

Development Contribution Policy

TO	Thames-Coromandel District Council
FROM	Steve H. Baker - Chief Financial Officer
DATE	7 November 2014
SUBJECT	Development Contribution Policy

1 Purpose of Report

This report includes the draft statement of proposal and revised development contributions policy intended for public release by the statutory date of 1 December 2014. The statement of proposal and the revised policy incorporate the legislative requirements from the Local Government Amendment Act and proposed changes from the recent three-yearly Council review of the policy. The revised policy does not take effect until it, or a variation of it, is adopted in June 2015 following a public consultation process.

Further changes to both documents are proposed prior to the formal consultation process which is scheduled for March/April 2015. The introduction within the Statement of Proposal explains that the status of the revised policy and the work to occur before it is adopted.

2 Background

The Policy has been reviewed and a number of changes are proposed. These need to be consulted on prior to the adoption of an amended Policy by 30 June 2015. Schedule 1AA, Clause 9(2) requires councils to make publicly available no later than 1 December 2014 the information required by section 82A(2) in respect of changes proposed to comply with the new requirements of the Act. This includes:

- The proposal and the reasons for the proposal
- An analysis of the reasonably practicable options, including the proposal, identified under Section 77(1)
- A draft of the proposed Policy
- Details of the proposed changes to the Policy.

Section 77, which deals with requirements in relation to decision-making, requires councils to:

- Seek to identify all reasonably practicable options for the achievement of the objective of a decision
- Assess the options in terms of their advantages and disadvantages.

At the Council's 22 October 2014 meeting the Council resolved to consult on the proposed policy using the Special Consultative Procedure. This formal consultation will be undertaken in parallel (at the same time) as the 2015-25 Long Term Plan consultation.

As previously advised to the Council, the actual development contributions payable per unit of demand is not expected to be known by 1 December 2014, nor will the schedule of assets for 2015-17 be finalised by that date. However, the Act does not specifically require that these details are provided by this early date, only the changes required by the Act amendments that came into force on 8 August 2014. The Statement of Proposal explains to readers that these details will be incorporated once finalised.

3 Issue

The basis for determining the gross business area equivalent to a unit of demand for water and wastewater was an outstanding matter for the revised policy at the last council meeting.

4 Discussion

The point of concern was the clarification correct method of calculating the average commercial volume of water used per square metre.

The options under consideration were:

- a) totalling the water volume and areas for the district and doing the averaging calculation on the total; or
- b) taking the average for each business adding them together and dividing it by the number of readings; or
- c) use the line of best fit (according to the usual least squares criterion)

Advice received from Dr David Scott from the University of Auckland Statistics Department recommended option (a) above. Dr Scott also recommended the removal of the outlier in the commercial sample (Pacific Marine) as it would skew the results. Staff have actioned this advice.

Consequently Appendix D.2 has been updated to reflect the above advice and it now reads:

D.2 Water and Wastewater Assumptions

Residential consumption of a dwelling occupied over half the year 180,624 litres per year = 1 Unit of Demand

Average business water consumption 311.83 litres per year per m² gross business area

Unit of Demand factor is 0.0017 per m² of Gross Business Area.

5 Suggested Resolution(s)

That the Council:

1. Receives the Development Contributions Policy report, dated 7 November 2014.
2. Approves the public release of the draft Statement of Proposal and the revised draft Development Contributions Policy; and
3. Notes the revised draft Development Contributions Policy will be amended further before public consultation scheduled for March/April 2015.

References-Tabled/Agenda Attachments

Attachment A *Draft Statement of Proposal and Revised Development Contribution Policy*

Attachment A

Attachment A - Draft Statement of Proposal and Revised Development Con...