



Proposal for
2018 Development Contributions Policy

Introduction

This proposal seeks to amend the Palmerston North City Council Development Contributions Policy (the Policy) to:

- Align with the requirements of the Local Government Amendment 2002 (LGA02);
- To introduce a new development contribution areas for the North East Industrial Extension Area, Bunnythorpe, Longburn and the Napier Road Industrial Area;
- Update projected household growth assumptions;
- Update Appendix Maps A, C, D and J, to reflect the changes to zoning, new local reserves and the amended description of the integrated water and wastewater networks;
- Levy wastewater, water and local reserves contributions for Ashhurst, wastewater contributions for Bunnythorpe and local reserves for the Napier Road Residential Area;
- Amend the Policy's vision and goals to align with the LTP.

This document outlines the key amendments to the Development Contributions Policy that the Council is proposing, the reasons for those amendments, and an analysis of the reasonably practicable options. This proposal also includes a copy of the draft Policy showing the proposed amendments in Appendix 1 at the rear of this document.

The Proposal

The key propose amendments to the Development Contributions Policy are shown as track changes in the draft amended Policy in this proposal, and are detailed below:

Note: proposed new text is shown as underlined and text proposed for deletion is shown as ~~strikethrough~~.

Amendments to Align the Policy with the requirements of the LGA02

New sub-clause (ba) to clause 5.5(5) as follows to make Policy users aware that under the LGA02 Council is able to withhold a certificate of acceptance under the Building Act if a levied development contribution payment has not been paid:

ba in the case of a development contribution required under 198(4A), withhold a certificate of acceptance under section 99 of the Building Act 2004.

Amendments to Align the Policy with Council's new Vision and Goals

Amend clause 2.1 and 2.2 of the Policy as follows:

[2.1] Vision

Palmerston North: small city benefits, big city ambition.

~~Palmerston North is recognised as a vibrant, caring, innovative, and sustainable city.~~

[2.1] City Goals

- .1 An innovative and growing city that is clever about the ways it uses its natural advantages to encourage and support innovation, entrepreneurship and new industries, and positions itself to take advantage of change to fuel sustainable growth, prosperity and wellbeing.

~~Palmerston North is a socially sustainable city where people want to live because of its safe and easy lifestyle and its many social, cultural and recreational opportunities.~~

- .2 A creative and exciting city that draws inspiration from the diversity within its culture and creates a vibrant urban environment that attracts creative and clever people, and nurtures creative talent.

~~Palmerston North is a leading city in the quest to become environmentally sustainable.~~

- .3 A connected and safe community: a city that includes, supports, connects and uses the talents and advantages of the whole community in the pursuit of prosperity and wellbeing. A city that has an international reputation as a safe city in which to live, study, work and play. A city that embraces its Iwi heritage and partnership, and where people connect with the city's past, celebrating its history and heritage.

~~Palmerston North is an economically sustainable city which attracts, fosters and retains businesses and jobs to create a prosperous community.~~

- .4 An eco-city: we want a future focused city that plans for and cares about the future, enhancing its natural and built environment. Our city will realise the benefits to society from creating clean energy, lowering carbon emissions, and reducing our ecological footprint.

- .5 A driven and enabling Council and organisation that works as one team with its communities and is a catalyst and enabler for change in the city.

Amendments to Align the Policy with Council's Growth Assumptions and Strategy

Amended clause 4.4, Projecting Growth, and Clause 4.6, Growth in the District, to reflect new growth projections and the Council's new City Development Strategy as follows:

[4.4] Projecting Growth

- .1 To estimate the number of residential and rural developments Council expects over a 20-year period this policy has used, and has maintained consistency with, Council's urban growth planning and asset management planning data. Projected growth for residential and rural development is a hybrid scenario based on a specific Palmerston North high growth projection for years 1-10 and a Statistics New Zealand medium growth projection for years 11-20, which also accommodates the additional margins required by the National Policy Statement for Urban Development Capacity. ~~for population and households by the New Zealand Department of Statistics for Palmerston North City.~~ Based on this hybrid growth, ~~the~~ rate of accumulating population growth is projected to be 0.86% over a 20-year period. Over the next 20-year period, the rate of accumulating household growth is projected to increase by 1.3 ~~0.9%~~ per annum for the first 10 years and 0.8 ~~1.0%~~ per annum for the following 10-year period. This represents approximately 7,560 ~~6,000~~ new households in the City over the 20 year period.

[4.6] Growth in the District

Continued greenfield residential development will take place in Kelvin Grove (including the Whakarongo Residential Area) and the Aokautere/Summerhill area units respectively in the short to medium term. Within the Kelvin Grove area the Whakarongo Residential Area became operative in the District Plan in 2014. It is envisaged that the Whakarongo Residential Area will provide additional greenfield land supply to the market in the short to medium term. During the course of the 20-year period covered by the Policy other greenfield residential areas will be required to meet the projected growth, as directed by the City Development Strategy. Further residential development within existing developed residential areas and brownfields development in the Hokowhitu Residential Area are ~~within the district~~ is also assumed within the district. Further rural development, in particular rural-residential development, in the district is assumed to continue at current trends.

Non-residential development is expected to continue within all relevant zones, in particular the Business Zones, the North East Industrial Zone and the North East Industrial Zone Extension Area. Where any new Greenfield areas are rezoned prior to an update of the Policy Section 4.2 shall apply.

New Detailed Description of what makes up the Integrated Water, Wastewater and Rooding Networks

Water – the introduction of new sub-clauses .3, .4, and .5 to clause 6.1, Water, as follows:

[6.1] Water

- .3 The Integrated Water Network for water is made up of:
- a) All trunk and distribution pipelines, valves, and hydrants 200 mm in diameter or larger
 - b) All reservoirs
 - c) All water sources capable of delivering more than 1,000 m³/day, including but not limited to the Turitea Water Treatment Plant and all bores
 - d) Any pipe(s) that are not trunk or distribution pipelines but provide capacity to the Integrated Network

The Integrated Network contains trunk mains and distribution mains. These pipelines have an important function in transferring water from source (trunk mains) to a series of pipes that convey water to areas or groups of streets (distribution mains). Local pipes receive water from distribution mains and serve individual properties. Local pipes are part of the overall water network but in most cases, but not all, do not form part of the integrated network for the purpose of the Development Contributions Policy.

- .4 Inadequate capacity in a trunk or distribution main can have a significantly greater impact on the overall operation of the water network than inadequate capacity in a smaller localised pipe.

- .5 The requirement to provide water in sufficient volumes at a required pressure and for the extinguishing of fires guide the decision of which components of the overall water network make up the Integrated Network. Achieving the required flows and pressures established in Council's level of service for every property (including at extreme ends of the network) means that those pipes conveying water from source to trunk mains and distribution mains need to have sufficient capacity to ensure levels of service are

met. As growth occurs the capacity of trunk and distribution mains need to be increased to ensure levels of service are maintained.

Wastewater – the introduction of new sub-clauses .3, .4, .5 and .6 to clause 6.2, Wastewater, as follows:

[6.2] Wastewater

- .1 The wastewater reticulation network is made up of ~~four~~two discrete service catchments, ~~being~~ The first service catchment is made up of the Palmerston North, Ashhurst, and Bunnythorpe urban areas. The second service catchment is Longburn and Bunnythorpe urban areas. Each of the defined service catchments of the wastewater system is characterised by a combination of interdependent components. For the purpose of development contributions, the wastewater network is rationalised to include only those components necessary to the effective operation of the network-wide system.
- .2 Interdependence within the network creates a need for integrated management of the operation of these necessary components. As such, the management of the identified network is undertaken with network-wide supply and demand issues in mind. This network is referred to as the 'Integrated Wastewater Network' and its components are defined visually on Map 3 in Appendix D
- .3 To be considered part of the Integrated Wastewater Network an asset must first have a direct connection to and be hydraulically linked to the existing Integrated Network. The Integrated Network for wastewater is made up of:
 - a) Any trunk or collector gravity pipe of 250mm or larger.
 - b) Pump stations and associated pressure pipelines at Jickell Street, Massey, College Street, Tremaine Avenue, and Ashhurst.
 - c) Any new pump station carrying a flow equivalent to that produced by 3,000 persons (35 l/sec) or more.
 - d) Wastewater treatment plant(s) serving Palmerston North, Ashhurst, and Bunnythorpe, and any oxidation ponds.
 - e) Any pipe(s) that are not a trunk or collector gravity pipe of 250mm but provide capacity to the Integrated Network.

The Integrated Network contains a series of main trunk pipelines which carry large volume of flows to the treatment plant. Collector pipes convey flows from local streets to the trunk mains. A number of smaller more localised pipes connect into each collector or directly to the trunk mains.

- .4 Wastewater pipes serving individual properties or pipes in a local street connecting to another street do not contribute to or have a very limited impact on the overall operation of the wastewater network. However, overloading of one trunk main or collector pipe could have significant network wide operational impacts due to hydraulic inter-connectivity of the trunk pipes. Inadequate capacity in one trunk could have an effect on another trunk placing the entire system under stress.
- .5 There is a degree of interdependence between the trunk systems that creates a requirement for management and operation of the system at a network level. The inter-dependency of the trunks and the resulting requirement to manage system operation at a network level enable identification of those components that form the Integrated Network. Consequently, the demarcation of components at trunk and collector level

and, in the case of pump stations, at a capacity level, is considered appropriate for determining which components of the system form the Integrated Network.

.6 The Integrated Wastewater Network and Villages – Ashhurst, Bunnythorpe and Longburn – Both Ashhurst and Bunnythorpe are connected to the existing Integrated Network and the nature of the connection means they are hydraulically linked with the City’s Integrated Network. For these reasons both Ashhurst and Bunnythorpe are considered as part of the City’s Integrated Network for wastewater. The wastewater trunk main serving Longburn is directly connected to the treatment plant. However the trunk main is not connected to or hydraulically linked to the City’s Integrated Network. For these reasons Longburn it is not considered part of the City’s Integrated Network.

Wastewater – proposed amendment to clause 6.2.3, Who Gets Charged, to recognise that Ashhurst and Bunnythorpe are now connected to the City’s integrated wastewater network as follows:

[6.2.3] Who Gets Charged?

Under the above outlined method, all new developments in the Palmerston North, Ashhurst and Bunnythorpe service catchments will be subject to a development contribution within identified development contribution areas. The only exclusions (at present) are:

- a) *developments in the rural area that are not connected to the City wastewater systems (Development Contributions Area A); or*
- b) *developments in ~~Ashhurst~~, Longburn that have a separate wastewater network on which no future growth works are planned (at present) (Development Contributions Area CR).*

Roading – the introduction of new sub-clause .3 to clause 6.3, Roding, as follows:

[6.3] Roding

.3 To be considered part of the Integrated Roding Network a road must be classified, or proposed to be classified, in the Palmerston North City District Plan roading hierarchy as either a Major Arterial, Minor Arterial or Collector Road.

Measuring Units of Demand - Amendments to Specific Guidance Notes

Amendments to the following guidance material in clause 6.6.4, Measuring Units of Demand – Specific Guidance, Principles and Notes (Residential), is proposed to be amended:

[6.6.4] Measuring Units of Demand – Specific Guidance, Principles and Notes (Residential)

- .1 **~~Multi-unit or Communal Residential Development:~~** *For the purposes of establishing the number of equivalent household units that apply for ~~multi-unit or communal residential developments~~, the maximum possible number of occupants on any given night is to be divided by 2.6, which is the average number of occupants per dwelling in Palmerston North (2013~~06~~ Census).*
- .2 **Accommodation Motel:** *For the purposes of establishing the number of equivalent household units that apply for accommodation motels, the number of individual units that meet the definition of an equivalent household unit is to be multiplied by 0.48*

(48%), which is the average occupancy rate for Palmerston North (Statistics New Zealand Accommodation Survey). For units that do not meet the definition of an equivalent household unit, the ~~multi-unit or communal~~ residential development measure can be used in combination with the average occupancy rate multiplier (0.48).

- .3 **Retirement Villages:** For the purposes of establishing the number of equivalent household units that apply for retirement villages, the total number of units within a development that meet the definition of a dwelling shall be multiplied by 0.44. Any part of a retirement village that does not meet the definition of a dwelling shall be assessed as a ~~multi-unit or communal~~ residential development.
- .4 In determining the final number of equivalent household units that apply to a particular development, a combination of the general measure of an equivalent household unit, the ~~multi-unit or communal~~ residential development measure of equivalent household units and the accommodation motel measure of equivalent household units may be used to recognise the specific composition of a particular development. For example, a retirement village that includes a combination of independent dwellings and communal living arrangements or an accommodation motel that includes a combination of fully serviced units, hostel accommodation and a managers unit.

Proposed new sub-clause .6 to clause 6.6.4, Measuring Units of Demand – Specific Guidance, Principles and Notes (Residential), as follows:

[6.6.4] Measuring Units of Demand – Specific Guidance, Principles and Notes (Residential)

- .6 **Dependent Dwelling Units and Accessory Buildings:** where an existing dependent dwelling unit or accessory building is being used as an equivalent household unit a development contribution fee will be payable.

Guidance Notes

Proposed new sub-clause .4 to clause 11.2, Past Contributions and Determining an Existing Unit of Demand, proposes new guidance relating to existing units of demand as follows:

[11.2] Past Contributions and Determining an Existing Unit of Demand

- .4 **Where a site is deemed to have existing units of demand:**
- a) Only present or past site coverage or equivalent household units legally established under the RMA and or the Building Act will be counted; and
- b) Only site coverage or equivalent household units currently connected, or connected in the past, to Council's integrated network will be counted towards units of demand for water or wastewater.

Glossary of Terms

The following amendments are proposed to activities, terms and definitions to align with recent changes to the District Plan:

[12] Glossary of Terms

Accessory Building has the same meaning as accessory building in the Palmerston North City District Plan:

“means a building not being part of the principal building, the use of which is incidental to that of any other building or buildings on the site. In the case of a site on which no building has been erected, it is a building incidental to the use of the principal building permitted on the site. This includes a garage, carport, tool shed, playroom, recreation room, glasshouse, shipping container, swimming pool, spa pool and sleepout.”

Allotment Area is the total land area of an allotment, and for the purposes of the development contributions policy only, excludes ~~‘undevelopable~~ limited development land’ as defined in the Palmerston North City District Plan when applying units of demand to stormwater and local reserves only. It does include ~~‘undevelopable~~ limited development land’ where resource consent or building consent is obtained to develop ~~‘undevelopable~~ limited development land’.

Equivalent Household Unit has the same meaning as Dwelling and Dwelling Unit in the Palmerston North City Council District Plan:

“means any self-contained building or structure, or part thereof, that is used (or intended to be used) for a single household, and which is generally not available for public use self-contained home and includes buildings where board and lodging is provided for up to and including five people”.

Greenfield Areas are defined as those areas where building capacity exists on the perimeter of the city. Where a land is zoned residential or industrial and has capacity to provide for future development it is considered a Greenfield site. ~~Three~~ Two defined Greenfield areas for the purposes of Development Contributions Policy are ~~the Kelvin Grove (including the Whakarongo Residential Area) and~~ Aokautere and North East Industrial Zone areas.

Limited Development Land has the same meaning as Limited Development Land in the Palmerston North City District Plan:

“means any land in Aokautere which is not identified as developable land in Map 10.1 of the District Plan.”

Massey University – Turitea Campus means land that is occupied by Massey University whether leasehold or freehold that is zoned Institutional within the Palmerston North City District Plan. ~~Massey University – Turitea Campus does not include the Hokowhitu campus located on Centennial Drive, Palmerston North.~~

~~Multi-unit~~ or Communal Residential Development means any form of residential development that does not meet the definition of an equivalent household unit.

Prepared Food & Beverage Outlet means a business primarily engaged in the preparation and serving of food and beverages for immediate consumption and without limiting the generality of this term includes takeaway food outlets and restaurants.

~~Undevelopable Land~~ has the same meaning as Undevelopable Land in the Palmerston North City District Plan:

~~“means any land in Aokautere which is not identified as developable land on Map 10.1 of the District Plan.”~~

~~*Wind Farm* has the same meaning as *Wind Farm* in the Palmerston North City District Plan means wind turbines (other than a Domestic Wind Turbine and Microscale wind turbine) used to generate energy from the wind, and includes:~~

- ~~• turbines, including support pylons or towers~~
- ~~• ancillary buildings and structures including substations, maintenance building and communications equipment~~

~~A Wind Farm excludes transmission lines and infrastructure associated with transmission lines.~~

Amended Appendix Maps A, C, D, I and J

Amendments to the following maps to reflect new development contribution areas, new reserves and the more detailed descriptions of the integrated water, wastewater and roading networks:

- Map A: City Development Contribution Areas
- Map C: Water Integrated Network
- Map D: Integrated Wastewater Network
- Map I: Reserves and Community Infrastructure
- Map J: Local Reserves and Community Infrastructure Network Kelvin Grove

As shown on pages 41, 43, 44, 49 and 51 of the attached copy of the draft Policy showing proposed amendments

New Appendix Map H

New Map H shows three new stormwater catchments in the North East Industrial Zone Extension Area.

Reasons for Amended Provisions within the Draft 2018 Policy

The reasons for amending the Development Contributions Policy are as follows:

1. ***Withholding a certificate of acceptance*** – Section 198 of the LGA02 allows the Council to withhold a certificate of acceptance under the Building Act if a levied development contribution payment has not been paid.

To make Policy users aware of this LGA02 power it is proposed that new sub-clause (ba) to 5.5(5) is introduced to the Policy

2. ***Wastewater in Ashhurst and Bunnythorpe*** is now connected to the City's integrated wastewater network. For this reason development contributions are proposed to be charged for all subdivision and development connected or proposed to be connected to wastewater in Ashhurst and Bunnythorpe.
3. ***North East Industrial Zone Extension Area*** – three new development contribution areas have been created for the North East Industrial Zone Extension Area to enable the Council to collect the cost of growth infrastructure. This will enable the Council roll out infrastructure to support development in this new greenfields industrial area. See new Appendix Map H.
4. ***Water and Local Reserves in Ashhurst*** - water development contributions fees are proposed to be levied for subdivision and development connected or proposed to be connected to the Ashhurst reticulated water system. Local reserves development contributions are proposed to be levied for all residential subdivision and development in Ashhurst.

The reason for these new contributions is the Council have programmes in the LTP to provide additional capacity to the reticulated water system and a new local reserve in Ashhurst. This will enable the Council to fund infrastructure required to support new development in Ashhurst in the future.

5. ***Napier Road Industrial Area*** – a new development contributions area has been created for the Napier Road Residential Area. An anomaly in the Policy means this area has not been paying local reserves contributions that are levied for subdivision and development in the Kelvin Grove area.
6. ***Vision and Goals*** – the Vision and Goals in clause 2.1 and 2.2 of the Policy have been amended to align with the new vision and goals developed for the LTP.
7. ***Projecting Household Growth*** – the purpose of updating the projected household growth data is to align the Policy with the growth assumptions informing LTP decisions.
8. ***Growth Description*** – the purpose of updating the description of growth in clause 4.6 of the Policy is to ensure alignment with the newly developed City Development Strategy and to reflect work Council is progressing to rezone land in partnership with various land owners in the City.
9. ***Description of Integrated Networks*** – it is proposed to insert a more detailed description of the components that form the integrated water and wastewater networks (see amendments to clause 6.1 and 6.2).

The purpose of these amendments is to better communicate to Policy users what development contributions fees for water and wastewater are paying for. Associated Appendix Maps C and D have also been updated to align with the amended clause 6.1 and 6.2.

10. **Amendments to Guidance Material** – a new multi-unit residential development typology has been introduced to the District Plan. This development typology no longer has a communal element to the sharing of facilities. For this reason the guidance material in clause 6.6.4, Measuring Units of Demand – Specific Guidance, Principles and Notes (Residential), is proposed to be amended. The amendment to the guidance note relates to communal residential development, accommodation motels, and retirement villages.
11. Proposed new sub-clause .6 to clause 6.6.4 proposes new guidance material regarding dependant dwelling units and accessory buildings being used as minor dwellings (equivalent household units). The guidance note seeks to make Policy users aware that a development contribution levy applies in these situations.

An increasing number of dependant dwellings and accessory buildings are being used as minor dwellings. New District Plan provisions allowing a second minor dwelling (less than 80m²) on a property is resulting in an increasing number of property owners seeking to transition dependant dwelling units or accessory buildings to minor dwelling status.

12. Proposed new sub-clause .4 to clause 11.2, Past Contributions and Determining an Existing Unit of Demand, proposes to provide further guidance regarding where a site is deemed to have existing units of demand.

The new sub-clause seeks to make it clear that:

- Only present or past site coverage legally established under the RMA and or the Building Act will be counted; and
- Only site coverage or equivalent household units currently connected, or connected in the past, to Council's integrated network will be counted towards units of demand for water and or wastewater.

13. **Amendments to Glossary of Terms** – the following glossary of terms in section 12 of the Policy have been amended to align with amendments to District Plan definitions or to reflect changes to the ownership of land as follows:

- Accessory Building
- Allotment Area
- Equivalent Household Unit
- Greenfiled Areas
- Limited Development Land
- Massey University – Turitea Campus
- Multi-Unit or Communal Residential Development

- Prepared Food and Beverage Outlet
- Undevelopable Land
- Wind Farm

Analysis of Options

The broad purpose of the proposed amendments to the Policy is to improve the administrative efficiency and clarity; create new development contribution areas for locations serviced or planned to be serviced by Council infrastructure, and to align the Policy's growth projections with the Long-Term-Plan (LTP) and the City Development Strategy.

The three options that Council has considered in its analysis is as follow:

Option 1: Preferred Option

To adopt the proposed amendments to the Policy and continue to use development contributions as a mechanism to pay for the growth related costs of infrastructure provision.

This option allows the current mechanism for funding the growth costs of infrastructure provision to further imbed. The Policy has been in place since 2004. Planning, funding and provision of infrastructure to support growth has a long-term focus. In this regard, the Policy remains in its infancy and requires further time to realise the outcomes being sought by the funding instrument.

The Council has a Development Contributions Policy as one of its Funding and Financial Policies in its LTP under the LGA02. This gives councils the power to require a contribution from subdivision and development. Development Contributions provide the means to fund infrastructure capacity improvements required due to growth. Without Development Contributions there would be a significant burden on ratepayers.

Every new development that connects into Council's infrastructure services places a demand on those services. Infrastructure services include roading, water, wastewater, stormwater, parks and reserves. Development Contributions make sure that the cost of providing the infrastructure to support growth is paid by those who create the need for the additional infrastructure. Council meets the cost of maintaining existing levels of service to ratepayers, while the cost of additional services is funded by those creating the demand.

From an asset management perspective, rarely is an infrastructure network created for a single development in isolation from other development. The approach of the Policy is to ensure that the cumulative consumption of infrastructure capacity by each development is considered from a system wide perspective. The effect of a development in terms of impact on network infrastructure includes the cumulative effect that a development may have in combination with other development. The Policy enables the Council to require a development contribution that is used to pay, in full or in part, for capital infrastructure:

- Expected to be incurred because of growth; or
- Already incurred by the Council in anticipation of growth.

The Policy provides a clear link between individual development and the cumulative costs associated with funding infrastructure to meet growth. This ensures that ratepayers are not

left carrying the additional financial burden associated with providing infrastructural capacity to meet the demand of growth.

Development contributions are essentially the repayment of money advanced by ratepayers to fund new infrastructure to support growth. This approach is considered an equitable and efficient way to fund and provide for growth infrastructure.

However, achieving the outcomes being sought by the Policy relies on:

- Good quality information feeding into the development of the Council's Asset Management Plans;
- Accurate forecasting of population and household formation rates;
- Consistent and robust implementation of the Policy;
- Not investing heavily in growth infrastructure too far in advance of development occurring. If development does not occur, the sunk costs of infrastructure provision are borne by the ratepayer until development occurs; and
- The Council giving effect to its strategic land use direction by rezoning land for residential and industrial growth.

The development contributions funding mechanism works well when it sits within a settled and consistent approach to strategic land use planning for urban growth. The funding mechanism enables councils to plan for growth and ensure infrastructure is planned and funded in a coherent manner to support development when it occurs.

The Council has been proactive in strategically planning for growth and has aligned its land use planning strategies with its Asset Management Plans (AMPs) and financial planning obligations under the LGA and the LTP. The Council has sent a clear message to the market regarding the future direction of growth in the district. This approach ensures infrastructure will be funded and rolled-out to support growth when it is needed.

Intergenerational Equity – Under section 101(3) of the LGA, the funding needs of the Council must be met from those sources that the local authority determines to be appropriate, following the consideration of (amongst others):

- The distribution of benefits between the community as a whole, any identifiable part of the community, and individuals (section 101(3)[ii]).
- The period in or over which those benefits are expected to occur (section 101(3)[iv]).
- The extent to which the action or inaction of particular individuals or a group contribute to the need to undertake the activity (section 101(3)[iii]).

The provision of infrastructure, in particular infrastructure that is provided to cater for growth, will generally be put in place in anticipation of growth. Works already carried out by the Council benefit new developments and developments in the future. The methodology underpinning development contributions ensures the cost infrastructure provision and its benefits are equitably distributed over time. This is considered consistent with the principle of intergenerational equity.

Option 2:

To use financial contributions under the Resource Management Act 1991 (RMA) as the mechanism to pay for the growth related costs of infrastructure provision.

Financial contributions can be required as a condition on a resource consent under section 108(2)(a) of the RMA. In general, financial contributions tend to focus on the direct marginal impact of the effects of particular developments without considering the wider cumulative impact of multiple developments on infrastructure and community facilities of a district. This is the main reason for allowing local authorities to take development contributions under the LGA02. Development contributions also allow for better integration with the financial management provisions that the Council must comply with.

Financial contributions attached to resource consents are required to avoid, remedy or mitigate any potential adverse environmental effect(s) generated by the activity. At the site and activity specific level financial contributions levied through resource consents are not a responsive instrument for collecting the cost of growth in an integrated manner for the whole of the city.

Development contributions provide local authorities the scope to more effectively address the funding and provision of infrastructure across the whole city than financial contributions. Development contributions also allow district plans to focus their core function of managing the effects of subdivision and development on the environment.

Option 3:

To fund the growth related costs of infrastructure provision through rates.

Prior to the Development Contributions Policy the cost of financing infrastructure to meet the demands of growth was met by ratepayers. Council would need to make an explicit change to its approach to funding growth infrastructure if it were to require ratepayers to subsidise the cost of growth. The overriding issue associated with this approach is one of equity. It is not considered an equitable approach for ratepayers to subsidise growth when they are not creating the need for additional infrastructure to support growth. In this regard, the development contribution methodology is considered more equitable in that growth pays for growth.

Consultation process

Enquires about the Draft 2018 Development Contributions Policy can be made to Jonathan Ferguson-Pye, Senior Policy Planner on phone (06) 356 8199 or email jonathan.ferguson-pye@pncc.govt.nz

Submissions on the Policy open on 19 March 2018 and close on 23 April 2018 and can be made by one of the following means:

email	freepost	deliver
submission@pncc.govt.nz	Development Contributions Policy Submissions Palmerston North City Council FreePost PX33317 Palmerston North DX Sort	Customer Services Centre Civic Administration Building The Square Palmerston North

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