary to implement the policy.

The provisions that relate to the contents of a financial contributions policy are set out at section 106(2) and (4) of the LGA02. In section 106(2)(f) it states that the policy must, if financial contributions will be required, “summarise the provisions that relate to financial contributions in the District Plan”. Council currently relies on development contributions rather than financial contributions for growth-related infrastructure (other than that integral to subdivision). Therefore, if Council were to cancel the Development Contributions Policy, it would need to either make the timing coincide with the adoption of changes to the District Plan introducing provisions for financial contributions, or adopt an interim policy under section 102(2)(d) that addressed the gap in provision for either development contributions or financial contributions.

The manner in which a development contribution policy must be adopted or amended is set out in section 102(4) of the LGA02, as recently amended by the Local Government Act 2002 Amendment Act 2014 (“the 2014 Amendment”). Section 102(4) reads:

*“A local authority –*

- (a) must consult on a draft policy in a manner that gives effect to the requirements of section 82 before adopting a policy under this section;*
- (b) may amend the policy adopted under this section at any time after consulting on the proposed amendments in a manner that gives effect to the requirements of section 82.”*

There is no provision that specifically addresses the cancellation of the Development Contributions Policy, although it is noted the requirement, in section 106(6), to review a Development Contributions Policy every three years which must also be conducted pursuant to “a consultation process that gives effect to the requirements of section 82”. Since a review of the Development Contributions Policy might well, under certain circumstances, lead to its cancellation, we consider the consultation process outlined in that provision to be applicable in the event that Council proposes to cancel the Development Contributions Policy.

Section 82 of the LGA02 requires that a local authority undertakes consultation in accordance with a set of principles, although pursuant to section 82(3) those principles are to be observed in such manner as the Council, in its discretion, considers to be appropriate. The limits on the exercise of that discretion are set out in section 82(4).

Although section 82 is largely unaffected by the 2014 amendment, there is a new related section 82A that applies where a local authority is required to consult “in accordance with, or using a process or a manner that gives effect to, the requirements of section 82”. It therefore applies to the consultation Council must undertake if it intends to suspend or cancel the Development Contributions Policy. The active requirements are set out in section 82A(2), which reads as follows:

*“The local authority must, for the purposes of section 82(1)(a) and (c), make the following publicly available:*

- (a) the proposal and the reasons for the proposal; and*
- (b) an analysis of the reasonably practicable options, including the proposal, identified under section 77(1); and*
- (c) if a plan or policy or similar document is proposed to be adopted, a draft of the proposed plan, policy or other document; and*
- (d) if a plan or policy or similar document is proposed to be amended, details of the proposed changes to the plan, policy, or other document.”*

The combined effect of these provisions is that before Council determines the future of the Development Contributions Policy it will be required to prepare a consultation document pursuant to section 82A, and to consult with the relevant stakeholders (i.e. those persons who will or may be affected by, or have an interest in, the decision). Whereas the consultation process now required pursuant to the changes made by the 2014 Amendment is more flexible than the previous requirement to adopt or amend a Development Contributions Policy pursuant to the special

consultative procedure, Council will still be required to go through a public consultation process with respect to the future of the Development Contributions Policy. This will apply whether it is proposed to introduce a moratorium (i.e. suspend the implementation of the Development Contributions Policy), or to cancel the Development Contributions Policy.

Council in this instance, by including the Development Contributions as a key issue for consultation as part of its Draft Long Term Plan 2015-2025 process, has given effect to the consultation requirements provided in section 82 of the act.

### ***Assessing Development Contributions and the options***

There are two major schools of thought in regards to Development Contributions. The proponents state that the Local Government Act funding principles support that the developer as exacerbator and beneficiary of costs, incurred by Council to support growth, should pay for a portion of those costs as the people causing and/or benefiting from that expenditure. Their logic flow looks something like:

1. Council provides infrastructure and community facilities for the community
2. Those services have restrictions around capacity to service a constrained number of users
3. New developments use up existing service capacity and require the Council to increase the scale of the service to cope with increased users
4. New developments pick up a benefit from being able to use the existing service which has been funded by existing properties
5. Therefore, a logical extension is that new developments should contribute to the additional costs that growth will impose on the Council and other ratepayers

The opponents take a slightly different view. They typically do not refute that growth imposes costs. Their logic flow looks something like this:

1. There is no growth in the Horowhenua District
2. As there is no growth in the District, the new developments are not using up existing infrastructure capacity
3. Council is keen to see growth in the community as more ratepayers share a largely fixed cost of service
4. New ratepayers who come into the community, even if they do pick up a share of the unutilised capacity, lower the average cost for all ratepayers
5. New ratepayers also pick up a proportionate share of existing debt which is often incurred on capital items that were not designed to meet growth requirements. In doing so they lower the average cost for existing ratepayers
6. Development Contributions are an uncertain mechanism for recovery and attributing costs, and this uncertainty impacts on decisions by developers
7. Development Contributions are an obstacle to development

In the Horowhenua District context, Council receives feedback about development contributions being a disincentive to business development and new residential development. In the current low population growth, average economic growth, below average employment growth Horowhenua environment, the issues surrounding development contributions are amplified in particular where the application of a development contribution to a Brownfield or even Greenfield type development can be the tipping point between investment or not. This is of particular relevance when the property market is fairly flat as the risk of over capitalisation is a very real risk when investments are considered in relation to other markets with increasing property prices.

### ***Options for Consideration***

The following information goes through each option that was presented to the community for feedback on. It is important to note that further information can be found in the initial discussion paper that was given to both Council and the public during the Long Term Plan 2015-2025 process. This report can be found in Appendix 1 to this report.

<b>Option 1 – Cancellation of Development Contributions</b>	
Impact on Rates	0.08% average increase on current rates revenue income per year
Impact on Debt	Additional borrowing of \$400,000 per year less any financial contributions collected for development in new growth areas
Impact on Levels of Service	None

Under this option no development contributions would be collected for new developments from 1 July 2015. Historic developments that hadn't been invoiced for a development contribution would not need to pay a development contribution even if they previously would have owed one. Until a plan change to the District Plan requiring Financial Contributions has been adopted there would be a period (potentially 6-18 months) where no Development Contributions or Financial Contributions are charged. Developments occurring during this window would not be charged a contribution. Once the Financial Contributions Plan Change has been adopted financial contributions would be charged against developments in the new growth areas of the district and could only be imposed on those developments requiring resource consent (i.e, subdivisions).

Current projections for growth over the next 10 years in the district have resulted in an estimate of \$4.8 million in development contributions being collected over that period. Should Council decide to cancel the Development Contributions Policy, it would be required to fund this amount (\$4.8million) through loan funding (less any amount collected through Financial Contributions). The amount borrowed would be approximately \$400,000 per year with the accumulated annual interest coming to approximately \$250,000 over the ten year period.

By no longer charging development contributions a potential spin-off could be additional development in the District. The window where no development or financial contributions are charged could provide an incentive for increased development, particularly in those new growth areas which in time would be subject to a Financial Contribution charge.

Financial contributions are imposed as part of resource consent conditions. They are used to offset the environmental effects of a proposed development and help achieve the sustainable management of the district's natural and physical resources.

With this option Council would need to reintroduce a Financial Contributions Policy as set out in the Long Term Plan 2015-2025 Consultation document.

### **Cost**

Current projections for growth over the next 10 years in the district have resulted in an estimate of \$4.8m in Development Contributions being collected over that period.

Should Council decide to cancel the Development Contributions Policy, it would be required to fund this amount for infrastructure development and renewals through loan funding, less any amount collected through Financial Contributions, should Council decide to introduce Financial Contributions.

The cost of borrowing over the period of the LTP of the \$4.8m or \$400,000 per annum accumulating over the 10 years is estimated as follows:

	<u>Total Borrowing</u>	<u>Cumulative Annual Interest</u>
Year 1	\$400,000	\$24,000
Year 2	\$800,000	\$49,440
Year 3	\$1,200,000	\$74,966
Year 4	\$1,600,000	\$100,498
Year 5	\$2,000,000	\$126,030

Year 6	\$2,400,000	\$151,562
Year 7	\$2,800,000	\$177,094
Year 8	\$3,200,000	\$202,626
Year 9	\$3,600,000	\$228,158
Year 10	\$4,000,000	\$253,689

### ***Rate Impact***

The rate impact of funding infrastructure development and renewals through loan funding rather than Development Contributions would be a 0.08% average increase on current rates revenue income or 0.80% over a period of 10 years.

### ***LTP Integration***

Whilst some would argue that cancelling Development Contributions would increase development in the district, thus increasing the number of ratepayers and lowering the average cost of infrastructure service delivery, no amendment has been made to growth projections in the 2015-25 draft LTP based on this occurring.

The draft LTP 2015-25 Consultation Document, the Revenue and Financing Policy and the Financial Strategy have all been based on this option.

### ***Implementation of Financial Contributions***

If Council was to choose Option 1 which is the cancellation of the Development Contributions Policy, the implementation of the Draft Financial Contributions policy would be required.

To implement a Financial Contributions Policy it will be necessary to undertake a formal plan change to the Horowhenua District Plan. The Plan change process is prescribed within Schedule 1 of the Resource Management Act. In brief the following steps would be involved:

1. Preparation of the plan change (the proposed amendments to the District Plan) and the section 32 evaluation report (which addresses the alternative options and Cost Benefit Analysis). There is flexibility in this part of the process for the level of consultation undertaken with stakeholders to be adjusted to suit similarly the level of engagement with Council through briefings or workshops. Generally the greater the level of consultation undertaken the longer this phase will take.
2. Adoption of the Plan Change by formal resolution of Council
3. Public Notification of the Plan Change, this triggers the start of the submission period.
4. Close of Submissions. Preparation and public notification of the Summary of Submissions. This triggers the start of the further submission period.
5. Further submissions close.
6. Analysis of submissions and preparation of Officer reports for the hearing of submitters
7. Hearing of submissions.
8. Decision prepared Hearing Panel
9. Decision adopted by Council and publicly notified. This triggers the start of the period for lodging appeals.
10. Appeal period closes.
11. Any appeals to the Environment Court are resolved potentially through mediation or Environment Court hearing.
12. If no appeals lodged or when the appeals are resolved, the decision can then be adopted by Council and the changes to the District Plan become operative.

Note that under the current legislation the new rules would not have legal effect until they are beyond legal challenge.

### ***Application of the Financial Contribution Policy***

The Financial Contribution Policy is given effect through the rules in the District Plan. The exact detail of these rules would be subject to the Plan Change process.

A subdivision application triggering the rules in the District Plan regarding financial contributions would then be assessed against those relevant rules. To comply with the rules would require the developer to demonstrate how the rules relating to Financial Contributions have been satisfied. This would result in a condition being imposed as part of the resource consent to subdivide, and would require the developer to pay the specified contribution amount. The amount will be determined by the detail in the District Plan and must be for the purpose of ensuring positive effects on the environment to offset the environmental effects of the proposed development.

Tokomaru Village and Community Association in its submission raised concerns about the potential time lapse between the cancellation of a Development Contribution Policy cancellation and a Financial Contribution policy implementation. Council could consider cancelling Development Contribution Policy, but only effective at the time in which Financial Contribution Policy is enforceable. However it will still require the existing DC policy to be updated to reflect legislative changes, and prolongs the current climate where development contribution is perceived to be a barrier to economic growth.

<b>Option 2 – Suspension of Development Contributions</b>	
Impact on Rates	0.08% increase on current rates revenue income per year
Impact on Debt	Additional borrowing of \$400,000 per year
Impact on Levels of Service	None

Under this option no development contributions would be charged for a defined period (e.g. three years) until Council decided to reinstate them. Council would still have a Development Contributions Policy that would set out what the development contributions would be if they were to be charged.

This option could incentivise development as there would be a limited window where there would be no development contributions charged. Potentially this could make some development projects economically viable that otherwise might not have been.

The absence of development contributions would mean that the costs of funding infrastructure development would be met through loan funding paid for by rates.

While Council could indicate how long the suspension may last for, Council would still be entitled to undertake a formal review of the Development Contributions policy earlier should it consider it necessary. Council would also have the option of introducing Financial Contributions through a change to the District Plan.

The option to suspend Development Contributions would require Council to select a period of time for which Development Contributions would be suspended. This option would essentially have the same impact as cancelling Development Contributions but only for a limited period of time. Council would then have the ability to reintroduce Development Contributions once the period of suspension ceased. With this option Council could choose to reintroduce financial contributions for development in new growth areas of the district under the provisions of the Resource Management Act.

The submitter has suggested that she should like to see large developments incorporate the requirement for parks/green space and sustainable practices. In the District Plan the Council has rezoned land (growth areas) for future development. For these growth areas, the Council provides Structure Plans to guide the future development in these areas. The Structure Plans identify indicative areas for parks/reserves and open spaces that are to be created as part of the development of these areas. Those undertaking development in these areas are required to be generally in accordance with the relevant Structure Plan and provide the parks/reserves or open

space where these have been identified. The current District Plan framework addresses the submitter's suggestion.

If Council resolved to suspend Development Contributions these factors would need to be considered:

**Cost**

Higher administration costs would apply for a suspension of Development Contributions compared to the cancelling of development contributions until such time as Council decides to lift the suspension of Development Contributions.

**Rate Impact**

The rate impact of suspending Development Contributions and funding infrastructure development and renewals through loan funding rather than Development Contributions would be an average of 0.08% increase on current rates revenue per annum depending on interest rates.

**LTP Integration**

If following submissions and deliberations Council chooses this option, then the Revenue and Financing Policy would need to be amended. If the decision was made to introduce financial contributions the Revenue and Financing Policy a further amendment may be necessary to reflect the financial contribution estimates for the growth areas.

<b>Option 3 – Harmonise Development Contributions</b>	
Impact on Rates	Very little rate impact as no additional load funding would be required
Impact on Debt	None
Impact on Levels of Service	None

The development contribution charge is made up of five components. Three of these components are universally applied across the district (these are roading , community and reserves) and two components (water and wastewater) are calculated using the estimated costs of the water and wastewater infrastructure projects for each town in the district.

Due to the different costs of the water and wastewater infrastructure projects the total development contribution varies for each town. Currently the development contributions range from \$5,465 excl GST (Rural) to \$18,294 excl GST (Levin Development Area 2). The current figures have been moderated so that the range between the highest and lowest development contribution is approximately \$12,000 rather than \$30,000.

The option of harmonising would result in the same development contribution of approximately \$14,000 excl GST. It is estimated that slightly less than \$400,000 per year would be collected through a harmonised contribution.

The harmonised rate would potentially become a deterrent for development in the towns where the current development contribution is much lower (i.e. Tokomaru and Waitarere). This is unlikely to be offset by increased development in those areas where the current development contribution would decrease as the change would be much smaller. The amount of the development contribution is still likely to be seen by some as making new development unviable.

There would be very little overall impact on rates and debt as this option is simply changing who pays to be consistent across the district.

Roger Truebridge, in his submission, sought Council to consider a combination of moderation and harmonization, essentially seeking a district wide uniform charge on subdivision developments only. While a flat fee might create some level of certainty and stability for developers and those wanting to invest in the market, the fee would create a level of unfairness across developments



where there will be a real risk that some would not be paying the full and actual cost of connecting to Council services.

While a harmonised or moderated rate may alleviate some concerns that submitters are raising, this may still be considered as a perceived barrier to growth across the district. In the Horowhenua district context, HDC receives feedback about Development Contributions being a disincentive to business development and new residential development. HDC commonly receives complaints about the high levies associated with a Development Contribution and the large variation across the district.

Presently harmonized (universal) Development Contributions across the whole District is applied for the following infrastructure types:

Roading	\$3,675
Community	\$1,134
Reserves	\$656

Despite water and wastewater rates being harmonized across the district, these two infrastructure types do not have their Development Contributions harmonised.

Development Contributions for water and wastewater have been calculated using estimated growth, renewal and development costs, and planned plant upgrades for each township with these utilities.

Should a harmonised development contribution be applied across all infrastructure types across the district, the following Development Contributions would be charged compared to the current Development Contributions for each township, not including development areas.

	<b>Water \$</b>	<b>Wastewater \$</b>	<b>Roads \$</b>	<b>Reserves \$</b>	<b>Community \$</b>	<b>Total (ex GST)</b>
Universal DC	4,439	4,458	3,675	656	1,134	14,362
<b><u>Current DCs</u></b>						
Tokomaru	475	15	3,675	656	1,134	5,956
Shannon	1,895	4,168	3,675	656	1,134	11,528
Foxton	1,750	1,886	3,675	656	1,134	9,101
Foxton Beach	1,378	7,114	3,675	656	1,134	13,957
Levin	5,001	4,329	3,675	656	1,134	14,795
Ohau	6,719	-	3,675	656	1,134	5,465
Waitarere Beach	-	1,035	3,675	656	1,134	6,500
All other rural & urban areas	-	-	3,675	656	1,134	5,465

### **Cost**

Should Council decide to harmonise Development Contributions across all infrastructure activities, it is estimated that slightly less than \$400,000 per annum will be collected in Development Contributions compared to the current budget of \$400,000 per annum.

### **Rate Impact**

There is very little rate impact with this option as no additional loan funding would be required.

### **LTP Integration**

If following submissions on the draft LTP 2015-25 Consultation Document the Council chooses this option, then the Revenue and Financing Policy would need to be amended to refer to the Development Contributions being charged and the projected contributions. The current

Development Contributions Policy would need to be recalculated and updated taking into account updated costs for projects and new assumptions.

The Development Contributions Policy would need to be amended to harmonise Development Contributions across all infrastructure activities.

Council could choose to moderate Development Contributions to around \$7,500 for urban residential and the roading component only for rural, \$3,675, which still enables a development contribution but does not tip the development to be unviable. If rural properties were connected to either of Council's water or sewerage network an additional DC charge could apply.

The theory behind the roading component being retained for rural development is that each new unit will generate additional vehicular traffic on rural roads.

There is anecdotal evidence from some developers in the district that Development Contributions are justified and understood. However, the quantum of current Development Contributions relative to lower market values of new housing in the Horowhenua, compared to say Kapiti and Manawatu, means margins are being squeezed with the current Development Contributions charged. Some developers have suggested to the Chief Executive that they would be comfortable to pay \$7,000-\$8,000 in Development Contributions if Council retained the Development Contributions Policy.

#### **Option 4 – Moderated Development Contributions**

Impact on Rates	0.03% increase on current rates revenue per year
Impact on Debt	Additional borrowing of \$100,000-150,000 per year
Impact on Levels of Service	None

Council could choose to moderate Development Contributions to around \$7,500 for urban residential and the roading component only for rural, \$3,675, which still enables a development contribution but does not tip the development to be unviable. If rural properties were connected to either of Council's water or sewerage network an additional DC charge could apply.

The theory behind the roading component being retained for rural development is that each new unit will generate additional vehicular traffic on rural roads.

There is anecdotal evidence from some developers in the district that Development Contributions are justified and understood. However, the quantum of current Development Contributions relative to lower market values of new housing in the Horowhenua, compared to say Kapiti and Manawatu, means margins are being squeezed with the current Development Contributions charged. Some developers have suggested to the Chief Executive that they would be comfortable to pay \$7,000-\$8,000 in Development Contributions if Council retained the Development Contributions Policy.

#### **Cost**

Should Council decide to moderate the Development Contributions to say \$7,500 for urban residential development and \$3,675 for rural development, the level of Development Contributions collected per annum would be \$250,000-\$300,000, compared to the current budget of \$400,000 per annum.

This would result in additional borrowing of \$100,000-\$150,000 per annum or \$1,000,000-\$1,500,000 over the period of the LTP.

#### **Rate Impact**

The rate impact of funding infrastructure development and renewals through additional loan funding rather than Development Contributions would be a 0.03% average increase on current rates revenue or 0.30% over a 10 year period.

**LTP Integration**

If following submissions on the draft LTP 2015-25, the Council chooses this option then the Revenue and Financing Policy would need to be amended to refer to the Development Contributions being charged and the projected contributions. The current Development Contributions Policy would need to be recalculated and updated taking into account updated costs for projects and new assumptions. Council would need to resolve to moderate the Development Contributions to levels deemed appropriate based on assumptions revolved around affordability and the projected growth assumptions. It is important to note that the changes to the existing policy is a large piece of work and it is unlikely that it would be completed by mid June 2014 in time for the adoption of the Long Term Plan 2015-2025.

The submitter highlights that new homes and developers should pay to “tap into” existing infrastructure. The Draft Financial Contributions Policy allows for the actual cost for connection to existing infrastructure to be charged to the developer and not paid for by the ratepayer. The policy defines this to include Land Transport, Waster Supply, Wastewater Disposal, Stormwater and Community Facilities and Services.

**Option 5 – Status Quo Update current Development Contributions Policy**

Option 5 – Status Quo Update current Development Contributions Policy	
Impact on Rates	None
Impact on Debt	None
Impact on Levels of Service	None

Development contributions would continue to be charged on new residential and non-residential development as it has been since 2012. The Development Contributions Policy would be updated taking into account the updated costs for projects and new assumptions supporting the Long Term Plan. It is likely that the development contribution charges would need to be moderated to at least current levels so that the contributions charged for areas such as Foxton and Shannon are not excessive (current unmoderated contributions for Foxton is over \$34,000). The impact of this option is largely expected to be a continuation of status quo with the development contributions charges being perceived by some to act as a disincentive to economic growth and in some cases make new development unviable.

If this option was chosen it is estimated that \$400,000 in development contributions would be raised each year for the period of the LTP. No additional borrowing would be necessary.

A key consideration with regard to Development Contributions is that it is a complex and expensive process for obtaining income. The cost of preparing the policy, reviewing and implementing is estimated to be on average \$83,000 per annum. This has not been precisely calculated but is a reasonable estimate based on staff time for reviewing, calculating Development Contributions, debtors and debt recovery administration, CEO and Mayor time dealing with complaints and the time taken for appeals. This point becomes more important when considering funding sources. The cost of the administration is set as an operational cost and is funded from operational revenue. However the revenue from Development Contributions is set as a capital funding source which reduces operations funding to the extent of the interest component as cost of funds. Therefore, the operating costs of Council are lower by approximately \$104,000 over the last three years through the interest effect, while the operating costs are more than double that sum through the costs of administering the policy.

There is an argument in the Horowhenua context that as a mechanism for collecting a small amount of revenue, Development Contributions do not evaluate well as an alternative revenue source. It is expensive to administer relative to revenue, it impacts on the behaviours of the payers and it does not have a broad base. The financial arguments for keeping it as a mechanism are

also not strong. It does not yield a significant amount of revenue and imposes risks on the organisation due to the uncertainty of it as an income system.

Given that Development Contributions are a mechanism for funding growth we need to consider whether Horowhenua District Council has sufficient infrastructure capacity in the short, medium and long term to service new development in the district for water, wastewater, roading and stormwater. Parallel to this, Council needs to consider its growth assumptions and whether the forecasted growth justifies the requirement for Development Contributions.

Taking into account the unmoderated Development Contributions identified in the Discussion Paper as released as part of supporting information alongside the Long Term Plan 2015-2025 consultation document, Council would probably be required to moderate Development Contributions to at least current levels.

### **Cost**

Should Council retain the existing Development Contributions Policy, an estimated \$400,000 in Development Contributions will be raised each year for the period of the Long Term Plan 2015-2025.

### **Rate Impact**

Should this option be chosen by Council, there would be a decrease in the rate requirement as indicated as part of Long Term Plan 2015-2025 consultation.

### **LTP Integration**

If following submissions on the draft LTP 2015-2, Council chooses this option then the Revenue and Financing Policy would need to be amended to refer to the Development Contributions being charged and the projected contributions. The current Development Contributions Policy would need to be recalculated and updated taking into account updated costs for projects, new assumptions and current levels of moderation.

### **Conclusion**

Council has five options to consider, they are as follows:

THAT Council resolves to cancel the Development Contributions Policy and adopt the Draft Financial Contributions Policy to be put forward as a change to the District Plan.

OR

THAT Council resolves to Suspend Development Contributions

OR

THAT Council resolves to Harmonise Development Contribution funding for the whole district

OR

THAT Council resolves to Moderate Development Contributions to market affordable levels

OR

THAT Council resolves to retain the status quo, and update current Development Contributions policy.

Officers preferred recommendation to Council is THAT Council resolves to cancel the Development Contributions Policy and adopt the Draft Financial Contributions Policy to be put forward as a change to the District Plan.

The recommendation is made for the following reasons:

### **Consultation**

Pursuant to Section 82 of the Local Government Act, this matter has been out for community consultation. Feedback from the community was clear with over 32% advocating for the cancellation of Development Contribution, and coupled with those who also advocated for the suspension of Development Contributions more than 55% of those who made a submission are not in favour of Development Contributions.

### **Enabling economic development**

In April 2014 Council unanimously adopted the Horowhenua Economic Development Strategy. This strategy sets a vision for the Horowhenua District, and emphasizes the need for policy settings within the Horowhenua District Council to represent a mindset whereby Economic Development is put at the centre of thinking. We do not know for sure that the cancellation of Development Contributions will enable economic growth, but we can only assume that if we decrease the costs of development, further development will be encouraged as more development opportunities become economically viable.

Financial contributions are imposed as part of resource consent conditions. They are used to offset the environmental effects of a proposed development and help achieve the sustainable management of the district's natural and physical resources. Further to this the Draft Financial Contributions Policy allows for the actual cost of new development to be charged to the developer and not paid for by the ratepayer. Currently the Draft Financial Contribution Policy only applies to areas of new growth (defined Growth Areas). This policy will be viewed as an enabler to economic growth.

Given the Financial Contribution Policy is required to go through a formal plan change and this is expected to take anywhere between 6 and 18 months, there may be a period whereby neither the Development Contribution Policy or Financial Contributions Policy is enforceable and a period whereby no contribution could be charged, potentially boosting development and therefore growth.

### **Funding for growth**

Development Contributions in its simplest form are charged to pay for the cost of capital expenditure for network and community infrastructure where a share of that cost is attributed to a unit of demand created by growth. Given that Development Contributions are a mechanism for funding growth we need to consider whether Horowhenua District Council has sufficient infrastructure capacity in the short, medium and long term to service new development in the district for water, wastewater, roading and stormwater. The view of Council Officers is that this is not required, as there is capacity within the infrastructure network, and further the growth assumptions do not indicate likelihood that we will exceed growth targets (or the available network capacity).

### **Cost to organisation**

A key consideration with regard to Development Contributions is that it is a complex and expensive process for obtaining income. The cost of preparing the policy, reviewing and implementing is estimated to be on average \$83,000 per annum. This has not been precisely calculated but is a reasonable estimate based on staff time for reviewing, calculating development contributions, debtors and debt recovery administration, CEO and Mayor time dealing with complaints and the time taken for appeals. This point becomes more important when considering funding sources. The cost of the administration is set as an operational cost and is funded from operational revenue. However the revenue from Development Contributions is set as a capital funding source which reduces operations funding to the extent of the interest component as cost of funds. Therefore, the operating costs of Council are lower by approximately \$104,000 over the last three years through the interest effect, while the operating costs are more than double that sum through the costs of administering the policy.

While there would be a costs associated with Financial Contributions, these would largely be the costs associated with developing the plan change. This would be a one-off cost rather than an

annual cost. The cost of the plan change would be dictated by the number of submissions and appeals. If the plan change followed a 'standard' process (based on less than 30 submissions, two days of hearings, any appeals resolved through mediation) the costs would be anticipated to be in the range of \$30,000 - \$45,000. Once the plan change has been made operative, the ongoing administration costs would largely be incorporated into the planning consent process and fees on-chargeable to applicants.

***Recommendation***

*THAT Council resolves to cancel the Development Contributions Policy and adopt the Draft Financial Contributions Policy to be put forward as a change to the District Plan.*


**Confirmation of statutory compliance**

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,
- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

### 3. Appendices

No.	Title	Page
A	Discussion Paper - Development Contributions	
B	Draft Financial Contributions Policy	
C	LTP 2015-2025 - Financial Contribution Map Areas Levin N	
D	LTP 2015-2025 - Financial Contribution Map Areas Waitarere Beach	
E	LTP 2015-2025 - Financial Contribution Map Areas Foxton Beach	
F	LTP 2015-2025 - Financial Contribution Map Areas Foxton	
G	LTP 2015-2025 - Financial Contribution Map Areas Hokio Beach	
H	LTP 2015-2025 - Financial Contribution Map Areas Tokomaru	
I	LTP 2015-2025 - Financial Contribution Map Areas Waikawa Beach	
J	LTP 2015-2025 - Financial Contribution Map Areas Levin SE	
K	LTP 2015-2025 - Financial Contribution Map Areas Manakau	
L	LTP 2015-2025 - Financial Contribution Map Areas Ohau	
M	LTP 2015-2025 - Financial Contribution Map Areas Shannon	

Author(s)	Monique Davidson <b>Group Manager - Customer and Community Services</b>	
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Approved by	David Clapperton <b>Chief Executive</b>	
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# Council

## OPEN MINUTES

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Minutes of a meeting of Council held in the Council Chambers, 126-148 Oxford St, Levin, on Tuesday 26 May 2015 at 4.00 pm.

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### PRESENT

**Mayor** Mr B J Duffy  
**Deputy Mayor** Mr G G Good  
**Councillors** Mr W E R Bishop  
Mr R J Brannigan  
Mr R H Campbell  
Mr M Feyen  
Mrs V M Kaye-Simmons  
Mrs J Mason  
Mrs C B Mitchell  
Mr A D Rush  
Ms P Tukapua

### IN ATTENDANCE

Mr D M Clapperton	(Chief Executive)
Mr D Law	(Group Manager – Finance)
Mr G Saidy	(Group Manager – Infrastructure Services)
Mrs M Davidson	(Group Manager – Customer & Community Services)
Mr D McCorkindale	(Senior Manager – Strategic Planning)
Mr K Peel	(Roading Services Manager)
Mr D Down	(Asset Planning Manager)
Mr J Paulin	(Finance Manager)
Ms G Scandrett	(Community Engagement Manager)
Mr M E Lepper	(Customer & Regulatory Services Manager)
Mr S Grainger	(Economic Development Manager)
Ms T Williams	(Strategic Planner)
Mrs K J Corkill	(Meeting Secretary)

### ALSO IN ATTENDANCE

Various Council Officers attended from time to time throughout the meeting.

### PUBLIC IN ATTENDANCE

There were 15 members of the public in attendance at the commencement of the meeting, with numbers fluctuating throughout the evening.

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## 1 Apologies

There were no apologies.

## 2 Public Speaking Rights

8.7 Foxton Beach Freeholding Account  
Christina Paton  
Anne Hunt

8.2 Proposed Changes to Council's Rating System – Recommendation 2.3  
Mike Coupe/Lew Rohloff, Horowhenua GreyPower

Submission 224 - Phillip Taueki

Submission 195 - Sam Ferguson, Waitarere Beach Surf Club

Submission 146 - Ken Riddle

Speakers would be heard following after the first agenda item had been addressed.

## 3 Declaration of Interest

Declarations of interest made by Councillors at the 5 May 2015 submission hearings subsisted. However, Cr Brannigan provided a further Declaration Form in relation to 8.12 Emergency Management and Cr Bishop provided a further form noting his interest in 8.1 Development Contributions Policy and 8.3 Rates Remission Policy.

Cr Bishop further noted that there were two submitters who shared his surname. Neither was related to him nor were they acquaintances.

## 4 Confirmation of Open & In Committee Minutes – 5, 6 & 7 May 2015

MOVED by Cr Good, seconded Cr Kaye-Simmons:

*THAT the Open & In Committee minutes of the meetings of the Council held on Tuesday 5, Wednesday 6 and Thursday, 7 May 2015, be confirmed as a true and correct record.*

**CARRIED**

## 5 Matters Arising

In relation to the minutes of Wednesday 5 May 2015, Submission 266 from Anne Hunt, Cr Feyen said he had requested that his objection to not being able to ask Mrs Hunt questions be noted in the minutes.

## 6 Announcements

There were no announcements.

## 7 Finance

## 7.1 LGFA Loan Raising Documentation

### Purpose

To present to Council for consideration the Local Government Funding Agency Loan Raising Documentation for execution.

MOVED by Cr Bishop, seconded Cr Mitchell:

*THAT Report 15/209 LGFA Loan Raising Documentation be received.*

*THAT this decision is recognised as not significant in terms of S76 of the Local Government Act and this assessment has been carried out in accordance with Council's significance and engagement policy.*

**CARRIED**

MOVED by Cr Good, seconded Cr Tukapua:

*THAT the Horowhenua District Council notes that New Zealand Local Government Funding Agency Limited (LGFA) has proposed amendments to the Equity Commitment Deed, Multi-Issuer Deed, Notes Subscription Agreement and LGFA Shareholders' Agreement, to which the Council is a party, for the purposes of complying with changes to legislation, better reflecting current borrowing practices and other minor amendments, and that LGFA wishes to have the proposed amendments agreed by all parties by 1 June 2015.*

*THAT the Horowhenua District Council agrees to the proposed amendments.*

*THAT the Horowhenua District Council authorises Cr Bishop and Cr Rush to sign and execute all relevant documents (including agreements, deeds and shareholders' resolutions) on the Council's behalf in order to effect the proposed amendments.*

**CARRIED**

Crs Campbell and Feyen recorded their vote AGAINST the motion.

### Speaking Rights

Mrs Paton joined the table to speak in relation to the Foxton Beach Freeholding Account report. She indicated conditional support with regard to funding being made available for Parks and Reserves and for Whitebait Creek, but did not support funding being provided to Te Awahou-Nieuwe Stroom outlining her reasons for that stance.

In response to Mrs Paton's query about who owned the Whitebait Creek culvert, Mr Clapperton said he would confirm that prior to deliberations on that item.

A copy of Mrs Paton's further comments is **attached** to the official minutes.

With regard to the spending of monies from the Foxton Beach Freeholding Account, Mrs Hunt in her comments stressed that this was a statutory fund and it must be spent according to law. It was only vested in Council and the law would override any Council decision so Council needed to be careful when expending statutory funds on a project.

Mrs Hunt further commented on legal papers that would have been served on Council's lawyers today in relation to stormwater and wastewater which were live issues.

On behalf of Horowhenua GreyPower, Messrs Coupe and Rohloff requested Council to adopt the amendment suggested in its Supplementary Submission of 6 May 2015, rather than that proposed outlining the reasons for this request.

A copy of Horowhenua GreyPower's further supplementary submission is **attached** to the official minutes.

In speaking to his submission, Mr Taueki reiterated his concerns with regard to stormwater and wastewater and their effects on Lake Horowhenua, the POT lease, the Hokio Cut, and the potential cost to Council to address these matters.

Proffering apologies from his Waitarere Beach Surf Club colleagues who were unable to attend, Mr Ferguson said they were trying to embrace the approach of working more closely with Council officers and would like to bring to the table a further suggestion for collaboration. They would like to ask Council to consider whether the grant for surf life saving could be opened up for tender. The Surf Club thought it could submit a reasonably attractive package both for Council and for the Surf Club which would assist the Club with its overall project.

In response to a query about what that might look like, Mr Clapperton said that an indication had been received from the Surf Life Saving Club that it would like to offer another way of delivering a service; however it would not be appropriate to delve into the detail of that at this stage.

Having recently read a newsletter from Cr Campbell that noted that Council's debt level was forecast to rise to close to \$100 million over the next four years, Mr Riddle expressed his concern. That equated to over \$3,000 debt for every person within the district. He suggested that Council should set rates that were affordable and sustainable and Council should live within its means.

A copy of Mr Riddle's further comments, including a poem "Advice to Council", is **attached** to the official minutes.

Cr Campbell assured the meeting that in terms of his newsletter, he had made it clear the views expressed were his own, not Council's. He agreed to provide a copy of his newsletter to the Mayor and fellow Councillors.

Having declared an interest in the following item, Cr Bishop left the table.

## 8 Executive

### 8.1 Draft Long Term Plan 2015/2025 - Development Contributions Policy

#### Purpose

The purpose of this report is to present to Council for deliberation, the submissions received on the Draft Long Term Plan 2015/2025 in relation to the Council's Development Contribution Policy.

MOVED by Cr Good, seconded Cr Rush:

*THAT Report 15/240 Draft Long Term Plan 2015/2025 - Development Contributions Policy be received.*

*THAT this decision is recognised as not significant in terms of S76 of the Local Government Act.*

**CARRIED**

Mrs Davidson spoke to this report and responded to Councillors' questions.

Mr Clapperton also noted that there would be no retrospective adjustment, but the cancellation would take effect from 1 July 2015.

With the approval of the mover and the seconder, "from 1 July 2015" was added to

the resolution.

MOVED by Cr Good, seconded Cr Rush:

*THAT Council resolves to cancel the Development Contributions Policy from 1 July 2015 and adopt the Draft Financial Contributions Policy to be put forward as a change to the District Plan.*

**CARRIED**

Cr Bishop rejoined the table.

The meeting adjourned briefly 4.30 – 4.45 pm.

Mayor Duffy invited Mr Doug Mercer to the table to speak, noting that Mr Mercer had received the Officer's reply to his submission too late to apply for speaking rights so he was being provided the opportunity to speak prior to deliberations on the next item.

Mr Mercer reiterated his support of the retention of land value as the basis for rating, saying that capital value would cost a lot more money for everyone.

## **8.2 Draft Long Term Plan 2015/2025 - Proposed Changes to Council's Rating System**

### **Purpose**

The purpose of this report is to present to Council for deliberation, the submissions received on the Draft Long Term Plan 2015/2025 in relation to the proposed changes to Council's Rating System.

MOVED by Cr Bishop, seconded Cr Good:

*That Report 15/242 Draft Long Term Plan 2015/2025 - Proposed Changes to Council's Rating System be received.*

*That this decision is recognised as not significant in terms of S76 of the Local Government Act.*

**CARRIED**

Council's Group Manager – Finance, Mr Law, spoke to this report. He noted that recommendation was as signalled through the consultation document, gave the rationale behind the recommendation and responded to Councillors' questions.

Cr Bishop signalled that he would like to move an alternative resolution:

Moved: Cr Bishop    Seconded: Cr Good

"That the Council adopts option 2 as consulted on in the Consultation Document. This changes the valuation base for both General and Roding rates to Capital value from Land value.

That Council adopt a transition to the new system over a period of three years. This transition will shift 25% year 1, 25% year 2 and 50% in the third year of the funding to a capital value basis from a land value basis.

That Council adopts the proposed Business Differential which encompasses all businesses including utility companies> the differential will be based on Capital value and will have a differential of 35% of the Roding Rate and 30% of the General Rate.

That a Stormwater Rate, based on Capital value be set on all urban rating units ( the same rating units as the current urban differential of the Solid Waste Rate) with the

stormwater funding removed from the current Rooding and Stormwater Rate;

That council introduces a Serviceable differential on the water and waste water rate to be set at 50% of the fixed charges for each.

That an Aquatics Rate be set as a fixed charge district wide, (dispensing with the current extra targeted rate on Levin, Foxton and Foxton Beach).

That all Licence to Occupy retirement villages as well as all registered retirement villages (excluding retirement villages set up under a body corporate that have individual rating units) are contained within the business differential.

That all other targeted rates remain unchanged."

Cr Rush raised a point of order on the grounds that the recommendations in the Agenda had gone out for public consultation and speaking rights had been directed to those recommendations, so they should be discussed and debated prior to any possible amendments or alternative motions.

After discussion, and with the Chief Executive reading out from Standing Orders when points of order could be raised, Mayor Duffy did not support the point of order as the Officer's recommendation 2.3 had not been moved and seconded and he did not believe there had been a Standing Order's breach. If Cr Bishop's resolutions were not successful, Mayor Duffy said the Councillors would then consider the Officer's recommendation.

Councillors' discussion and debate focussed on the resolutions proffered by Cr Bishop, following Cr Bishop giving his reasons for what he proposed particularly as the decision was a significant one in the life of the district.

Cr Rush raised a further point of order in relation to remarks made by Cr Good as he said he believed he had been misquoted. Whilst the principles behind the recommendations had been previously explored, some of the information in relation to Cr Bishop's resolutions was being seen for the first time this evening.

Mayor Duffy upheld the point of order.

Before Cr Bishop exercised his right of reply, Mayor Duffy addressed the table saying that one thing communities were looking for was leadership and despite the difficulties, there was no excuse for a decision not being made. He said he did not believe saying more time was needed was an option. A decision was needed as to the revenue streams that Councillors thought were the best fit for this community.

During Cr Bishop's right of reply, Cr Rush raised a point of order as new information had been introduced whereas a right of reply was in rebuttal to comments made by the various speakers.

Mayor Duffy upheld the right of reply, with Cr Bishop then focussing his comments on remarks made by previous speakers.

A division was called for, voting on which was as follows:

**For:**

Councillors: Wayne Bishop  
Brendan Duffy  
Garry Good  
Victoria Kaye-Simmons

**Against:**

Councillors: Ross Brannigan  
Ross Campbell  
Michael Feyen  
Christine Mitchell

Joanna Mason

Tony Rush  
Piri-Hira Tukapua

The motion was declared LOST by 5 votes to 6.

The meeting adjourned for a meal break (6.28-7.00 pm).

Discussion focussed on the Officer's recommendation 2.3, with Cr Rush moving the motion and Cr Brannigan seconding it. With the agreement of Crs Rush and Brannigan, the component of the Officer's recommendation in relation to residential rest homes was replaced with the recommendation proposed by Cr Bishop.

Prior to the recommendation being put, Cr Mitchell said she would like to make an amendment to address what she saw as an anomaly with regard to vacant rural residential lifestyle blocks, of which there were approximately 1,100, which were operated as part of a farming business but separately rated.

Moved: Cr Mitchell

Seconded: Cr Feyen

That vacant Rural Residential Lifestyle blocks which are contiguous with a farming business, and which are used as part of the farming business, are contained within the business differential.

After discussion, and on being put, the only one in support of the amendment was Cr Mitchell, with Cr Feyen abstaining. The motion was, therefore, LOST.

MOVED by Cr Rush, seconded Cr Brannigan:

*THAT the Council adopts Option 3 as the rating system for the period of the Long Term Plan 2015-2025. This is detailed as:*

*THAT the General Rate be based on Land Value using the current differentials based on the current geographic boundaries retaining the Rural Differential at 25% and retaining the current phasing, with 4 years to run;*

*THAT the Roding Rate be based on Capital Value with two differentials based on use being Business and District Wide Other as with the original Option 2. The Roding Rate will exclude the stormwater costs;*

*THAT a Stormwater Rate, based on Capital Value, be set on all urban properties (the same properties as the current urban Solid Waste Rate);*

*THAT Council introduces a "Serviceable" Differential on the Water and Wastewater Rate to be set at 50% of the fixed charges for each;*

*THAT an Aquatics Rate be set as a fixed charge District wide, (dispensing with the current extra Targeted Rate on Levin, Foxton and Foxton Beach);*

*THAT all Licensed to occupy retirement villages as well as all registered retirement villages (excluding retirement villages set up under a body corporate that have individual rating units) are contained within the business differential.*

*THAT all other Targeted Rates are to remain unchanged.*

Upon a show of hands, for the motion were Crs Campbell, Feyen, Mitchell, Tukapua, Brannigan and Rush; against were Crs Bishop, Mason and Kaye-Simmons. The motion was therefore CARRIED.

Cr Bishop withdrew from the table for the following item.

### 8.3 Draft Long Term Plan 2015/2025 - Rates Remissions Policy

#### Purpose

The purpose of this report is to present to Council for deliberation, the submissions received on the Draft Long Term Plan 2015/2025 in relation to the Council's Rates Remissions Policy.

MOVED by Cr Kaye-Simmons, seconded Cr Campbell:

*THAT Report 15/239 Draft Long Term Plan 2015/2025 - Rates Remissions Policy be received.*

*THAT this decision is recognised as not significant in terms of S76 of the Local Government Act.*

*THAT the proposed amendments to rates remission policy as outlined in the draft LTP and consultation document be adopted.*

**CARRIED**

Cr Bishop rejoined the table.

### 8.4 Draft Long Term Plan 2015/2025 - Land Transport

#### Purpose

The purpose of this report is to present to Council for deliberation, the submissions received on the Draft Long Term Plan 2015/2025 in relation to Land Transport.

MOVED by Cr Mason, seconded Cr Tukapua:

*THAT Report 15/231 Draft Long Term Plan 2015/2025 - Land Transport be received.*

*THAT this decision is recognised as not significant in terms of S76 of the Local Government Act.*

**CARRIED**

Requesting that the report be taken as read, Mr Saidy and Mr Peel joined the table to respond to Councillors' questions and provide further clarification as required.

The various topics contained in the report were worked through separately with updates provided in terms of the various recommendations. The resolutions were moved in block except for 2.5 in relation to Foxton Main Street which was resolved separately.

MOVED by Cr Rush, seconded Cr Campbell:

*THAT the programme of works for roading as identified in the Infrastructure Strategy be implemented subject to the following amendment, the Council further increase the footpath capital budget from \$50,000 to \$100,000 per annum.*

*THAT the programme of works for roading as identified in the Infrastructure Strategy be implemented and that the Chief Executive Officer liaise with the Waitarere Beach Ratepayers and Residents Association to consult on the lighting requirement for Waitarere Beach.*

*THAT the programme of works for roading as identified in the Infrastructure Strategy be implemented.*

*THAT officers carry out investigation and action options in 2015/2016 financial year*



*to improve pedestrian and vehicle safety at the intersection of service lanes and Bath St, as planned.*

*THAT the Grey Street and East Street planned investigation and construction work continues.*

*THAT alternative treatment options surrounding the Tokomaru underpass fence will be investigated and actions from the investigation programmed into the 2015/2016 financial year.*

*THAT feasibility studies of the proposed work in relation to Foxton/ Foxton beach including, Bond Street, Signal St, Roundabout at Park St/Ladys Mile/Robinson Rd Intersection, Seabury/Linklater Intersection and widening of Andresen St are completed for consideration by the Foxton Community Board into the 2015/2016 financial year.*

*THAT the programme of works for roading as identified in the infrastructure Strategy be implemented and that officers advise the submitters of Council's policies regarding sealing of private entrance ways and the reason why the Shannon Kohanga Reo car park was sealed.*

*THAT the programme of works for roading as identified in the infrastructure Strategy be implemented and that that Council bring forward the programme of works for Kent/Gloucester Road upgrade planned for 2018 to 2015/2016.*

*THAT the programme of works for roading as identified in the Infrastructure Strategy be implemented and Council continue to investigate any arising issues to ensure compliance with LOS and remedy as required.*

*THAT the programme of works for roading as identified in the Infrastructure Strategy be implemented including a specific business case benefit-cost assessment of maintenance for Makahika Road in unsealed condition vs. sealed road maintenance within the 2015/2016 financial year and that the outcome of the assessment be communicated to the submitters.*

*THAT the programme of works for roading as identified in the Infrastructure Strategy be implemented and the amendments made to the Long Term Plan 2015-2025 Activity Statement for Land Transport be accepted*

*THAT the programme of works for roading as identified in the Infrastructure Strategy be implemented and that officers continue to work closely with NZTA on the RONS project to ensure the best outcome for the Horowhenua community.*

*THAT Council Officers assess the resource required to deliver an active transport (cycleway and walkway) strategy within, and across the Horowhenua District.*

*THAT Council Officers assess the opportunity to partner with other statutory, voluntary, and private stakeholder organisations in delivering an integrated cycleway and walkway strategy.*

*THAT the programme of works for roading as identified in the Infrastructure Strategy be implemented and that officers continue to monitor car parking in the area of the Levin Railway Station to ensure that adequate car parking continues to be available to the community.*

**CARRIED**

MOVED by Cr Rush, seconded Cr Campbell:

*THAT the programme of works for roading as identified in the Infrastructure Strategy be implemented and Council carry out work in Foxton Main Street as planned, with a communications plan, regarding the design and construction time frame, being prepared.*

**CARRIED**

Cr Feyen recorded his abstention from voting on recommendation 2.5.

## 8.5 Draft Long Term Plan 2015/2025 - Miscellaneous Matters

### Purpose

The purpose of this report is to present to Council for deliberation the submissions received to the Draft Long Term Plan 2015/2025 in relation to miscellaneous matters that go across multiple activities.

MOVED by Cr Mason, seconded Cr Bishop:

*THAT Report 15/226 Draft Long Term Plan 2015/2025 - Miscellaneous Matters be received.*

*THAT this decision is recognised as not significant in terms of S76 of the Local Government Act.*

**CARRIED**

Mr Clapperton and Mrs Davidson spoke to this report advising that some submissions were just noted as there was no action required going forward.

After discussion, 2.5 in relation to not providing funding to the Levin Waitarere Surf Life Saving Club was removed from the recommendations for consideration.

MOVED by Cr Mason, seconded Cr Bishop:

*THAT Council adopts the proposed Community Outcomes as identified in the LTP 2015-2025 Consultation Document.*

*THAT Council supports the Levin Waitarere Surf Life Saving Club's project to build a new clubroom at a new location at Waitarere Beach.*

*THAT Council continue to provide officer support to the Levin Waitarere Surf Life Saving Club in the preparation of the Notice of Requirement for a new designation, project establishment and funding applications.*

*THAT Council requests a joint Business Case from the Levin Waitarere Surf Life Saving Club and Council officers to allow Council to consider options for supporting fundraising efforts for the new clubroom.*

**CARRIED**

The meeting adjourned at 8.20 pm to reconvene tomorrow (27 May 2015) at 3.00 pm.

CONFIRMED AS A TRUE AND CORRECT RECORD  
AT A MEETING OF COUNCIL HELD ON

**DATE:**.....

**CHAIRPERSON:**.....

File No.: 15/315

## Adoption of Long Term Plan 2015-2025

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### 1. Purpose

The purpose of this report is to adopt the Horowhenua District Council Long Term Plan 2015-2025.

### 2. Executive Summary

- 2.1 The Council's Consultation Document for its 2015-2025 Long Term Plan was the subject of public consultation from 27 February 2015 to 3 April 2015. 267 submissions were received as part of the consultation process. Council heard submissions on the 5, 6 and 7 May 2015, this was followed by deliberations on the 26 and 27 May 2015.
- 2.2 This report seeks to adopt the Horowhenua District Council Long Term Plan 2015-2025. It incorporates the changes made by Council as a result of the deliberations that took place on the 26 and 27 May 2015.
- 2.3 The Long Term Plan 2015-2025 incorporates the following average rate increases for the first three years, 6.72% for 2015/2016, 5.45% for 2016/2017 and 7.43% for 2017/2018.

### **3. Recommendation**

- 3.1 That Report 15/315 Adoption of Long Term Plan 2015-2025 be received.
- 3.2 That this decision is recognised as significant in terms of S76 of the Local Government Act.
- 3.3 That the Horowhenua District Council, having taken into account the submissions received during the formal Long Term Plan public consultation process, adopts the HDC Infrastructure Strategy 2015-2045.
- 3.4 That the Horowhenua District Council, having taken into account the submissions received during the formal Long Term Plan public consultation process, adopts the Financial Strategy
- 3.5 That the Horowhenua District Council, having taken into account the submissions received during the formal Long Term Plan public consultation process, adopts the Revenue and Financing Policy.
- 3.6 That the Horowhenua District Council, having taken into account the submissions received during the formal Long Term Plan public consultation process, adopts the Financial Contributions Policy.
- 3.7 That the Horowhenua District Council, having taken into account the submissions received during the formal Long Term Plan public consultation process, adopts the Community Outcomes.
- 3.4 That in accordance with the Long Term Plan 2015-2025 the Council resolves that it is financially prudent, after considering the matters set out in Section 100(2)(a)-(d) of the Local Government Act, that the Long Term Plan 2015-2025 has projected operating revenues at a level that is insufficient to meet projected operating expenses for year 3 (2017/18).
- 3.5 That the Horowhenua District Council, having taken into account the submissions received during the formal public consultation process, adopts the Long Term Plan 2015-2025 including the policies and statements contained therein, in accordance with Section 83 and 93 of the Local Government Act.
- 3.6 Note that the rates for the year commencing 1 July 2015 and concluding on 30 June 2016 need to be set by Council in accordance with Section 23 and 24 of the Local Government Rating Act, at the Council meeting of 1 July 2015.
- 3.6 That the Chief Executive be given delegated authority to make editorial changes that arise as part of the publication process for the Long Term Plan 2015-2025.

### **4. Background / Previous Council Decisions**

- 4.1 At its 18 February 2015 Extraordinary Council meeting, Council resolved that the Long Term Plan 2015-2025 Consultation Document and associated Supporting Documents be adopted for public consultation.
- 4.2 The Long Term Plan 2015-2025 Consultation Document went out for public consultation on the 27 February 2015. Submissions closed on 3 April 2015. In total 267 submissions were received.
- 4.3 When Council consulted on the Long Term Plan 2015-2025 Consultation Document it proposed an average overall rate increase of 7.61% Year 1, 7.90% Year 2 and 6.77% Year 3.
- 4.4 The 2014 amendments to the Local Government Act resulted in changes to the consultation process for the Long Term Plan. In previous Long Term Plan processes a full Draft Long Plan together with a summary document was provided for the purpose of consultation. This was the first time that a Consultation Document was produced as the sole basis for

consultation. Associated supporting documents were also available to inform the consultation process.

- 4.5 The Consultation Document sought community feedback on two key issues, changes to the Rating System and Development Contributions. The community were also asked for feedback on Council's Infrastructure Strategy and Financial Strategy and a wide range of matters including:
- Community Outcomes
  - Water Tanks in new homes
  - Planning fees and charges
  - Paid Parking in Levin Mall Car park
  - Aquatics Swim School fees and charges
  - Horowhenua as a Smokefree Environment
  - Use of funds from the Foxton Beach Freehold Account.
- 4.6 Following the submission process, Council held hearings on the 5, 6 and 7 May 2015. This then followed with deliberations on the 26 and 27 May 2015.
- 4.7 Officers have prepared the Long Term Plan 2015-2025 to take into account the decisions made by the Council at the deliberations meeting on 26 and 27 May 2015.
- 4.8 In making its decision to adopt the Long Term Plan 2015-2025, the Council is adopting all of the components (e.g. policies, strategies and statements) that make up the Long Term Plan proper. The Infrastructure and Financial Strategies were for instance adopted separately to the Long Term Plan 2015-2025 Consultation Document on 18 February 2015. As a result of the submission and deliberation process, these documents have been updated to reflect the decisions of Council and will be adopted as part of the adoption of the Long Term Plan 2015-2025.

## **5. Discussion**

- 5.1 As a result of responses to submissions that have been received to the consultative process and decisions that Council made, the Long Term Plan 2015-2025 incorporates the following average rate increases for the first three years, 6.72% for 2015/2016, 5.45% for 2016/2017 and 7.43% for 2017/2018.
- 5.2 Of the decisions made by Council the proposed change to the Rating System was the most significant in terms of impact across the district with all ratepayers potentially impacted. The Council resolved to change to the rating system to be based on the following:
- That the General Rate be based on Land Value using the current differentials based on the current geographic boundaries retaining the Rural Differential at 25% and retaining the current phasing, with 4 years to run;
  - That the Roding Rate be based on Capital Value with two differentials based on use being Business and District Wide Other as with the original Option 2. The Roding Rate will exclude the stormwater costs;
  - That a Stormwater Rate, based on Capital Value, be set on all urban properties (the same properties as the current urban Solid Waste Rate);
  - That Council introduces a "Serviceable" Differential on the Water and Wastewater Rate to be set at 50% of the fixed charges for each;
  - That an Aquatics Rate be set as a fixed charge District wide, (dispensing with the current extra Targeted Rate on Levin, Foxton and Foxton Beach);

- That all Licensed to occupy retirement villages as well as all registered retirement villages (excluding retirement villages set up under a body corporate that have individual rating units) are contained within the business differential.
  - That all other Targeted Rates are to remain unchanged.
- 5.3 Other key decisions made by Council during the deliberation process included cancelling the Development Contributions Policy from 1 July 2015 and introducing a Financial Contribution Policy which would result in financial contributions for new growth areas.
- 5.4 Council also resolved to support the use of funds from the Foxton Beach freehold account for the Te Awahou – Nieuwe Stroom project (\$500,000), Parks and Reserves in Foxton Beach (\$1,000,000 over 10 years) and the replacement of the culvert at Whitebait Creek (\$83,000).
- 5.5 Other changes were also made as a result of the deliberation process, the full list of these decisions of Council can be found in the minutes for the Council Meeting 26 and 27 May 2015.
- 5.6 In order to meet statutory requirements to balance the budget Council is required to resolve that it is financially prudent, after considering the matters set out in Section 100(2)(a)-(d) of the Local Government Act, that the Long Term Plan 2015-2025 has projected operating revenues at a level that is insufficient to meet projected operating expenses. Council resolved this when adopting the Financial Strategy and Long Term Plan 2015-2025 Consultation Document on the 18 February 2015. Council is required to formally resolve this when adopting the Final Long Term Plan 2015-2025. Noting that now that it only applies to year 3 (2017/18).
- 5.7 The balanced budget is measured using the Local Government (Financial Reporting and Prudence) Regulations 2014. This benchmark excludes income from development contributions, vested assets, asset revaluation gains/losses and other non-operating income and expenses. The Forecast Statement of Comprehensive Income shows surpluses for years 1 and 2 (2015/16 and 2016/17). These surpluses are as a result of forecasting third party income (public donations and grants) to be used to cover the capital expenditure for the Te Awahou – Nieuwe Stroom project in Foxton. As this income is not in the nature of operating income, in that it cannot be spent on operating expenses it has been excluded from the operating income in the balance budget calculation as calculated for the Financial Strategy. This is the key reason for the change to deficits previously identified for years 1 and 2.
- 5.8 Council considers (that for the purposes of the Long Term Plan, pursuant to section 100(2) of the Local Government Act, it is financially prudent to set projected operating revenues at levels:
- In some cases less than would be required to meet projected operating costs, where such costs are being met from reserves and where the full funding of depreciation may be phased in without compromising the service capacity or integrity of assets throughout their useful life; and
  - In some cases more than would be required to meet projected operating costs where operating revenues are also required to set aside incomes tagged for special purposes, to meet the costs of capital expenditure, to build up reserves for future loan repayments, and to contribute to asset replacement funds.
- 5.7 While the Long Term Plan includes the proposed average rate increases for the next 10 years, the rates for the year commencing 1 July 2015 and concluding on 30 June 2016 need to be set by Council in accordance with Section 23 and 24 of the Local Government Rating Act. A separate report will come to the 1 July 2015 Council meeting seeking approval of the rates strike for the 2015/2016 year.

5.8 In addition to the independent audit undertaken on the Consultation Document and supporting information, the full Long Term Plan document has now been independently audited and the auditor's report forms part of the final Long Term Plan document.

## 6. Options

6.1 Council is required to adopt its Long Term Plan 2015-2025 no later than 30 June 2015 as per requirements of the Local Government Act 2002. The Long Term Plan 2015-2025 incorporates changes made by Council as a result of deliberations held on 26 and 27 May 2015. It is recommended that Council adopt the Long Term Plan 2015-2025.

### **Confirmation of statutory compliance**

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,
- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

## 7. Appendices

No.	Title	Page
A	Long Term Plan 2015-2025 ( <i>Under Separate Cover</i> )	

Author(s)	David McCorkindale <b>Senior Manager - Strategic Planning</b>	
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Approved by	David Clapperton <b>Chief Executive</b>	
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# Council

## OPEN MINUTES

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Minutes of a meeting of Council held in the Council Chambers, 126-148 Oxford St, Levin, on Wednesday 24 June 2015 at 5.00 pm.

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### PRESENT

<b>Mayor</b>	Mr B J Duffy
<b>Deputy Mayor</b>	Mr G G Good
<b>Councillors</b>	Mr W E R Bishop
	Mr R J Brannigan
	Mr R H Campbell
	Mr M Feyen
	Mrs V M Kaye-Simmons
	Mrs J Mason
	Mrs C B Mitchell
	Mr A D Rush
	Ms P Tukapua

### IN ATTENDANCE

Mr D M Clapperton	(Chief Executive)
Mr D Law	(Group Manager – Finance)
Mr G Saily	(Group Manager – Infrastructure Services)
Mrs M Davidson	(Group Manager – Customer & Community Services)
Mr D McCorkindale	(Senior Manager – Strategic Planning)
Mr J Paulin	(Finance Manager)
Ms T Williams	(Strategic Planner)
Mrs K J Corkill	(Meeting Secretary)

### ALSO IN ATTENDANCE

Mr B Jackson

### PUBLIC IN ATTENDANCE

There were two members of the public in attendance.

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**1 Apologies**

There were no apologies.

**2 Public Speaking Rights**

There were no speaking rights.

**3 Late Items**

There were no late items.

**4 Declarations of Interest**

None declared.

**5 Confirmation of Minutes – 26 & 27 May 2015**

MOVED by Cr Rush, seconded Cr Mitchell:

*THAT the minutes of the meetings of the Council held on Tuesday 26 and Wednesday 27 May 2015, be confirmed as a true and correct record.*

**CARRIED**

**6 Matters Arising**

There were no matters arising.

**7 Leave of absence**

None requested.

**8 Announcements**

There were no announcements.

**9 Executive**

**9.1 Carry Forward - Thompson House 2015/2016**

**Purpose**

The purpose of this report is to seek Council's approval that \$100,352.44 for improvements to Thompson House, which will not be spent before the close of business on 30 June 2015, be carried forward from financial year 2014/2015 to 2015/2016.

MOVED by Cr Mason, seconded Cr Kaye-Simmons:

*THAT Report 15/332 Carry Forward - Thompson House 2015/2016 be received.*

*THAT this matter or decision be recognised as not significant in terms of s76 of the Local Government Act 2002.*

*THAT \$100,352.44 from the 2014/2015 financial year for Thompson House Design and Improvement Works is carried forward to the 2015/2016 financial year.*

**CARRIED**

## 9.2 Adoption of Long Term Plan 2015-2025

### Purpose

The purpose of this report is to adopt the Horowhenua District Council Long Term Plan 2015-2025.

MOVED by Cr Good, seconded Cr Rush:

*THAT Report 15/315 Adoption of Long Term Plan 2015-2025 be received.*

*THAT this decision is recognised as significant in terms of S76 of the Local Government Act.*

**CARRIED**

In speaking to this report, Mr McCorkindale drew the meetings attention to corrections required in terms of the average rate increases recorded in clauses 2.3 and 5.1. The average rate increase for the 2015/2016 year should read 6.74% (not 6.72%) and for the 2016/2015 year 5.45% (not 5.52%).

In commenting of the LTP background and process and pointing out that the recommendations in the report were ordered in a particular way to adopt certain documents that had been consulted upon, Mr McCorkindale concluded his comments by saying the documentation had been extensively audited and if the Council adopted the LTP as presented, it would receive an unqualified audit opinion.

MOVED by Cr Rush, seconded Cr Good:

*THAT the Horowhenua District Council, having taken into account the submissions received during the formal Long Term Plan public consultation process, adopts the HDC Infrastructure Strategy 2015-2045.*

*THAT the Horowhenua District Council, having taken into account the submissions received during the formal Long Term Plan public consultation process, adopts the Financial Strategy.*

*THAT the Horowhenua District Council, having taken into account the submissions received during the formal Long Term Plan public consultation process, adopts the Revenue and Financing Policy.*

*THAT the Horowhenua District Council, having taken into account the submissions received during the formal Long Term Plan public consultation process, adopts the Financial Contributions Policy.*

*THAT the Horowhenua District Council, having taken into account the submissions received during the formal Long Term Plan public consultation process, adopts the Community Outcomes.*

*THAT in accordance with the Long Term Plan 2015-2025 the Council resolves that it is financially prudent, after considering the matters set out in Section 100(2)(a)-(d) of the Local Government Act, that the Long Term Plan 2015-2025 has projected operating revenues at a level that is insufficient to meet projected operating expenses for year 3 (2017/18).*

**CARRIED**

Crs Feyen and Campbell **ABSTAINED** from voting outlining some of their reasons for so doing on this and other recommendations.

MOVED by Cr Good, seconded Cr Brannigan:

*THAT the Horowhenua District Council, having taken into account the submissions received during the formal public consultation process, adopts the Long Term Plan*

*2015-2025 including the policies and statements contained therein, in accordance with Section 83 and 93 of the Local Government Act.*

**CARRIED**

Crs Feyen and Campbell ABSTAINED from voting.

MOVED by Cr Rush, seconded Cr Mitchell:

*THAT the rates for the year commencing 1 July 2015 and concluding on 30 June 2016 be set by Council in accordance with Section 23 and 24 of the Local Government Rating Act, at the Council meeting of 1 July 2015.*

**CARRIED**

MOVED by Cr Mason, seconded Cr Bishop:

*THAT the Chief Executive be given delegated authority to make editorial changes that arise as part of the publication process for the Long Term Plan 2015-2025.*

**CARRIED**

Cr Feyen ABSTAINED from voting.

5.14 pm

There being no further business, the Chairperson declared the meeting closed.

CONFIRMED AS A TRUE AND CORRECT RECORD  
AT A MEETING OF COUNCIL HELD ON

**DATE:**.....


**CHAIRPERSON:**.....

**Conflict of Interest  
Meeting Declaration Form**

Meeting Date: 5/6/7 OF MAY 2015  
 Meeting Name: SUBMISSIONS TO LTP  
 Elected Member Name: NATIE BISHOP  
 (Please print)

Please be advised that I hold the following positions of influence, and/or have the following financial or other interest in relation to the Agenda item(s) as set out below:

Agenda Item	Type of Interest
	DEVELOPMENT CONTRIBUTION POLICY.

Signature:  Date: 5/9/2015

*Please complete this form and hand to the Chairperson prior to the start of the meeting. The Chairperson will pass to the Meeting Secretary who will then note it on the register and attach it to the Minutes.*

*At the commencement of the meeting, a member's interest will be noted when Conflicts of Interest are called for, and the member should consider leaving the meeting room for the full duration of discussion on the matter (SO 3.14.11)<sup>1</sup>. This will be recorded in the Minutes.*

<sup>1</sup> Model Standing Orders NZS 9202:2003

✓

### **Notes for Elected Members**

Elected members are bound to serve the interests of the district over their own personal or family/whanau interests. They must not abuse their position of trust. It is also extremely important that the Council, Committee or Community Board is seen to make decisions that are based on fair process.

A conflict of interest arises if it is likely that a private or personal interest could conflict, or could be perceived to conflict, with the performance of public or professional duties. If one exists it must be resolved. There are two types of conflict of interest:

A **pecuniary interest** is an interest where there is a reasonable likelihood or expectation of appreciable financial gain or loss to an elected member or to another person with whom the elected member is associated, such as a spouse or business partner.

A **non-pecuniary interest** is any private or personal interest which does not derive direct personal financial gain. Such an interest may arise from membership of a club or an association, society or involvement or interest in an activity particularly if the member is an executive officeholder or trustee of an organisation.

A conflict of interest exists if:

- a private interest influences the way duties are performed;
- a reasonable person suspects that elected members may be influenced in the way they perform their duties;
- a person associated with elected members has an interest that could lead those elected members to be influenced or lead a reasonable person to suspect that they could be influenced.

Perceptions of a conflict of interest are as important as actual conflicts of interest, so even if elected members do not consider that they have a conflict they must try to assess it from another person's point of view.

A conflict or perception of a conflict of interest must be declared immediately both in writing to the Chair and verbally to the meeting when the item is heard. The onus is on the individual to make a **disclosure of interest** to the meeting.

#### **Pecuniary Interest Rule:**

*The pecuniary interest rule is that members of an authority are not allowed to participate in discussion or voting on any matter before the Council, Committee or Community Board in which they have a direct pecuniary (financial) interest or an indirect pecuniary interest, other than an interest in common with the public.<sup>2</sup>*

#### **Pecuniary Interest Test**

*"If the matter were dealt with in a particular way, discussing or voting on that matter could reasonably give rise to an expectation of a gain or loss of money for the member concerned."*

If a member is in any doubt as to whether or not a particular course of action (including a decision to take no action), raises a conflict of interest, the member should seek guidance from the Chief Executive Officer immediately.

#### **For further information refer to:**

Local Authorities (Members' Interests) Act 1968

Horowhenua District Council – Code of conduct, Standing Orders, Governance Policies

Auditor-General's Good Practice Guide – Guidance for members of local authorities about the law on conflicts of interest

Office of the Auditor General, Private Bag 3928, Wellington 6140; Ph (04) 917 1500; [www.oag.govt.nz](http://www.oag.govt.nz)

<sup>2</sup> *Managing conflicts of interest: Guidance for public entities: Controller and Auditor-General*

**Conflict of Interest  
Meeting Declaration Form**

**Meeting Date:** ..... COUNCIL 26 MAY. .....

**Meeting Name:** ..... " .....

**Elected Member Name:** ..... WAYNE BISHOP. .....

(Please print)

Please be advised that I hold the following positions of influence, and/or have the following financial or other interest in relation to the Agenda item(s) as set out below:

Agenda Item	Type of Interest
<u>G-1</u>	<u>DEVELOPMENT CONTRIBUTION FUND</u>
<u>G-3</u>	<u>RATES REMISSION FUND.</u>

**Signature:** .....  ..... **Date:** .....

*Please complete this form and hand to the Chairperson prior to the start of the meeting. The Chairperson will pass to the Meeting Secretary who will then note it on the register and attach it to the Minutes.*

*At the commencement of the meeting, a member's interest will be noted when Conflicts of Interest are called for, and the member should consider leaving the meeting room for the full duration of discussion on the matter (SO 3.14.11)<sup>1</sup>. This will be recorded in the Minutes.*

<sup>1</sup> Model Standing Orders NZS 9202:2003



### **Notes for Elected Members**

Elected members are bound to serve the interests of the district over their own personal or family/whanau interests. They must not abuse their position of trust. It is also extremely important that the Council, Committee or Community Board is seen to make decisions that are based on fair process.

A conflict of interest arises if it is likely that a private or personal interest could conflict, or could be perceived to conflict, with the performance of public or professional duties. If one exists it must be resolved. There are two types of conflict of interest:

A **pecuniary interest** is an interest where there is a reasonable likelihood or expectation of appreciable financial gain or loss to an elected member or to another person with whom the elected member is associated, such as a spouse or business partner.

A **non-pecuniary interest** is any private or personal interest which does not derive direct personal financial gain. Such an interest may arise from membership of a club or an association, society or involvement or interest in an activity particularly if the member is an executive officeholder or trustee of an organisation.

A conflict of interest exists if:

- a private interest influences the way duties are performed;
- a reasonable person suspects that elected members may be influenced in the way they perform their duties;
- a person associated with elected members has an interest that could lead those elected members to be influenced or lead a reasonable person to suspect that they could be influenced.

Perceptions of a conflict of interest are as important as actual conflicts of interest, so even if elected members do not consider that they have a conflict they must try to assess it from another person's point of view.

A conflict or perception of a conflict of interest must be declared immediately both in writing to the Chair and verbally to the meeting when the item is heard. The onus is on the individual to make a **disclosure of interest** to the meeting.

#### **Pecuniary Interest Rule:**

*The pecuniary interest rule is that members of an authority are not allowed to participate in discussion or voting on any matter before the Council, Committee or Community Board in which they have a direct pecuniary (financial) interest or an indirect pecuniary interest, other than an interest in common with the public.<sup>2</sup>*

#### **Pecuniary Interest Test**

*"If the matter were dealt with in a particular way, discussing or voting on that matter could reasonably give rise to an expectation of a gain or loss of money for the member concerned."*

If a member is in any doubt as to whether or not a particular course of action (including a decision to take no action), raises a conflict of interest, the member should seek guidance from the Chief Executive Officer immediately.

#### **For further information refer to:**

Local Authorities (Members' Interests) Act 1968  
Horowhenua District Council – Code of conduct, Standing Orders, Governance Policies  
Auditor-General's Good Practice Guide – Guidance for members of local authorities about the law on conflicts of interest  
Office of the Auditor General, Private Bag 3928, Wellington 6140; Ph (04) 917 1500; [www.oag.govt.nz](http://www.oag.govt.nz)

<sup>2</sup> *Managing conflicts of interest: Guidance for public entities: Controller and Auditor-General*