



507TH MEETING

Date: Tuesday, 22 September 2020
Time: 9.30am
Location: Council Chambers
Fairlie

AGENDA

Late Items

Ordinary Council Meeting

22 September 2020

Note: This meeting may be digitally recorded by the minute-taker.

Order Of Business

1	Reports.....	3
1.1	Valuation of Land at Pukaki Airport - Change in Property Category.....	3
1.2	Open Space and Recreation Contribution Use	12
1.3	Urgent Request for Funding from OTOP Collective Catchment Group	25
2	Public Excluded	29
2.1	Council Office Renovations - Cost to Complete Update report.....	29

1 REPORTS

1.1 VALUATION OF LAND AT PUKAKI AIRPORT - CHANGE IN PROPERTY CATEGORY

Author: Paul Numan, General Manager Corporate Services

Authoriser: Suzette van Aswegen, Chief Executive Officer

Attachments:

1. Simpson Grierson legal advice May 2018 [↓](#) 
2. Letter from Quotable Value July 2020 [↓](#) 

Council Role:

- ☐ **Advocacy** When Council or Committee advocates on its own behalf or on behalf of its community to another level of government/body/agency.
- ☒ **Executive** The substantial direction setting and oversight role of the Council or Committee e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.
- ☐ **Legislative** Includes adopting District Plans and plan changes, bylaws and policies.
- ☐ **Review** When Council or Committee reviews decisions made by officers.
- ☐ **Quasi-judicial** When Council determines an application/matter that directly affects a person's rights and interests. The judicial character arises from the obligation to abide by the principles of natural justice, e.g. resource consent or planning applications or objections, consents or other permits/licences (e.g. under Health Act, Dog Control Act) and other decisions that may be appealable to the Court including the Environment Court.
- ☐ **Not applicable** (Not applicable to Community Boards).

PURPOSE OF REPORT

To consider a resolution from the former Pukaki Airport Board (PAB) Council Committee relating to a change in Airport category code for valuation purposes - from Industrial to Commercial and options to further progress.

STAFF RECOMMENDATIONS

1. That the report be received.
2. Council notes the background in this matter including supporting legal advice and correspondence from Quotable Value.
3. That the Council either:
 - (a) endorses the PAB resolution to pursue a change to the Airport Property valuation. Further if this option is endorsed then Council considers either:

- (i) Engaging directly with the Valuer General on the matter
- Or
- (ii) Instructing an independent third party with expertise in this matter to engage QV on the property category at Pukaki Airport.
- Or
- (iii) Council decline to act on the PAB resolution and take no further action on a change to the property category at Pukaki Airport.

BACKGROUND

The Pukaki Airport Board (PAB) as a Committee of Council has previously raised with Council support for formalising a change to the Pukaki Airport property category zone and category for valuation purposes - from Industrial to Commercial.

Previous extracts from PAB minutes in 2018 indicate the following;

- That currently the land is classified as industrial and PAB would like the classification changed to 'commercial fixed use' because the value of the asset was affected.
- The PAB chairman read out QV's rules and said the airport fits within commercial rather than industrial under these rules.
- PAB maintained that QVs classification was wrong.

Legal opinions have been provided by Wanaka Law and the Simpson Grierson in this matter and the later advice dated 14 May 2018 is attached by way of information. Simpson Grierson declines the objection by Wanaka Law and advised that Council should rely on the categorisation by QV at Industrial.

In June 2018 the Mayor, CEO and a representative from the PAB met with the Deputy Valuer General (DVG) in Wellington to discuss QV valuing the land at Pukaki Airport as Commercial. The DVG advised that an item be put to Council to direct QV to value the land accordingly. The timing of the resolution to Council was to align with the next round of valuations scheduled for late 2020.

Correspondence post the June 2018 meeting with the DVG suggested Council could commission further advice on this matter from an experienced rating valuer – if required.

Subsequently on the 15 May 2019 the PAB passed the following resolution;

COMMITTEE RESOLUTION PAB/2019/44 Moved: Derek Kirke, Seconded: Grant Bisset
That Pukaki Airport Board request the Mackenzie District Council instruct their rating staff to immediately inform Q.V. that the property category "Industrial" which QV currently use for rating valuations at the Pukaki Airport must be changed to "Commercial" at the time of the next valuation review. The board make this request on the basis that the "Industrial" category does not meet any of the "highest and best use" criteria of any of the activities for an "Industrial" classification. These categories are outlined on page 71 Appendix F of the Rating Valuation Rules 2008. CARRIED

Former and current Council officers have engaged with QV on this matter since 2018 and have been unsuccessful in obtaining a change in the property category.

Most recently the Property and Commercial Manager contacted the General Manager QV, Asset & Advisory in Christchurch and QV then followed up to confirm their position as outlined in the attached letter dated 1 July 2020.

Of note are the following comments;

We have generally allocated industrial categories to most buildings as they are either industrial or mixed use with the predominant use industrial. Furthermore they state:

- *Most buildings are occupied by local aviation industry owners and are strictly industrial/non-residential use*
- *The highest and best use is however not as a commercial based activity. It is industrial.*
- *Changing the category would not affect these properties values*

POLICY STATUS

The decision in this matter has no impact on Council Policy

SIGNIFICANCE OF DECISION

This decision is not significant, as measured by Councils Significance and Engagement Policy.

OPTIONS

Given the matters articulated in this paper, the following options are available to Council;

1. Endorse the PAB resolution to pursue a change to the Airport Property valuation. If this option is agreed then Council consider either;
 - a. Engaging directly with the Valuer General on the matter or;
 - b. Instructing an independent third party with expertise in this matter to engage QV on the rating categorisation at Pukaki Airport. This option is preferred by staff.
2. Declining the PAB resolution and take no further action. This option is not preferred by staff

CONSIDERATIONS

Legal

Legal opinions have provided in the matter and are referred in the background – noting the Simpson Grierson advice is attached to this report.

Financial

Council Officers have investigated likely costs should Council endorse the recommended option 4b and engage external independent advice.

Assessments have been undertaken on three potential Registered Valuers and Council can expect \$2,000 for a desk-top exercise and up to \$12,000 should the matter proceed to arbitration.

Other

N/A

CONCLUSION

Given the complexities in this matter and the current position of QV – Council staff believe it is prudent to engage the services of an experienced rating valuer if Council wish to pursue a change in the category.

Accordingly this report recommends Council endorse Option 4b.



14 May 2018

Mackenzie District Council
PO Box 52
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For: Pauline Jackson

Partner Reference
Jonathan Salter - Wellington

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Pukaki Airport – property category code for valuation purposes

1. You have asked for our opinion on the objection made by the Pukaki Airport Committee to the property category code recorded for land at the airport.¹

Background

2. Some of the land at the airport is owned by the Council and some is privately owned.
3. The Council's valuation service provider (QV) has recorded the property category code for the land as industrial. The Airport Committee considers that the code should be commercial. We understand that the reason the Airport Committee has raised the issue is that some banks are not prepared to finance development by potential purchasers or current owners of sections at the airport with an industrial property category code.
4. We have considered Wanaka Law's opinion for the Airport Committee, dated 8 February 2018. In summary, the opinion gives the following reasoning that the wrong property category code has been recorded:
 - (a) The industrial property category code does not reflect the highest and best use of the land. The opinion notes information from the Airport Committee that none of the land uses in the industrial category (in the Rating Valuation Rules, discussed below) are currently being carried out on the land, whereas the activities that are fall within the commercial category.
 - (b) The Council's District Plan excludes "the take-off and landing of aircraft" on industrially zoned land and therefore it is incompatible that QV has recorded an industrial property category code for the land.

Our opinion

5. We consider that, subject to following the statutory process, the Airport Committee's objection can be declined. Wanaka Law's opinion has not raised valid issues with the property category recorded.
6. While Council has the responsibility of preparing and maintaining a District Valuation Roll (DVR) for its district in accordance with the rules made under the Act (section 7 of the Rating Valuation Act 1998 (Act)), all valuation services required under the Act must be carried out by a registered valuer (section 8 of the Act).² The Council has engaged QV

¹ We appreciate that the objection is not to the value of the land, but to information recorded which was taken into account in reaching the valuation. While there is an argument as to whether this is something that can be objected to, we have proceeded for the purposes of this advice on the basis that the Council can consider the objection as a valuation objection.

² Further emphasised by Rule 2.11 of the Rules, which provides that valuation services undertaken pursuant to the RVA and Rule must be carried out by a registered valuer.

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to be its valuation service provider as it does not have the relevant expertise in-house. It is therefore required to rely on QV's opinion in respect of valuation matters as its own, so there is no ability for it to override QV's opinion.

7. Objections to valuations can be made. In the first instance these must be made to a territorial authority (sections 32 and 33 of the Act) but the territorial authority must refer the objection to a registered valuer. On conclusion of the review, the territorial authority has to make the decision whether to alter to decline to alter the valuation (section 34 of the Act) and give notification of the results of the review (section 35 of the Act).
8. All Wanaka Law has identified, the rules for the purposes of section 6 are the Rating Valuations Rules 2008. For each rating unit, the Rules require recording of various information for each rating unit in the DVR (Rule 2.1). Supporting Information must also be maintained, but is not a component of the DVR (Rule 2.2). Rule 2.2(d) states "property category". Property category is also referred to in the requirements for Rule 2.2(m) - "field notes for valuers in accordance with rule 2.3". Appendix F sets out the available property category codes.
9. The property category codes are based on the highest and best use of the land, and can be contrasted with the land use codes describing actual use also required to be recorded for rating units in the supporting information required by Rule 2.2. This addresses Wanaka Law's contention that the property category code is incorrect because none of the current uses are industrial. It also addresses the contention about the incompatibility of the zoning. The zoning of a rating unit is required to be recorded and is relevant in terms of the land use data, not the property category.
10. QV considers that the correct property category code has been recorded. We understand that the objection has been discussed with the Valuer-General, and while the Valuer-General has not given an official opinion on the issue, he has not raised any issues with QV's approach to recording the property code. Wanaka Law has not provided or cited any evidence from a registered valuer that the property category code is incorrect.
11. For all of the reasons given above, we consider the Council is entitled to rely on the categorisation by QV and decline the objection.
12. The actual issue, being the willingness of banks to finance development at the property, is a private matter between the potential developer and their bank, and it would be entirely inappropriate to arbitrarily alter the supporting information to the DVR, with the potential impact of distorting the DVR, to address this issue.
13. Please let us know if we can be of any further assistance.

Yours faithfully
SIMPSON GRIERSON



Jonathan Salter/Lizzy Wiessing
Partner/Senior Associate



Quotable Value Limited
www.qv.co.nz

1 July 2020

Property and Commercial Manager
Mackenzie District Council
53 Main Street
P.O Box 52
FAIRLIE 7949

Dear Mark,

RE: PUKAKI AIRPORT PROPERTY CATEGORY WITHIN THE RATING INFORMATION DATABASE

Thank you for the request to look into the current Rating Information Database category placed on Hagar style buildings within this property. Please find some background supporting the Category QV maintain on certain buildings within the Pukaki Airport property.

Information provided to QV by Mackenzie Council;

Last year our Council Mayor and CEO had a meeting with the Deputy Valuer General Callum Taylor in Wellington to discuss QV valuing the land at Pukaki Airport as Commercial. Callum's recommendation was that we put an item to Council and ask Council to direct. The resolution was undertaken and endorsed by Council. Callum did say we couldn't do this mid-term and that we would have to wait for the next round of valuation, which is imminent.

QV's current position;

It is QV's understanding that the category, and not the rating values on the DVR, is likely to be the issue raised, to which we are sure we have followed the Rating Valuation Rules Appendix F. We have generally allocated industrial categories to most buildings as they are either straight industrial or mixed use with the predominant use industrial.

Rating Valuation Rules

Appendix F Property Category Codes. (Part only)

F.1 General

(a) A property category that broadly describes the nature of the property must be recorded for each rating unit.

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(b) The property category must be based on the highest and best use, or the use for which the property would be sold given the economic conditions prevailing at the effective date of valuation. The highest and best use for the purposes of the property category may differ from actual property use (refer to C.3).

I (Industrial)

- F Food processing or specialised food storage
- H Heavy, large-scale manufacturing, including vehicle manufacturing, aluminium and steel production plants
- L Light manufacturing
- N Noxious or dangerous industrial uses such as oil refinery and natural gas conversion type industries and fuel tank farms would be included
- S Services that usually have an interface with the general public as direct clients
- V Vacant land, or land with low value of improvements, which when developed will have an industrial type use
- W Warehousing with or without associated retailing
- X Other

Of note and relevant to this property;

- 1) A house cannot be built as of right – there must be a hangar. The hangar classification of all building consents completed to date on this site is by far the greater proportion of building size. Further down the track, if the hangar space is no longer used as hangar, alternative uses such as industrial storage are viable as there is a market for storage of boats etc in this area. The higher rental / value would be for the industrial portion of these buildings and not the small internal residential component.
- 2) There is a maximum size within the hangar that residential use can be, severely limiting any residential areas.
- 3) For valuation uniformity, the category need to be consistent with property/buildings that are similar in nature within the locality and District.
- 4) Many building are occupied by local aviation industry owners and are strictly industrial / non-residential use.
- 5) Most are categorised as Industrial Service Provincial (ISP) which identifies there maybe integration with public in a commercial capacity. The overall highest and best use is however not as a commercial based activity. It is as industrial.



Until the Rating Valuation Rules are rewritten, we cannot see that there is scope for the categories to change. There are sufficient sales of similar types of property in this locality to enable us to confidently value these properties therefore we are satisfied with the value levels. Changing the category would not affect these properties values.

We have not checked the difference in rates between industrial or commercial but assume council would rate similarly.

I hope this clarifies why we have the current categories on the properties in question.

Regards

Yours faithfully

A handwritten signature in blue ink, appearing to read 'A Parkyn', written over a light blue circular stamp.

Andrew Parkyn
QV Limited

1.2 OPEN SPACE AND RECREATION CONTRIBUTION USE

Author: Tim Harty, General Manager Operations

Authoriser: Suzette van Aswegen, Chief Executive Officer

Attachments: 1. **Copy of Policy on Development Contributions and Financial Contributions**  

Council Role:

- ☐ **Advocacy** When Council or Committee advocates on its own behalf or on behalf of its community to another level of government/body/agency.
- ☐ **Executive** The substantial direction setting and oversight role of the Council or Committee e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.
- ☐ **Legislative** Includes adopting District Plans and plan changes, bylaws and policies.
- ☐ **Review** When Council or Committee reviews decisions made by officers.
- ☐ **Quasi-judicial** When Council determines an application/matter that directly affects a person's rights and interests. The judicial character arises from the obligation to abide by the principles of natural justice, e.g. resource consent or planning applications or objections, consents or other permits/licences (e.g. under Health Act, Dog Control Act) and other decisions that may be appealable to the Court including the Environment Court.
- ☐ **Not applicable** (Not applicable to Community Boards).

PURPOSE OF REPORT

To update Council on proposals to utilise the Open Space and Recreation contribution to progress District wide initiatives and gain approval on the process to move forward.

STAFF RECOMMENDATIONS

1. That the report be received, and that
2. Council approve access to the Open Space and Recreation contribution fund to a maximum of \$250,000 to undertake the studies outlined within this report, and further that
3. Staff report back to Council regularly on progress of the works, but specifically prior to going to the market to engage consultants to undertake the studies outlined, and further that
4. No further works be funded from the Open Space and Recreation contribution fund until such time as the work outlined within this report is complete and resolved by Council.

BACKGROUND

Council has Financial Contributions set aside that were collected for the purposes of improving Open Spaces and Community Recreation facilities related specifically to development. Councils District Plan (the plan) contains the mechanisms for collecting and using these funds and also has a Policy in that regard.

The rational for the Open Space and Recreation contribution is indicated in the plan and is as follows:

"...the use of contributions by way of land or cash at the time of subdivision or development will assist the Council in acquiring further reserves to improve the availability of these or to improve and maintain the quality and facilities of existing recreation and open space areas. These new or improved recreation areas and facilities will serve the people who will be housed or work in the new subdivisions or developments."

The basis for the reserve contribution is the additional, actual or potential demand anticipated for recreational and open space land consequent to subdivision and development - that is, its "effects" in terms of land and use intensification. Contributions are not imposed as a tax on development but can be in the form of land (where provision is practicable such as from larger "green field" sites) or cash.

Objective 3

"A conveniently distributed and accessible range of public open space and recreational areas and facilities to meet the diverse needs of residents and visitors to the District."

Policies

- 1 To encourage, and where possible, provide for a range of recreation opportunities within the District.
- 2 To ensure the provision of open spaces and recreational areas within or in reasonable proximity to new residential subdivisions to meet the needs of the future community.
- 3 To require contributions towards public open space and recreation areas from residential subdivision and from any major residential, business or community development to provide for:
 - i Additional parks, walkways and cycleways needed as a result of additional household and/or visitor growth.
 - ii Additional open space needed for visual relief or enhancement.
 - iii Development and maintenance of neighbourhood parks and local open space to a level at which they are useable and enjoyable.

At the time of drafting this report, Council holds around \$4.7m collected via this mechanism (the fund), which is projected to increase to \$4.9m by the end of 2020/21.

DISCUSSION

Overview

As Council is aware, there are a number of challenges within the Open Spaces portfolio, with the poor condition of many assets and the overall status and direction of many others unknown¹. There is also a lack of a coherent and agreed plan for future development of these assets.

1 – Refer the Xyst Limited Report -Community Facilities and Parks Risks – Forward Approach July 2020, to be workshopped

Coupled with this lack of understanding, there is an increasing demand from the community for improved access to parks and recreational facilities. This will only increase given the projected growth in both population and visitor numbers over the next 30 years.

Coupled with this, Council has also embarked on a Spatial Planning exercise which includes engagement with the community aimed at better understanding how the district should grow and how the towns and villages in the district may look into the future. This work has been extremely well received by iwi partners and the community and is a key starting point for understanding growth patterns and community requirements that will be brought into the pending District Plan review process.

Open Space and Recreation contributions (referred to as Land Development fund in the 2020/21 Annual Plan) have been collected from developers for many years (hence the significant balance) and to date, little has been spent on the matters for which it has been collected. There are a number of reasons for this, most significantly, it is understood that there has been no coherent and long-term plan or plans in place to guide investment. Staff wish to address this as a matter of urgency as not only is there an increasing community demand for recreational facilities and open spaces, but it is understood there may also be a view from developers that collected funds are being underutilised and therefore do not see that rational for their continued collection.

Way Forward

To move forward in this space, staff wish to access a portion of the fund to undertake a series of studies and plans to guide future investment and lock down the balance of the fund until a comprehensive program of works is developed and agreed.

The studies and plans proposed to be created are as follows²:

2 – None of these documents are currently in existence for Council

Parks, Facilities and Open Spaces Strategy

An overarching high level document that identifies and outlines the Parks, Facilities and Open Spaces network, including gaps (or over delivery) in service provision, levels of service and how to address these.

The strategy will also guide the appropriate investment in community facilities and open spaces ensuring that the funds are spent on assets best suited to the needs of the community as a whole, rather than particular groups or groupings.

Reserve Management Plan/s

Council has no reserve management plans (RMP) in place. RMP's are a legal requirement where land is held under the Reserves Act (other than local purpose reserves).

An omnibus RMP would allow an opportunity to engage with the local community on how reserve land will be developed and managed. This is critical to support the investment of the funds collected.

Trails and Walkways Development Plan

There are number of established and locally known trails across the district, however many are not well known or marked. There are also many trails that have been installed via development that are not linked or lead to nowhere, along side some clear and obvious undeveloped trails (such as a bike link to the Twizel Rowing centre) that could be considered.

A well developed and consulted Trails and Walkway plan would support the investment of the funds collected in a considered and structured manner and also allow future development fund or developers to add onto existing networks in a coherent fashion.

Playground Provision Plan

There are a number of Playgrounds across the district (10 in total, only 8 maintained by Council) that are in varying states of repair and use.

A coherent view of play spaces and understanding of future growth and play demand is needed to enable investment of funds in the right area and for the right reasons.

Toilet Provision Plan

Much the same as the playground provision plan, the provision of public toilets needs to be considered and understood so that they can be located in areas of best need.

Given development in the district is heavily focused on visitor accommodation, it is deemed appropriate that the funds collected are used for this study.

Wayfinding and Open Spaces Signage Policy

Signage for Council facilities and trails is inconsistent across the district and in some areas, non-existent. The development of a Wayfinding and Open Spaces Signage policy is needed to provide a consistent experience for visitors and locals alike and supports the development of new trails in particular

The development of these plans and policies is considered essential to allow for the coherent and planned investment of the funds for the community. Without these core documents and processes, Council is at risk of progressing down a pathway of ad hoc investment which may lead to challenges from developers into the future.

District Wide Coverage

It is proposed that the recommended studies are undertaken on a district wide basis.

Projects eligible for funding via the Development Contributions and Financial Contributions will be better understood once the work is completed and only those that meet the criteria will be funded via the balance of the funds.

Reporting

Given the level of interest that is expected with this work, staff recommend that regular reporting to Council is undertaken and that a workshop is held once scopes for the studies are developed. It is noted that staff will require external support to scope this work.

POLICY STATUS

Council has a Policy on Development Contributions and Financial Contributions. This policy is intended to assist the Council to achieve the following objectives:

- Enable Council to plan for and fund infrastructure and facilities that meets the anticipated growth requirements of the district.
- Enable a share of the costs Council incurs to provide infrastructure to be fairly and equitably recovered from those directly benefiting from Council infrastructure.

A copy of the Policy is attached for reference

SIGNIFICANCE OF DECISION

Whilst no formal assessment of the policy has been completed, it is staffs view that the investment proposed is significant and will trigger the policy.

Given that the work will likely be undertaken in parallel with, and reliant on, spatial and district planning initiatives and outputs, there will be synergies in the communications and engagement

requirements for both projects. It is recommended that any communication and engagement plan developed be done with clear linkages to this work program and if possible, be done in the same process.

Prior to progressing any works past this initial phase, a full assessment of the Significance and Engagement policy will be undertaken.

OPTIONS

There are two options available to Council:

Option 1: Status Quo

Under this option Council would not support the proposed investment outlined within the report and the funds would continue to consolidate over time and be drawn on, on an as required/requested basis.

Option 2: Progress with the process outlined within this report

Under this option staff would progress with scoping the proposed work program as outlined, workshop with Council and proceed to tender the works. Workshopping with Council prior to tendering will allow an opportunity for input into the program and fully understand each studies output, alongside ensuring community engagement and involvement.

Given the scale of the works, a further Council report would likely be required prior to awarding the works. This would allow Council a further check in point for the process.

This is staffs preferred option

CONSIDERATIONS

Legal

Council are legally required to invest the funds collected via the Open Space and Recreation contribution process in accordance with the requirements outlined within the District Plan.

Developers would have recourse if Council either spent the funds on other initiatives, or, as is currently occurring, not spend them.

Financial

There is currently \$4.7m in the Open Space and Recreation contribution fund, increasing to approximately \$4.9m over 2020/21 (as reported through the Annual Plan).

To progress the recommendations within this report, staff estimate a budget of approximately \$200-250k will be needed. The funds will be used to secure external consultant support to scope the works required as well as develop contracts to let these through Council approved procurement process and deliver the studies and plans.

It is important to note that this is an estimate only and that initial scoping works will enable a better undertaking of the costs and time required to undertake the works.

It is suggested that whilst this work is underway, that a moratorium on any further draw on the funds be made.

RISK

As noted above, there is a risk that, should council not progress down a pathway of determining the best use of the funds collected, legal challenges may occur. Developers are paying into this fund

with a genuine expectation that Council will determine the best use of money, in accordance with the rational for which it was collected.

CONCLUSION

Council is collecting significant funds from developers to support investments into Open Spaces and Facilities. With no coherent plan in place, Council has struggled to spend the funds. It is hoped that by developing a set of robust guiding documents, plans and strategies, an investment program can be developed and agreed to allow investment.



Mackenzie District Council

Policy on Development Contributions and Financial Contributions

INTRODUCTION

The Mackenzie District is experiencing significant growth in its population, visitors, development and the local economy. This growth generates high levels of subdivision and development activity increasing demand for assets and services provided by Council.

In response to this development, Council can seek contributions towards the expansion of the District's reserves, community facilities and infrastructure from those developments which place additional demand on these services. Council may levy these contributions through –

- a. Development contributions as defined by Part 8(5) of Schedule 13 of the local Government Act 2002;
- b. Financial contributions as required by the District Plan prepared in accordance with the Resource Management Act 1991.

This Policy has been prepared within the wider context of Council's overall financial management policies and is consistent with the provisions of Council's Revenue and Financing Policy, providing for financial contributions to be used as part of Council's overall approach to funding capital expenditure.

OBJECTIVES

This policy is intended to assist the Council to achieve the following objectives:

- Enable Council to plan for and fund infrastructure and facilities that meets the anticipated growth requirements of the district;
- Enable a share of the costs Council incurs to provide infrastructure to be fairly and equitably recovered from those directly benefiting from Council infrastructure.

ASSETS TO BE INCLUDED

- Network infrastructure for water supplies, wastewater, stormwater and transportation;
- Reserve land;
- Community infrastructure including the development and acquisition of reserve land to use as reserve and facilities needed on that reserve and other public amenities such as halls, libraries, public toilets, and parking facilities.

DEFINITIONS

<i>Allotment:</i>	has the meaning as prescribed by section 218(2) of the Resource Management Act 1991.
<i>District Plan:</i>	the Operative Mackenzie District Plan including any proposed plan or variation.
<i>Minor Unit:</i>	a residential unit of not more than 50m ² gross floor area and of not more than 4 metres in height above natural ground level.
<i>Multi-unit Residential Development:</i>	any development involving more than one residential unit per allotment and includes flats, townhouses, retirement villages, and visitor accommodation.
<i>Residential Unit:</i>	a single self-contained housekeeping unit, whether of one or more persons, and includes accessory buildings. Where more than one kitchen facility is provided on site, there shall be deemed to be more than one residential unit.
<i>Residential Unit Equivalent:</i>	calculated by dividing the total number of people that a multi-unit residential development is designed to accommodate by the deemed average occupancy of 2.6 people per household.
<i>Visitor Accommodation:</i>	the use of land and buildings for short-term, commercial living accommodation where the length of stay for any one visitor is not greater than three months at any one time.

DEVELOPMENT CONTRIBUTIONS

The Council has chosen not to levy any development contributions under the provisions of the Local Government Act 2002.

FINANCIAL CONTRIBUTIONS

Financial contributions are levied under the provisions of the Resource Management Act 1991 and incorporated in the relevant sections of the Mackenzie District Plan. Financial contributions are required for the provision of open space and recreation, infrastructure services, and car parking provision as set out by the District Plan and this policy.

With the exception of roading, for which no financial contributions are sought, Council has not assumed growth for the Long Term Plan period in excess of capacity within the existing facilities and services for which financial contributions are sought. Where growth may require new or additional services, such work is undertaken by developers. Council does not, therefore, seek financial contributions for capital expenditure in regard to growth. Instead, funding from financial contributions will fund the extension of asset life of each activities for which contributions are sought.

The following table lists the capital expenditure for each activity to be funded by financial contributions for the period 2018-2028:

Activity	2018-2028 Total Amount
Water	\$4,496,000
Sewer	\$2,207,000
Stormwater	\$875,000
Reserves	\$1,725,000

1. Reserves Contributions

Reserves contributions are required under the provision of Section 13 of the District Plan. These cash contributions shall be made towards the provision of land for open space in the locality, land for recreational facilities, and maintenance of recreational facilities. Full details of the contributions are contained within the District Plan.

1.1 Subdivision

Under provisions of the District Plan, financial contributions towards the provision of open space and recreation where any subdivision creates separately saleable, additional allotments for residential or visitor accommodation purposes, within any zoning excluding within Aoraki/Mt Cook National Park are required.

Within all zones, excluding the Rural and Rural-Residential zones, the contribution is levied at 5% of average cash value of the allotments created, calculated in accordance with the following calculation:

$$5\% \times (a-b) \times c$$

Where:

a = the number of allotments authorised by the subdivision consent and includes:

- i. Vacant allotments, including vacant parts of allotments for cross-leases and unit titles; and
- ii. Allotments created after the erection of a household unit, or where the subdivision and building consent for the household unit are issued in conjunction with one another:

b = number of allotments in the land prior to the subdivision (which were held in separate Certificates of title or for which Certificates of title could be issued without consent of the Council) that when created (either pursuant to a resource consent or previous legislation) complied with the minimum subdivision standards for their respective zones or standards contained in the Plan

c = the average per allotment market value (\$) of all allotment's in the subdivision, determined at the date on which the subdivision is granted, as if the allotments had been subdivided in accordance with the subdivision consent. The value of land for the purposes of determining the average cash value of allotments shall reflect the value of the lots in the completed development

Within the Rural and Rural-Residential zones, the financial contribution towards the provision of open space and recreation is limited to 5% of the average value of 1500m² of each lot, assessed as a site for a residential unit.

1.2 Residential Development

The financial contribution policy also applies to new or additional residential units with the cash contribution towards the provision and maintenance of open space and recreation being levied at the following rate:

Cash equivalent of 20m² of land for each additional residential unit created.

This contribution is levied at the time of building consent, less any contribution made at the time of subdivision in accordance with 1.1 of this policy.

No contributions are required for additional residential units for the sole purpose of providing farm workers accommodation.

Note: a single residential unit is deemed to include a minor residential unit as defined by the District Plan.

1.3 Visitor Accommodation

For visitor accommodation, the contribution is required as follows:

Cash equivalent of the value of 2m² of land for each additional 100m² of new, net area of visitor accommodation building floor area.

This contribution is levied at the time of building consent, less any contribution made at the time of subdivision in accordance with 1.1 of this policy.

2. Water, Sewer and Stormwater Contributions

The Council also levies financial contributions towards water, sewer and stormwater infrastructure.

A key issue from the provisions of the District Plan is the costs of infrastructure. It is recognised that development adds incrementally to demands on the infrastructure of the District. The District Plan's rules are designed to require new development to contribute a fair and reasonable sum towards the cost of that demand unless it is replacing an existing development. A fair and reasonable share of costs needs to recognise:

- That to manage and develop land (a natural resource) in an orderly and efficient way, it is appropriate to install public utility services (a physical resource) for whole catchments in anticipation of development;
- That there is a need to provide for people and communities' economic and social wellbeing by equitable sharing of costs of utility services over time;
- That works and the costs required for servicing specific areas or developments should be borne by the developers to the extent attributable to the development.

Where adequate public utilities are already in place, it is considered appropriate to enable people and communities to provide for their social and economic benefit, that all users of public utility services (eg water supply, sewerage and stormwater drainage) contribute to these services. New ratepayers otherwise “freeload” on the value and capacity of the asset provided by earlier generations and developers. In this way the Council can confidently plan its servicing to provide for the reasonably foreseeable needs of current and future generations. Financial contributions towards existing infrastructure are based on a “recognised equity” model involving contributions by developers equivalent to the equity held by existing ratepayers in the existing utility service infrastructure.

Contributions are set to ensure a reasonable degree of certainty for developers.

The formula used to calculate the contributions is $\frac{V-L}{R}$

Where:

- V = Latest independent valuation of the water supply/sewerage system/stormwater system plus the value of any capital additions made since that time and less the value of depreciation charged since the date of the valuation.
- L = Capital reserve balance with water supply/sewerage system/stormwater system as at 1 July each year. (The reserve may be in funds or overdrawn resulting in a positive or negative balance.)
- R = Number of connectable properties (or properties for stormwater) contributing to the asset as at 1 July each year.

If subdivision or development should require the provision of additional or new services, a contribution towards the cost of this provision shall be met by the developer.

For the purposes of this requirement, ‘development’ shall mean the construction, erection or alteration of an industrial, service, commercial, recreational, community activity or visitor accommodation with a value of \$100,000, or more than one residential unit on an allotment.

The contribution towards new and future services shall be made as payment of money, provision of land, or any combination of money and land, with the maximum contribution being the actual costs of providing the service to and/or within the land in the subdivision or the site of the development.

2.1 Subdivision

Subdivision of land provides a framework of services for subsequent purchasers of new allotments who have an expectation that services will be available. New subdivision may also give rise to demands for the upgrading of existing services as a direct consequence of the subdivision.

The provision of services within the subdivision is cost recoverable from the sale of allotments and can be imposed on a subdivider at the time of subdivision development. Furthermore, where a subdivision creates a demand for upgrading services outside of the subdivision, the Council is justified in recovering costs attributable to the subdivision itself.

In the event of a subdivision being reticulated with water, sanitary sewage, and/or stormwater connections, financial contributions for these services will be levied at the rate of the contribution as determined in part 2, above for each allotment reticulated with the service, less any contribution paid at the time of a previous subdivision.

2.2 Residential Development

Financial contributions may be required for developments as well as subdivision. For this purpose a development means the construction, erection of an industrial, service, commercial, recreational community activity or visitor accommodation with a value of \$100,000 or more, or more than one residential unit or lot, excluding a single minor unit.

Financial contributions for reticulated services will be payable at the rate of one contribution for each reticulated service provided to the site, per additional residential unit.

Financial contributions will be required to be paid at the time of building consent, unless otherwise specified by condition of resource consent.

2.3 Visitor Accommodation

Financial contributions towards the provision of reticulated services shall be levied in accordance with the residential unit equivalent for each service, less any contribution made at the time of subdivision.

Financial contributions will be required to be paid at the time of building consent, unless otherwise specified by condition of resource consent.

3. Car Parking

Section 15 of the District Plan specifies the requirement for the provision of car parking spaces within all zones, excluding the Village Centre zone in Fairlie. In accordance with the provisions of the District Plan, a cash payment may be made in lieu of all or part of the parking requirement in areas where Council is anticipating the creation of public parking that would serve the area of the development.

The contribution is to be made at the rate of the cash equivalent of 25m² at the current market value of the land, per car parking space required.

REVIEW

This policy is to be reviewed every three years and may be amended at any time prior if required.

Council is aware that the ability to levy financial contributions will be removed from the Resource Management Act 1991 effective from 18 April 2022. Council's next Policy on Development Contributions and Financial Contributions will reflect this change.

The Mackenzie District Plan is currently under review. Should provisions for financial contributions be changed by means of this review, the Policy on Development Contributions and Financial Contributions will be reviewed accordingly.

Policy on Development Contributions and Financial Contributions

Adopted by: Finance Committee

Adopted date: 23 November 2017

Review date: November 2020

1.3 URGENT REQUEST FOR FUNDING FROM OTOP COLLECTIVE CATCHMENT GROUP

Author: Arlene Goss, Governance Advisor

Authoriser: Suzette van Aswegen, Chief Executive Officer

Attachments: 1. Request for funding from OTOP and the Collective Catchment Group [↓](#)

**PURPOSE OF REPORT**

The purpose of this report is for Council to consider an urgent request for funding from the Collective Catchment Group formed under the Orari Temuka Opihi Pareora Water Zone Committee.

STAFF RECOMMENDATIONS

1. That the report be received.
2. That Council approves/declines the request for funding to the amount of \$#

BACKGROUND

This request is a late addition to the agenda. It normally would not have been put forward at this meeting because there has not been enough time to carry out a full assessment of the request or investigate different options for funding.

However the Mayor has recognised the urgent nature of the request and asked that it be included for discussion.

Orari Temuka Opihi Pareora Water Zone Committee

10 September 2020

To

Chair Jenny Hughey, Environment Canterbury

Mayor Nigel Bowen, Timaru District Council

Mayor, Graham Smith, Mackenzie District Council

Mayor, Craig Rowley, Waimate District Council

Recommendation seeking funding support of a Catchment Group collective's preparation for government funding application/s

Catchment groups have made a significant contribution to land and water management in the Orari Temuka Opihi Pareora (OTOP) zone. There are currently eight catchment groups actively working in the zone.

The focus of the catchment groups over the last few years has been to work with the zone committee to develop the policy framework that now formed the basis of Plan Change 7 to the *Land and Water Regional Plan*.

With Plan Change 7 now well into the statutory process, catchment groups wish to turn their attention toward making real change on the ground.

The current environment provides significant opportunities to attract government funding support to on-ground action for catchment scale projects. The challenge for catchment groups in OTOP is to come together as a collective with Papatipu Rūnanga and councils in order to develop a project/s of scale to attract government funding.

Mark Adams, spokesperson for the collective catchment group, presented a proposal (attached) to the OTOP zone committee 8 September.

The Orari Temuka Opihi Pareora Water Zone Committee
is a community-led committee supported by councils

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Orari Temuka Opihi Pareora Water Zone Committee

"....immediately send a letter to ECan, Timaru District Council, Waimate District Council & Mackenzie District Council requesting that they provide financial support to the umbrella catchment group as described by Mark Adams on their behalf. The total support requested is \$30,000. This is to fund professional funding applications to, but not limited to, the 1 Billion Trees Partnership fund and the Freshwater Improvement Fund. The projects covered by the applications will be within the bounds of the OTOP region."

The OTOP zone committee recognises that the opportunity to access government funding is now and that this request does will not fit within council's Long-Term Plan timeframes. The committee recognises that to meet such a request, councils may need to re-prioritise work within the zone but considers the long-term gains of such a catchment group driven approach outweighs what may be foregone in the short-term.

Respectfully I ask that a response is provided prior to September 30 in order to progress the funding application. If you wish to understand/discuss anything further prior to this date, Mark and I would be more than happy to meet with you.

I look forward to your response and working together with our catchment groups to progress such an exciting and inspirational project within the OTOP zone.

Yours sincerely



Lucy Millar
Chair, OTOP Zone Committee

Cc

Stefanie Rixecker, CE, Environment Canterbury

Bede Carran, CE, Timaru District Council

Suzette van Aswegen, CE, Mackenzie District Council

Stuart Duncan, CE, Waimate District Council

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7 September 2020

To OTOP Zone Committee Chair, Lucy Millar

Functioning Community Catchment Groups (CCG's) are now recognised around New Zealand as being possibly the only real vehicle that can deliver clear improvements to the environment in a manner that is specific to each unique catchment.

In the OTOP zone, CCG's have become distracted by a planning process and some have lost sight of their core purpose. Recent events have conspired to reconnect CCG's to their potential and there has been a noticeable shift amongst farmers wanting to engage. There is also a clear appetite for setting up an Incorporated Society to sit alongside the CCG's to provide leadership, encouragement, strategy and access to funding. The Society would like to build on the knowledge that has been hard won through the Plan Change 7 (PC7) process.

Fundamental to the Society's success is building a strong and enduring relationship with Papatipu Rūnanga. CCG's know, that in order to understand where we are going we have to understand where we have been.

Strong, respectful and collaborative relationships with ECan, District Councils and other partners are also hoped for.

Currently Government are providing significant funding to 'shovel ready' environmental projects. It is imperative that our Incorporated Society reaches out and pulls some of that funding into the OTOP zone.

We are, therefore, seeking \$30,000 to contract a professional to align with the CCG's, to identify and cost appropriate projects and compile a cohesive and compelling funding application by the end of this year, ready for lodging early in February 2021. We envisage the funding application will be for several million dollars. We expect fencing, riparian planting, tree planting, pest management, and project management to be prominent in the application, creating a number of job opportunities for locals who have been disadvantaged by the pandemic.

While there is some urgency to this request (due to the time constraints of when funding applications are accepted) we recognise that the Incorporated Society needs to also plan for a long game. This is not a sprint but a marathon.

Our vision of success is twofold. In the short-term, capture our share of available funding to fast track important environmental enhancement initiatives on the ground, and in doing so create jobs for local people. Secondly, create an intergenerational, fit for purpose vehicle that could eventually incorporate all of the CCG's within South Canterbury.

Thank you for your consideration. I and other members of the CCG's would be more than happy to discuss the CCG concept and funding application, in person, if required.

Mark Adams

027 685 8184
mark.rocklands@gmail.com

1 PUBLIC EXCLUDED**RESOLUTION TO EXCLUDE THE PUBLIC****RECOMMENDATION**

That the public be excluded from the following parts of the proceedings of this meeting.

The general subject matter 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 of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
1.1 - Council Office Renovations - Cost to Complete Update report	s7(2)(b)(ii) - the withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7