

TIMARU



DISTRICT COUNCIL

Te Kaunihera ā-Rohe
o Te Tihi o Maru



YOUR PLAN OUR FUTURE
TIMARU DISTRICT PLAN REVIEW

Financial Contributions S.32

May 2022



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TIMARU DISTRICT PLAN REVIEW
LAND USE PLAN

TIMARU DISTRICT COUNCIL
Section 32 Report
Financial Contributions

May 2022

CONTENTS

1	Financial Contributions	4
1.1	Introduction	4
1.2	Community / Stakeholder / Iwi Engagement	5
1.3	Strategic directions	5
1.4	Problem definition	5
1.5	Statutory and Planning Context	9
2	Approach to Evaluation	9
2.1	Scale and significance	10
2.2	Approach to managing financial contributions	14
2.3	Quantification of Costs and Benefits	15
2.4	Choice of Evaluation Method(s)	15
2.5	Proposed objectives	15
3	Evaluation of Objectives	16
4	Identification of Options	17
4.1	Option 1: Status Quo (no change to Operative Plan)	17
4.2	Option 2: Improve the Operative District Plan approach, new objectives, policies and rules	18
4.3	Option 3: As per Option 2 but with the inclusion of a new method to calculate the Open space and recreation contribution being 4% of allotment value	18
5	Evaluation of Options	18
5.1	Evaluation table	18
5.2	Risk of Acting or Not Acting	23
6	Preferred Option	23

1 Financial Contributions

1.1 Introduction

Land use change and subdivision without the provision of adequate infrastructure, including community infrastructure, can result in adverse effects on the natural and physical environment of the district and can result in sub-optimal community outcomes.

To avoid, mitigate or manage these effects, Section 108(2)(a) of the RMA empowers Councils to impose financial contributions on development within the district. Financial Contributions being an important source of funding to assist with offsetting the costs of providing infrastructure to serve developments and to provide recreation and open spaces for the community. Financial Contributions collected must be used by the Council for purposes laid out in the District Plan and only for the purpose intended. The section 108 (9) RMA allows for a contribution to be:

- money;
- works or land.
- or a combination of the above.

Infrastructure which can be funded by Financial Contributions can include physical infrastructure such as three waters, roading or transport infrastructure or community infrastructure including reserves, open spaces, and recreational facilities.

Under the RMA, Financial Contributions have been used as a way of mitigating or off setting any adverse effects associated with development. Currently, many Council's now tend to also use Local Government Act provisions that allow for Development Contributions to be collected to manage the infrastructure needs of current and future communities associated with growth. The purpose of Development Contributions is more focused on funding infrastructure to service growth. Local authorities face decisions about how to accommodate new growth, without placing too many demands on, for example general rates funding from existing communities, who may not directly benefit from the infrastructure required, to service new growth.

However, through Timaru District Council's 2021-2031 Long Term Plan process and the adoption of the Financial Contributions Policy, the Council has already determined that the collection of Financial Contributions is the way it will ensure the effects new development have on infrastructure are mitigated. This decision was made via a full public consultation process. The full LTP including the Financial Contributions policy can be found here:

<https://www.timaru.govt.nz/council/publications/plans/long-term-plan>.

As a result, the purpose of this S.32 is not to determine whether to have Financial Contributions OR Development Contributions, as that decision has already been made through the LTP process. Instead this analysis is to determine how Financial Contributions are to be applied through the District Plan.

At the time of writing, Council has been considering whether to have a Development Contribution policy and therefore there is potential that the financial contributions within the District Plan are either removed or amended during the life of the new District Plan. However, at this stage, there is no Development Contributions policy and it is therefore not considered further.

This report provides an evaluation under section 32 of the RMA of the provisions in the Proposed Plan that relate financial contributions, preliminary community feedback and the statutory and policy context relevant to the topic.

1.2 Community / Stakeholder / Iwi Engagement

Consultation with the community was undertaken during consultation on the Council's wider Long-Term Plan, which included a Financial Contributions policy and reference to retaining the existing approach taken by the Operative District Plan.

https://www.timaru.govt.nz/_data/assets/pdf_file/0004/547267/Long-Term-Plan-2021-31-web.pdf

No particular feedback was received on the approach to Financial Contributions.

1.3 Strategic directions

The following Proposed Strategic Directions are relevant to the Financial Contributions chapter:

SD-O8 Infrastructure

Across the District:

- i. improved accessibility and multimodal connectivity are provided through a safe and efficient transportation network that can adapt to technological changes;
- ii. the provision of new network infrastructure is integrated and co-ordinated with the nature, timing, and sequencing of new development; and
- iii. ..

SD-O10 Community and Open Spaces

A range of recreational, social and community facilities and open spaces that meet the long-term needs of the community are enabled, including:

- the provision of public access to and along the coastal marine area and margins of identified rivers; and
- the provision of a network of facilities and open spaces to support densification and new growth areas, including co-location.

While these objectives do not specifically reference Financial Contributions, the objectives do highlight at the strategic level of the plan, the importance of infrastructure and open space to serve the needs of the community. How such amenities are provided and funded are up to the District Plan and other Council plans and policies to outline. Timaru District Council has determined that Financial Contributions are one method of providing these services and amenities.

1.4 Problem definition

1.4.1 Operative Plan provisions

Part D, Chapter 6 General Rule, 6.5 Water, Sewer, Stormwater and Open Space and Recreation Contributions outlines a variety of provisions outlining when and how Financial Contributions are applied and calculated.

In terms of Water, the financial contribution rules are generally divided into either 'Urban' or 'Rural' catchments, or to Washdyke and Geraldine Downs where specific provisions apply.

Within urban areas the Plan outlines that the full cost of reticulation will be met at subdivision stage; the full actual cost of additions or modifications to an existing utility network; paying an

equitable share of the cost of the proposal on the existing water network to a maximum of \$3,000 for each allotment. The payment can be cash or work in kind, or a mixture of both.

For rural networks, a connection is required prior to sealing the survey plan (S.223). An appropriate contribution will be determined at the time of connection.

For Washdyke, Council shall advise the number of contributions at the time of development, and within Geraldine Downs contributions are sought at resource consent or building consent stage, with a detailed table of the contributions required. The plan outlines those Financial Contributions will be used for walking/cycle tracks and planting.

Part D, Chapter 6 General Rule, 6.5 Water, Sewer, Stormwater and Open Space and Recreation Contributions then outlines the provisions for Stormwater firstly in urban areas. The chapter allows for stormwater management to be designed and constructed at subdivision stage, to the District Plan standards, or if the proposal is at land use consent stage, then stormwater management 'may be required'.

In non-urban areas, a catchment-based approach is outlined. There is a list of options which include cost sharing, estimates, a levy per hectare, a calculation based on the area of the property, and Financial Contributions can be adjusted based on direct benefits to the landowner.

1.4.2 Issues identified

As mentioned, no issues were raised on the Financial Contributions policy that incorporated the Operative District Plan approach, however there are several issues that have been highlighted by staff using the Operative Plan, and anecdotal comments from developers and landowners using the plan

The relevant objectives, policies, and rules are in several different sections of the Operative District Plan, making navigating through the various requirements, difficult for plan users. When pulled together and collated, there are over 30 pages worth of provisions which relate to Financial Contributions, and although not all apply to one development, it would be difficult to ensure all the relevant information has been located in the preparation of a consent application to Council, or indeed for the Council officer processing the resource consent, building consent or service consent. The National Planning Standard requires all provisions relate to financial contributions to be in one chapter.

The rules are often long and within numerous provisions referred to in the above paragraph, there is duplication and the rules are more complicated than they should be.

Some of the provisions of the Operative Plan include very specific financial amounts, such as Chapter 6.5.1.2 which includes a maximum \$3,000 contribution required for each allotment created in an urban subdivision. This figure, being part of an Operative District Plan, is difficult to change, in that any change to a District Plan requires a plan change under the RMA. Given the time consuming and sometimes costly nature of undertaking a plan change, the ability to alter this amount to respond to actual costs is very limited.

Often the Operative District Plan approach provides an either-or approach to contributions, and the way they are calculated. It can be difficult to determine what the rationale is behind how one approach would be favoured over another in each instance.

The Operative District Plan often requires a contribution at subdivision stage (S.224), although there are also instances when a contribution may be required when land use consent is required, building

consent stage or when a service connection is applied for. Although, requiring contributions at all these various stages is not uncommon around the country, it is relatively complex within the Operative District Plan, with the possibility that there may be some confusion as to whether Financial Contributions have already been applied, or whether they would be applied at some future stage.

The current provisions include the incorporation of engineering standards, which have found a home in the Plan with the Financial Contributions, but are not at all financial by nature. These engineering type standards are out of date, and will be superseded by the PDP or infrastructure design standards used by the Council.

Additionally, the rules require Financial Contributions for the cost of infrastructure within the development to be provided. However, there is no need for this, and instead conditions can be imposed on consents, that the infrastructure be provided within the site. Landowners or developers make arrangements for the internal infrastructure, for example, three waters infrastructure on a property, as the Council only provides such infrastructure to the road.

Council staff have raised the issue that that the current Financial Contribution applied to Open Space and Recreation is insufficient to mitigate the effects of development. Currently a blanket \$500 contribution is required (more is required in Geraldine Downs). Staff have highlighted that it costs more than \$500 to plant one street tree, which although anecdotal, demonstrates that \$500 per allotment would not necessarily go far in terms of addressing the impacts of subdivision.

The Council's Long Term Plan¹ identifies that the Council's existing Financial Contributions Policy allows Council to apply a charge for water, sewer, stormwater and open space and recreation. However, it goes on to say that only minor amounts of capital expenditure budget for the Parks and Recreation activity have been identified as coming from financial contributions. It also identifies that funding from financial contributions for water supply, sewer and stormwater services is determined from Council decisions at the time of development.

The Long Term Plan also notes that the Parks operating and capital expenditure is 90-100% rates funded, with a small amount from financial contributions used in some instances for qualifying capital expenditure².

Additionally, although it is not possible to draw a direct link between the seemingly low Financial Contribution for Open Space and Reserves, the value of the building consents for social and community projects in Timaru, is below what is expected³. This same report goes on to say that "revitalisation and upkeep of community assets is an important part of providing attractive amenities for local residents"⁴.

1.4.4 Other District Plan approaches

The management of Financial Contributions is an issue commonly addressed by Councils around New Zealand. The approach by two adjoining local authorities is outlined below and Napier City Council is also included, this Council has an older Operative Plan but also a Draft District Plan prepared under the National Planning Standards and is a useful comparison:

¹ <https://www.timaru.govt.nz/council/publications/plans/long-term-plan> pg 161

² <https://www.timaru.govt.nz/council/publications/plans/long-term-plan> pg 177

³ Colliers (2022), Timaru Residential Property Market Study. <https://www.timaru.govt.nz/pdp-supporting-info>

⁴ Colliers (2022), Timaru Residential Property Market Study, pg 154 <https://www.timaru.govt.nz/pdp-supporting-info>

Plan	Description of Approach
<p><i>Ashburton District Plan</i> The District Plan became fully operative on 25 August 2014. https://www.ashburtondc.govt.nz/our-services/planning-guidance-and-resource-consents/district-plan/Pages/default.aspx</p>	<p>The bulk of the Financial Contributions provisions within the Ashburton District Plan are located within the Subdivision Chapter. It provides for developments to be assessed for financial Contributions at resource consent stage. In particular, the Council can require developers to provide cash or land or the provision of open space and recreation areas.</p> <p>Section 9.9.10 of the Plan requires that all subdivision in a residential or business zone shall provide an Open Space and Recreation Contribution of 5% of the market value of the additional residential allotments. Other options are provided for provision of land or a combination of both.</p> <p>The Development Contributions Policy provides the detail on other contributions, such as waters and other infrastructure.</p>
<p><i>Waitaki District Plan Operative 2010</i> https://www.waitaki.govt.nz/files/assets/public/files/our-services/planning-and-resource-consents/district-plan/current-district-plan/iii_14subdevpcontributionrules1.pdf</p>	<p>This District Plan has a Financial Contributions section within the Subdivision Chapter. There are general requirements for servicing which are based on the actual costs of servicing the development and would be established through the resource consent process.</p> <p>The financial contribution for Open Space and Recreation are a maximum of 7.5% of the market value of the land in the additional lots authorised by the subdivision consent or a maximum of 10% in business zones.</p>
<p><i>Waimate District Plan</i> The District Plan became fully operative on 28 February 2014. https://www.waimatedc.govt.nz/property-rates/planning-and-resource-consents</p>	<p>The District Plan includes a section on financial contributions and Subdivision. This section of the plan outlines the financial amounts required for a range of development types within various zones. The contribution ranges from \$1500 - \$3000 for each additional house.</p> <p>For residential subdivision the contribution for Open Space and Recreation is 5% of average value of additional lots created, or \$1500 for rural allotments.</p>
<p><i>Te Tai o Poutini Proposed District Plan</i> <i>Notified in July 2022</i> Prepared under the National Planning Standards https://tppp.nz/</p>	<p>Te Tai o Poutini Proposed District Plan was recently notified.</p> <p>The subdivision section of the plan, lists has a list of provisions regarding the financial contributions required for roads, vehicle parking, stormwater, water supply and reserves and community facilities.</p> <p>The contribution for reserves and community facilities is:</p> <ul style="list-style-type: none"> ○ 7.5% of the additional allotments at the time of subdivision consent (either in cash or land equivalent, at Council's discretion);

	<ul style="list-style-type: none"> ○ Cash equivalent of the value of 20m² of land for each additional residential unit created, at the time of building consent, less any contribution made at the time of subdivision; ● Cash equivalent of the value of 4m² for each 100 m² of net, non residential building floor area created at the time of building consent.
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1.5 Statutory and Planning Context

1.5.1 Resource Management Act

Section 5 - Purpose

The sustainable management purpose of the RMA includes managing the use, development, and protection of natural and physical resources in a way, or at a rate, which enables people and communities to provide for their social, economic, and cultural well-being and for their health and safety, while achieving specified matters, including avoiding, remedying, or mitigating any adverse effects of activities on the environment.

This is relevant to the financial contributions provisions, as the financial contributions are intended to manage the effects of the use and development of land use activities:

- By paying for the provision of infrastructure/facilities, or upgrading of infrastructure/facilities that will serve the development and provide for the health and wellbeing of communities;
- By paying to avoid, remedy or mitigate any adverse effects on infrastructure/ facilities

Section 7 – Other matters

Section 7 lists matters to which persons exercising functions and powers under the RMA are to have particular regard to. These include: the efficient use and development of natural and physical resources (7(b)).

The requirement of financial contributions seek to ensure that necessary physical infrastructure/resources such as roads, parks, three waters can continue to operate and develop efficiently.

Section 7 also requires particular regard be given to: the maintenance and enhancement of amenity values (7(c)); and the maintenance and enhancement of the quality of the environment (7(f)).

Requiring financial contributions to provide essential services and infrastructure that are intended to maintain the amenity values and quality of the environment.

2 Approach to Evaluation

Section 32(1)(b) of the RMA requires an evaluation of whether the provisions are the most appropriate way to achieve the objectives by identifying other reasonably practicable options, assessing the efficiency and effectiveness of the provisions in achieving the objectives, and summarising the reasons for deciding on the provisions.

The assessment must identify and assess the benefits and costs of environmental, economic, social, and cultural effects that are anticipated from the implementation of the provisions. The assessment must, if practicable, quantify the benefits and costs and assess the risk of acting or not acting if there is uncertain or insufficient information available about the subject matter.

As mentioned, the decision has already been taken through the Council’s Long Term Plan process, that financial contributions as allowed for by S.108 of the RMA will be applied to development. Therefore, this document is not focusing on the benefits or costs of other methods (i.e., those other than financial contributions), but will assess the approach in accordance with the following options:

Option 1: Status quo, the exiting provisions of the Operative District Plan continue to be applied.

Option 2: The proposed approach of the PDP, which refines and seeks to simplify the provisions of the Operative District Plan.

Option 3: The proposed approach of the PDP, which refines and seeks to simplify the provisions but to also change the Open space and Recreation contribution from a current fixed level of \$500 per section/residential unit, to 4% of the property’s land value. This approach is a significant change from status quo and will result in additional costs to the developers, and has accordingly been singled out for a higher level of assessment, than the other changes proposed.

2.1 Scale and significance

The table below sets out the scale and significance of managing financial contributions in the district in terms of Council’s statutory obligations, who may be affected by any proposed changes to the management regime, the type of effects that may occur and where in the district is mostly likely to be affected by the proposed changes to the District Plan. This will inform the nature and extent of the analysis of the proposed changes to the District Plan. For example, proposed provisions that will result in an overall high level of scale and significance will require a more in-depth analysis of proposed objectives, policies and rules including, potentially, an economic analysis, compared to changes that will have a low-level significance.

Option 1: Status quo		
Reasons for change in policy	No change proposed.	Low
Relevant Statutory Considerations / Drivers	RMA Sections 5, s7(b), (c) and (f). s. 77(e), s. 108	Low
Degree of shift from status quo required	N/A	Low
Who and how many will be affected?	<p>The Council is effected, as its infrastructure can be affected by new development.</p> <p>If the financial contributions are not sufficient to manage and mitigate how development effects the environment and communities, then Council through other funding methods such as general rates, will be required to fund such work. This means the wider community are affected as they would have to contribute rates for that infrastructure.</p> <p>Developers and people developing their land are affected as they would have to pay financial contributions.</p>	Medium

Degree of impact on, or interest from iwi / Maori	Financial contributions are not a matter specifically considered in any relevant iwi management plan.	Low
When will affects occur?	When new development, either subdivision or land use, take place or are consented by Council.	Low
Geographic scale of impacts / issue	The provisions are applicable throughout the district.	Medium
Type of effect(s)	Adverse effects on infrastructure/community facilities, as more development occurs and comparatively low levels of Financial Contributions are collected to fund the necessary infrastructure. This is particularly for Open Spaces and Recreation , as there will be a lack of funding to provide and maintain parks and reserves. However, overtime all infrastructure could be adversely affected as more 'public money' is spent on servicing new development, there could be under investment in existing or other new infrastructure.	Medium
Degree of policy risk, implementation risk, or uncertainty	The risk to the development community is low as they understand the current Operative District Plan approach and pay comparatively low contributions, compared to many other districts in New Zealand. This is especially the case for Open Space and Reserves. The risks of this approach probably fall more on communities who expect services to be provided, and risks to Council's who have committed to providing infrastructure to communities at certain levels of service, through LTP and Asset management processes.	Low
Overall Assessment of Scale and Significance		Low - Medium

Options:		
Option 2: Proposed PDP approach, which refines and simplifies Operative District Plan		
Reasons for change in policy	No significant change is proposed but rather a refinement of the Operative District Plan financial contribution is proposed.	Low
Relevant Statutory Considerations / Drivers	RMA Sections 5, s7(b), (c) and (f). s. 77(e), s. 108	Low
Degree of shift from status quo required	Minor shift from status quo	Low
Who and how many will be affected?	The Council is affected, as its infrastructure can be affected by new development. If the financial contributions are not sufficient to manage and mitigate how development effects the environment and communities, then Council through other funding methods such as general rates, will be required to fund such work. This means the wider	Medium

	<p>community are affected as they would have to contribute rates for that infrastructure.</p> <p>Developers and people developing their land are affected as they would have to pay financial contributions.</p>	
Degree of impact on, or interest from iwi / Maori	Financial contributions are not a matter specifically considered in any relevant iwi management plan.	Low
When will affects occur?	When new development, either subdivision or land use, take place or are consented by Council.	Low
Geographic scale of impacts / issue	The provisions are applicable throughout the district.	Medium
Type of effect(s)	Adverse effects on infrastructure/community facilities, as more development occurs and comparatively low levels of Financial Contributions are collected to fund the necessary infrastructure. This is particularly for Open Spaces and Reserves, as there will be a lack of funding to provide and maintain parks and reserves. However, overtime all infrastructure could be adversely affected as more 'public money' is spent on servicing new development, there could be under investment in existing or other new infrastructure.	Medium
Degree of policy risk, implementation risk, or uncertainty	The risk to the development community is low as they understand the current Operative District Plan approach and pay comparatively low contributions, compared to many other districts in New Zealand. This is especially the case for Open Space and Reserves. The risks of this approach probably fall more on communities who expect services to be provided, and risks to Council's who have committed to providing infrastructure to communities at certain levels of service, through LTP and Asset management processes.	Low
Overall Assessment of Scale and Significance		Low - Medium

<p>Option 3: Refinement and simplification of Operative District Plan approach and a proposed change to the Open space and Reserve contribution from a current fixed level of \$500 per section, to 4% of the land value, or the value of the 1,000m² immediately around the residential unit for larger properties.</p>		
Reasons for change in policy	The change to policy although not significant, is supported by a significant change to the method, which is proposed as the 4% Open space and Reserve contributions more in line with methods used by many other District Council's and more accurately reflects the costs of providing and maintaining open spaces..	Medium

Relevant Statutory Considerations / Drivers	RMA Sections 5, s7(b), (c) and (f). s. 77(e), s. 108	Low
Degree of shift from status quo required	The change to the method is significant, although the policy shift is not significant.	High
Who and how many will be affected?	<p>If the financial contributions are not sufficient to manage and mitigate how development effects the environment and communities, then Council through other funding methods such as general rates, will be required to fund such work. This means the wider community are affected as they would have to contribute rates for that open space to be procured and managed over time.</p> <p>Developers and people developing their land are significantly affected as they would have to pay a potentially much higher financial contribution for open space. The fee would increase from \$500 to, for e.g., \$7,560 for an average priced section.⁵ It is noted that there is a 1000 m² maximum to which the Open space and Reserve contribution will be applied.</p>	High
Degree of impact on, or interest from iwi / Maori	Financial contributions are not a matter specifically considered in any relevant iwi management plan.	Low
When will affects occur?	When new development, either subdivision or land use, take place or are consented by Council.	High
Geographic scale of impacts / issue	The provisions are applicable throughout the district.	Medium
Type of effect(s)	Financial effects on developments, although without a shift in the method of collecting Financial Contributions, costs for open space would fall on Councils/ratepayers or insufficient or inadequate open spaces would be provided.	Medium
Degree of policy risk, implementation risk, or uncertainty	The existing approach to Financial Contributions for open space and recreation is understood within the development community of Timaru District. The significant change to the method, will have a financial impact on the development community. It is not currently clear how the change contributions will impact upon section prices, sizes, development levels. However, the approach proposed is common practice around New Zealand and importantly it ensures sufficient funding is available to provide liveable neighbourhoods for existing and new communities.	Medium
Overall Assessment of Scale and Significance		Medium - High

⁵ QV (2021) <https://www.qv.co.nz/news/new-rating-valuations-timaru-district/> this document refers to the average section value being \$189,000

2.2 Approach to managing financial contributions

The Council, under consultation with the public, have determined through the Long-Term Planning process, that financial contributions will be applied to development within Timaru District, to ensure the adverse effects of any such development, particularly on infrastructure, are mitigated or avoided. The approach of the PDP is to refine the approach of the Operative District Plan. A comparison of the Operative District Plan and PDP to financial contributions is provided below to clarify the refinements the PDP is making to Operative District Plan approach.

Changes proposed

Operative Plan	Proposed Plan
Structure: The structure of the Operative Plan means there is a long list of policies in Part B2 which is divided all the policies into the various zones or topics. The Plan also includes a 'Methods' section, which also is divided up by Zones or topic basis also contained in Part B of the Plan. In total, the current provisions are around 30 pages long if gathered in one place.	The National Planning Standard approach groups all the relevant objectives, policies, and rules into a Financial Contributions chapter. The long and scattered list of methods will be refined and collated into one overarching Chapter.
Structure: The long list of Methods is mostly generic, in that the requirement is normally something like ' <i>A financial contribution is required to cover the cost of providing the service</i> '. However, there also some specific requirements for locations such as Temuka North, Brookfields.	The specific requirements for unique financial contributions for geographic locations is retained with unique policies and rules for the various zones, but in the context of the NPS layout. The provisions are much simpler with one set of overarching objectives and policies, very few rules and an appendix which includes, few but specific requirements.
The rules contain a detailed table of financial contributions required for the Geraldine Downs area.	The provisions no longer single out Geraldine Downs, however, the rules section is divided into Development Areas or 'other', which provides a more fair distribution across the district.
Performance standards were listed in the plan to give specifications for example, on the design of stormwater detentions ponds, pipe specification and design for wastewater etc. Many of the performance standards within the Plan, are engineering standards which specify how a particular piece of infrastructure needs to be designed and provided.	It is not necessary nor appropriate to include the performance and engineering standards within the District Plan and it is proposed these performance standards be removed.
The plan lists individually all the various infrastructure that is required to support development.	The Proposed Plan has a more simplified approach which divides the rules around financial contributions into the groupings of 'Water, Stormwater, Wastewater and Roding' and then 'Open Space'. It is much easier to navigate and the approach between the various

	infrastructure types is far more consistent than the Operative Plan.
Financial contributions for 'on site' infrastructure is included in the Operative District Plan.	Removed. The infrastructure on a development site is provided by the landowner or developer. Council infrastructure is supplied to the street.
Current \$500 contribution required for Open Space.	As mentioned previously in looking at Option 3, a change to the Open space and Reserve contribution will involve a contribution of 4% of the property value, which will result in considerably higher contributions per section. Depending on the size and value of the section, the contribution would vary but for a section of average value, the contribution would be approximately \$7,500 in urban areas. The contribution in rural areas is based on the value of 1000 sq.m. of land.

The overall approach is broadly the same, but detailed performance standard (or engineering standards) deleted. Repetition and inconsistencies between the level of detail on the various infrastructure types has been removed. The transfer of the objectives and policies and rules into the National Planning Standard format, has greatly simplified and consolidated the information about financial contributions. It is accordingly far easier for plan users to find and then use the provisions. The main change to District Plan users besides the simplified provisions, will most likely be the change as to how the Open space and recreation contribution is calculated.

2.3 Quantification of Costs and Benefits

Section 32(2)(b) requires that if practicable the benefits and costs of a proposal are quantified. Putting a financial cost or benefit on the changes proposed is difficult given. However, in relation to the Open space and recreation contribution the change from the current \$500 contribution to a 4% of the allotment value will place a significant cost on developers and landowners, but will help to reduce the burden on the Council (and more significantly) the general ratepayers. Council in this instance, has to balance the costs and benefits although the scale of the change is undoubtedly significant on a local scale. The other changes proposed, which provide clarity, simplify provisions from the Operative District Plan and remove those provisions that were inappropriate or unnecessary, would appear to have few costs and provide benefits to plan users.

2.4 Choice of Evaluation Method(s)

The approach taken to evaluation is to assess the preferred option against the operative plan provisions (status quo). The options will be assessed using a cost-benefit analysis.

2.5 Proposed objectives

This section of the report evaluates the proposed objectives as to whether they are the most appropriate to achieve the purpose of the Act.

Proposed Plan objectives:

EI-O1 Funding

Timaru District's infrastructure, open space and recreation facilities are funded to meet the demands generated by subdivision, land-use and development and does not compromise the quality of service provided to existing users.

EI-O2 Adverse environmental effects

Development contributes fairly and equitably towards the costs of offsetting or compensating adverse effects on the environment that are not practicable to avoid, remedy or mitigate.

3 Evaluation of Objectives

Section 32(1)(a) requires an examination of the extent to which the proposed objectives are the most appropriate way to achieve the purpose of the RMA. The following table has been used to evaluate the appropriateness of the relevant objectives.

Category	Criteria	Comments
Relevance	Directed to addressing a resource management issue	Achieves. Objectives are aimed at addressing adverse effects that development can have by seeking funding to provide infrastructure and open space to meet demands and to ensure such effects are fairly and equitably paid for by development.
	Focused on achieving the purpose of the Act	Achieves. Both new objectives reflect the requirements in section 5 to manage resources to enable people and communities to provide for their wellbeing and health and safety while managing adverse effects of activities on the environment. in this case, strategic infrastructure, which can be compromised by reverse sensitivity effects.
	Assists a council to carry out its statutory functions	Achieves. The objectives are directly linked to the function in section 31(1)(a) of establishing objectives and policies that achieve the integrated management of the effects of use and development of land.
	Within scope of higher-level documents	N/A Except for the RMA and the Council's own LTP, no reference to how to use financial contributions or how to fund infrastructure or services could be located in higher level documents.
Feasibility	Acceptable level of uncertainty and risk	Achieves. The objectives regarding funding and managing adverse effects are clear in what they seek to achieve and provide clear direction for plan users. The way in which financial contributes operate at Timaru District Council, are understood by the local development community and Council staff have been operating this system for some time.

	Realistically able to be achieved within council's powers, skills, and resources	Achieves. The objectives relate to powers the Council has under the RMA to gather financial contributions. Achievement of the outcomes sought is considered achievable within the Council's skills and resources.
Acceptability	Consistent with identified iwi/Māori and community outcomes	Achieves. Community consultation on Long Term Plan and Financial Contributions Policy did not result in any opposition to the approach.
	Will not result in unjustifiably high costs on the community or parts of the community	Achieves. Objective 1 specifies that infrastructure, open spaces, and parks need to be funded, without being implicit as to how this will happen. Objective 2 introduces that development will contribute to such costs. As such, the objectives provide the setting that they do not result in unjustifiably high costs falling on the community or parts of the community. Council have indicated that it expects development to contribute to costs of infrastructure although it is unclear how much of the overall costs of infrastructure fall on the ratepayers or other forms of Council funding.

4 Identification of Options

Section 32(1)(b) of the RMA requires an examination of whether the provisions in the proposal the most appropriate way are to achieve the objectives, by: identifying other reasonably practicable options for achieving the objectives; assessing the efficiency and effectiveness of the provisions in achieving the objective; and summarising the reasons for deciding on the provisions. The following sections therefore identify other reasonably practicable options, assess the efficiency and effectiveness of each option, and provide an overall summary on why the proposed approach has been chosen.

The Timaru District Council recently adopted its Long-Term Plan and the Financial Contributions policy. The Long-Term Plan was subject to a public consultation and hearing process under the Local Government Act. The District Plan has a role to play in implementing this policy/LTP decision. The RMA allows for Financial Contributions to be collected and therefore the identification of options is based around this as the starting point.

The evaluation of provisions has been bundled because they are expected to work together to achieve the objectives.

The practicable options considered in this analysis, are as follows.

4.1 Option 1: Status Quo (no change to Operative Plan)

Status quo, the exiting provisions of the Operative District Plan continue to be applied. The current objectives are objective 1 ((Part B, Chapter 9: Services and Infrastructure): (a) Avoid, remedy, or mitigate the adverse effects of development, including servicing infrastructure, on the environment and Objective 1 (Part B, Chapter 9: Services and Infrastructure): (b) Ensure that an adequate level of infrastructure is provided to enable the efficient use and development of natural and physical resources by the recovery of the costs of providing that infrastructure directly from developers and, where appropriate, by apportioning costs between

the developer and the community in accordance with the relative benefits of providing that infrastructure.

Previously, this report covers some of the issues with this approach.

The Operative District Plan has a fixed \$500 financial contribution for Open Space and reserves. This is charged per new allotment for a subdivision.

4.2 Option 2: Improve the Operative District Plan approach, new objectives, policies and rules

This option involves revising the approach taken to financial contributions of the Operative District Plan. It would refine and seek to simplify the provisions of the Operative District Plan. This approach would allow for a stand-alone Chapter, which:

- Would adhere to the requirements of the National Planning Standards, which provides for a separate stand-alone Chapter which consolidates the relevant provisions into one location, rather than being in several chapters throughout the plan.
- Would also allow for refinement to delete unnecessary provisions. Including deleting the numerous performance standards which have been included in the Operative District Plan; delete parts of the Operative District Plan provisions which have not been applied in the past or are considered out of date or unnecessary. This will include removing the Operative District Plan requirements, which sought financial contributions for matters that are more appropriately covered by a condition on a resource consent (i.e. to provide/or improve a certain for infrastructure). There was also a financial contribution for the provision of infrastructure within the development. The Council does not provide infrastructure within a development, this is the responsibility of a developer or landowner so there is no need for Council to gather a contribution towards this.

4.3 Option 3: As per Option 2 but with the inclusion of a new method to calculate the Open space and recreation contribution being 4% of allotment value

This option involves revising the approach taken to financial contributions of the Operative District Plan. This approach would allow for a stand-alone Chapter, which:

- Would adhere to the requirements of the National Planning Standards, which provides for a separate stand-alone Chapter which consolidates the relevant provisions into one location, rather than being in several chapters throughout the plan.
- Would also allow for refinement to delete unnecessary provisions.
- Would include a new contribution for Open Space and Recreation being, 4% of section value.

5 Evaluation of Options

5.1 Evaluation table

OPTION 1

Status-quo - Continuation of the operative Plan provisions including the current policies and rules

Benefits Environmental	Economic	Social	Cultural
Generally, manages adverse effects on infrastructure across the District.	<p>Requiring that developers or landowners contribute to some costs of mitigating or avoiding effects, is of some economic benefit to the Council and less burden falls on ratepayers.</p> <p>There may be savings in terms of time and cost as the Council and community are familiar with the provisions.</p>	Continuation of current approach provides a level of familiarity and certainty to plan users	None identified
Costs Environmental	Economic	Social	Cultural
The overall objectives seek to manage adverse effects and given the continued adoption of the approach through the LTP process, no major issues with environmental consequences associated with financial contributions has been identified. However, anecdotally, it is noted within the operational sections of TDC, there have been instances of infrastructure and public facilities not being effectively maintained and a lack of funding.	<p>Anecdotally, it is noted that financial contributions, for the most part, are unlikely to meet the full infrastructure costs particularly for subdivision and particularly relating to Open Space and reserves.</p> <p>In this circumstance, the economic costs of providing the short fall, then falls upon ratepayers or levels of service to the community are reduced.</p>	The potential gaps between costs recovered and financial cost to council to provide the infrastructure to support development, could have opportunity costs on the community, if funding is diverted from elsewhere.	None identified
Efficiency	The status quo is not considered to be a particularly efficient method of meeting the objectives given the complexity of the current provisions; the repetition within the methods; the use of engineering standards within the		

	District Plan and the inconsistent way in which contributions are applied. The Operative District Plan is not efficient.
Effectiveness	Parts of the approach to gathering Financial Contributions under the District Plan may have been quite effective in the past. Although, other parts of the plan, which are either not applied at all or have not been applied consistently between the different infrastructure types cannot be considered effective. Additionally, there is anecdotal evidence that the existing collection of Financial Contributions is not effective in addressing the effects of development and often public funding would be required to fund infrastructure requirements associated with new development. If insufficient contributions are gathered overtime, the quality and quantity of public infrastructure will occur.
Strategic Direction(s)	This option does not achieve the strategic objectives that are relevant to this Chapter.. The Strategic Directions are forward focused and aimed at supporting growth, whereas the Financial Contributions are focused on effects associated within individual developments.
Overall Appropriateness of Option 1	The status quo approach , that are based on comparatively small contributions towards the effects of development is not the most appropriate option. It does not meet costs borne by Council and does not provide for short or long term infrastructure needs.

OPTION 2			
<i>Make changes to improve the Financial Contributions provisions</i>			
Benefits Environmental	Economic	Social	Cultural
By simplifying the structure of financial contributions and streamlining how and when they are collected, Council can be more targeted in its approach to collecting financial contributions to mitigate the environmental effects of developments.	Requiring that developers or landowners contribute to some costs of mitigating or avoiding effects, is of some economic benefit to the Council and less burden falls on ratepayers. The overall approach is clearer and streamlined.	Financial contributions can ensure that new development contributes to physical and social infrastructure necessary to support communities.	None identified
Costs Environmental	Economic	Social	Cultural
The Objectives of this chapter highlight the need for financial contributions to meet the costs associated with the development. It has been identified	The costs appear to fall heavily on the Council/ratepayers and few are allocated to the developers who are most directly	The potential gaps between costs recovered and financial cost to council to provide the infrastructure to support	None identified

<p>that the Financial Contributions currently gathered are insufficient to meet these costs and ensure the long term provisions and management of necessary infrastructure.</p>	<p>benefitting from the development..</p>	<p>development, could have opportunity costs on the community, if funding is diverted from elsewhere. Parks and recreational facilities and other infrastructure will not be able to serve community expectations.</p>	
<p>Efficiency</p>	<p>The more streamlined and simplified approach to collecting financial contributions is efficient compared to status quo. .</p>		
<p>Effectiveness</p>	<p>The more streamlined and simplified approach to collecting financial contributions is efficient compared to status quo. However, the \$500 contribution sought for Open Space and Reserves , is not considered effective to provide any meaningful contribution to new or improved open space in the District. So this particular targeted contribution is not effective in mitigating the environmental effects associated with development.</p>		
<p>Strategic Direction(s)</p>	<p>This option does not achieve the strategic objectives that are relevant to this Chapter.. The Strategic Directions are forward focused and aimed at supporting growth, whereas the Financial Contributions are focused on effects associated within individual developments</p>		
<p>Overall Appropriateness of Option 2</p>	<p>This option is not an appropriate way to achieve most of the proposed objectives, as insufficient funding appears to be gathered.</p>		

<p>OPTION 3 <i>Make changes to improve the Financial Contributions provisions (as per Option 2) and include a requirement for a higher Open space and recreation contribution, being 4% of property value.</i></p>			
<p>Benefits Environmental</p>	<p>Economic</p>	<p>Social</p>	<p>Cultural</p>
<p>By simplifying the structure of financial contributions and streamlining how and when they are collected, Council can be more targeted in its approach to collecting financial contributions to mitigate the environmental effects of developments.</p> <p>The higher provision for Open Space and</p>	<p>Council and ultimately, the community, benefit from the collection of financial contributions to off-set or mitigate the effects of development. The costs of managing Open Spaces and recreation will fall more fairly on developers and the amount of contribution required will be more in line with other local authorities.</p>	<p>More and better open spaces can be provided.. Community well-being and health will be improved by more and better open space provision and management.</p>	<p>None identified</p>

reserves will allow more open space to be provided, improvements to open spaces and hence environmental improvements..	Better neighbourhoods can be created and there will be financial gains to land owners, who may experience positive impacts on their property value. The overall approach is clearer and streamlined.		
Costs Environmental	Economic	Social	Cultural
None identified	The major change for developers and others undertaking subdivision, will be the method by which the contribution to Open Space and Recreation is proposed to change.	None identified.	None identified
Efficiency	The more streamlined and simplified approach to collecting financial contributions is very efficient compared to status quo. Overall, the benefits of this option are considered to outweigh the benefits.		
Effectiveness	The more streamlined and simplified approach to collecting financial contributions is very efficient compared to status quo. Overall, the benefits of this option are considered to outweigh the benefits. The higher than status quo contribution of 4% will be more effective at delivering more open space and recreation opportunities for the public and will create more attractive neighbourhoods. . The contribution will be more effective at ensuring costs more fairly fall on those benefiting from the development.		
Strategic Direction(s)	This option would better achieve the strategic objectives for growth to be supported by appropriate infrastructure into the future.		
Overall Appropriateness of Option 3	This option is the most appropriate way to achieve the objectives, and the higher contribution for Open Space and recreation will deliver additional open space and/or provide the Council with more funding to maintain and improve additional open space.		

The most obvious impact of the change from status quo is the new requirement for a 4% open space and recreation contribution. This 4% is a considerable increase from \$500. However, when compared to other Districts who are collecting financial contributions, where 5% or 7.5% are more common, the current contribution of \$500 is very low.

Many Council's now apply a development contribution for open space. For example, both Christchurch City Council and Selwyn District Council have a Development Contribution policy, which cite that the contribution for Open Space is in line with Section 203 of the Local Government Act, which allows for contributions for reserves that do not exceed the greater of:

- 7.5% of the value of additional allotments;
- the value equivalent of 20 square metres of land for each additional household.

Although, it is recognised this is managed under different legislation, the proposed financial contribution is in a similar realm to what developers pay elsewhere others and is not unreasonable.

5.2 Risk of Acting or Not Acting

Where there is uncertain or insufficient information about the subject matter of the provisions, section 32(2)(c) requires an evaluation of the risk of acting or not acting in the way proposed. In this case it is considered that there is sufficient information to determine the appropriate approach to managing financial contributions within the proposed District Plan. The Council has for a long time applied financial contributions through the District Plan so the implications of doing so are well understood and the risks of acting in the manner proposed are low.

While other options for obtaining financial payments from those undertaking development within the district, can be pursued by the Council, this process sits outside the District Plan and need not be assessed during this process.

The risk of not acting and leaving the financial contributions out of the District Plan, is that, with no other mechanism in place, the Council and rate payers will be called upon to address the effects of development, and the environmental effects may not be adequately addressed.

6 Preferred Option

This evaluation has been undertaken in accordance with Section 32 of the RMA to identify the need, benefits and costs and the appropriateness of the proposal having regard to its effectiveness and efficiency relative to other means in achieving the purpose of the RMA. The evaluation demonstrates that Option 3 is the most appropriate option.

The proposed provisions will achieve the relevant strategic objectives by providing a tool to mitigate the effects of development and provide sustainable and integrated infrastructure to support growth in the district.

The proposed provisions will also:

- Bring the existing and established approach to financial contributions, in line with the statutory requirements of the National Planning Standards;
- Simplify and refine the Plan, to only include those that are relevant and applicable;
- Provide an easier connection between objectives, policies and the relevant methods;
- Ensure the proposed provisions address the identified resource management issues by providing a framework that will allow for the effects of development to be mitigated by the collection of a financial contribution.
- The policy and rule framework provides the best balance between efficiency and effectiveness at achieving the proposed objectives.
- Will provide funding for infrastructure, including open space, that better serves the needs of the development and the wider community.

The proposed 4% Open space and recreation contribution will be in line with financial contributions for Open Space sought in other Districts such as Ashburton District Council and Waitaki District Council, who include within their District Plans, a 5% and 7.5% charge respectively. The Proposed Te Tai o Poutini District Plan also includes a 7.5% charge.

Although, not directly comparable to the proposed Financial Contributions, It is worth noting that development contributions gathered under the LGA, are capped to 7.5% of property value by the LGA. For developers or members of the public paying a contribution, the amount is which is most interest to them, not necessarily the legislation it is gathered under.

Overall, it is considered that the set of preferred provisions is the most appropriate given that the benefits outweigh the costs, and they will be effective at achieving the outcomes sought.