

28 May 2019

Response - Official Information Request

I refer to your request for information received on 8 May 2019. Your request has been considered under the Local Government Official Information and Meetings Act 1987 (LGOIMA) and I provide the following information in relation to the questions you have asked.

Is it the intention of the Council to reintroduce Development Contribution charges under the Financial Contribution Policy 2018 at a later date, if so, when; if so, why so; if not, why not?

Council does not have a Financial Contribution Policy 2018, the 2015 Policy remains the current policy. The answers below have been prepared on the basis that you had meant to refer to the most recent policy, being the Financial Contribution Policy 2015.

For the purposes of clarification, the Local Government Act 2002 (LGA) makes provision for Councils to have a Development Contribution Policy and/or a Financial Contributions Policy. Development contributions and financial contributions are both types of contributions that can be charged in relation to development.

Development contributions are provided for under the LGA and aim to cover a portion of the costs of capital expenditure to service growth related to the development. Whereas financial contributions are provided for under the Resource Management Act 1991 (RMA) and aim to address affects associated with a particular development to ensure the sustainable management of our resources (in line with the purpose of the RMA).

The Council's Development Contributions Policy 2012 was replaced by the Financial Contributions Policy 2015 and the decision made to not charge development contributions. Council's current Financial Contributions Policy was adopted in 2015 and aimed to introduce financial contributions for developments undertaken within growth areas. Following the adoption of the Financial Contributions Policy 2015, Central Government announced an amendment to the RMA which would phase out the ability of local authorities to charge financial contributions. As a result of this amendment the plan change to the District Plan to implement the Financial Contributions Policy was not advance and financial contributions have not been used. (It is acknowledged that the current government has signaled intentions to consider reversing the legislation that would enable to be used beyond 2022. It is currently unclear when this legislation change would proceed).

Council considered infrastructure requirements and options for funding as part of the development of its Long Term Plan 2018-2038 (LTP).

As a result of matters raised in submissions on the LTP, Council made the following resolution: THAT Council explore during the 2018/19 financial year different options including development contributions for funding infrastructure growth as part of the 2019/20 Annual Plan process.

As you are aware Council discussed whether it is necessary to charge development contributions at the August and November 2018 Strategy Committee meetings. Council concluded at this time that it is not currently necessary to charge development contributions, however, Council will continue to investigate and consider whether it needs to introduce new policy tools (such as development contributions) to help fund infrastructure upgrades going forward. Put simply Council will continue to explore the tools available to it to fund infrastructure and this could include it proposing to reintroduce development contributions in the future.

It is also noted that the recent legislative changes to the Local Government Act have broadened the scope for which development contributions can be collected to full the full range of public infrastructure including community infrastructure such as libraries, swimming pools and changing rooms at sports grounds.

If Council does decide at some stage in the future that it is necessary to reintroduce development contributions then Council would prepare a new Development Contribution Policy.

Why specifically is it necessary to specifically exclude a cohort of land developers, who have not made Development Contributions under the Financial Contribution Policy 2018, from all land developers?

Council does not have a Financial Contribution Policy 2018, the 2015 Policy remains the current policy. The answers below have been prepared on the basis that you had meant to refer to the most recent policy, being the Financial Contribution Policy 2015.

Council's current policy regarding development contributions is to not charge development contributions to anyone. Council's Financial Contributions Policy 2015 looked to introduce financial contributions for growth areas. However, the 2017 amendment to the RMA resulted in financial contributions being phased out. Therefore Council undertaking a potentially lengthy and expensive plan change process to allow for financial contributions to be charged was no longer considered to be practical. Financial Contributions are not currently charged.

It is worth noting that Financial Contributions are imposed as a condition of resource consent. If no resource consent is required a financial contribution cannot be charged. Therefore if a development has occurred already or been consented without a condition requiring a financial contribution, there is no scope to charge a financial contribution to this development.

If you have any queries regarding this information please contact David McCorkindale, Group Manager Strategy & Development on 06 366 0999 or email davidbm@horowhenua.govt.nz.

Yours sincerely



David Clapperton
Chief Executive