



Proposed Ōpōtiki District Plan

Section 32 Evaluation Report

Chapter 16. - Financial
Contributions

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1. Introduction

Financial Contributions address the actual or potential effects of a development on community infrastructure. In particular where the effects of a development result in unanticipated infrastructure demands an approach is needed to gather the shortfall by a financial contributions framework.

Financial contributions are imposed so that the costs associated with new development or activities do not fall inequitably upon the entire community. The District Plan uses financial contributions to build into the cost of any new development any physical and environmental costs that can be identified. Contributions are imposed with respect to roads, water supply, storm water, sewerage, reserves, and parking. They are intended to cover a fair share of the cost of expanding the capacity of existing systems to cope with additional demand from new development or activity. They are also intended to impose upon the developer a fair share of the burden of avoiding, remedying, or mitigating the adverse effects resulting from development and new activity.

Development in different parts of the district places different costs on Council and different loadings on infrastructural systems. A flat fee across the entire district would be unfair for development in areas where there are low additional costs. Financial contributions will reflect as close as possible the actual costs associated with ensuring positive effects from anticipated development.

2. Legislative Framework

2.1. Resource Management Act 1991 (RMA)

Section 5 of the RMA sets out the purpose of the RMA as follows:

- (1) *The purpose of this Act is to promote the sustainable management of natural and physical resources.*
- (2) *In this Act, sustainable management means 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—*
 - (a) *sustaining the potential of natural and physical resources (excluding minerals) to meet the reasonably foreseeable needs of future generations; and*
 - (b) *safeguarding the life-supporting capacity of air, water, soil, and ecosystems; and*
 - (c) *avoiding, remedying, or mitigating any adverse effects of activities on the environment.*

Section 108 (2) allows Council to impose financial contributions as part of a resource consent application for financial contributions as part of a resource consent application for the purposes specified in the District Plan. Section 108(9) of the RMA defines a financial contribution as:

- a) *Money;*
- b) *Land, including esplanade reserve or esplanade strip (other than in relation to a subdivision consent), but excluding Māori land within the meaning of Te Ture Whenua Māori Act 1993 (Māori Land Act) unless that Act provides otherwise; or*

c) *A combination of money and land.*

Section 108(10) states:

A consent authority must not include a condition in a resource consent requiring a financial contribution unless-

- a) The condition is imposed in accordance with the purposes specified in the plan or proposed plan (including the purpose of ensuring positive effects on the environment to offset any adverse effect); and*
- b) The level of contribution is determined in the manner described in the plan or proposed plan.*

3. Key Issues

3.1 The key issues to be addressed in relation to network utilities are as follows:

#	Issue
1	Land use activities generating adverse environmental effects as a result of infrastructural systems not being able to cope with additional demand.
2	Depreciation in the quality of service offered to existing users as a result of additional loadings from new development and land use activities.
3	The need for a mechanism to mitigate the adverse effects on the district's natural and physical resources that may result from new development.
4	Lack of reserves and recreation land in areas of new development, and increased demands placed on existing reserves.

4. Summary of Plan Provisions

The issues, objectives, policies, rules and other provisions and their relationship in the PDP are set out in the following table.

Issue	Objective	Policies	Rules
16.1.1-4	16.2.1	16.2.1.1 – 16.2.1.1	
16.1.1-4	16.2.2	16.2.2.1 – 16.2.2.1	16.3

5. Changes Made to ODP Approach

Minor amendments have been made for better clarity and reading. New formula has been incorporate to allow for greater understanding and clarity as to how financial contributions are calculated.

6. Evaluation – Appropriateness of Objectives

6.1 Objectives are to be assessed as to whether they are the most appropriate to achieve the purpose of the RMA. 'Most appropriate' has been interpreted to mean 'suitable'.

	Objectives	Appropriateness
1	To ensure that new development within the District contributes positively and equitably to the sustainability of the environmental and infrastructural resources of the District.	Addresses Issues 16.1.1-4 Section 5: The objective will achieve the purpose of the RMA by enabling the sustainable management of physical resources, to enable people and communities to provide for their social, economic and cultural wellbeing and for their health and safety, and managing adverse effects. Section 6: There are no matters of national importance addressed through this objective.
2	To ensure that the infrastructural services continue to operate in an efficient manner where the effects of increased loadings on these systems will not adversely affect the District's natural and physical resources, nor will compromise the quality of service provided to present users.	Addresses Issues 16.1.1-4 The objective specifically identifies the purpose of mitigating the effects of growth and responding in a way that manages the Districts infrastructural resources.

6.2 These objectives are considered to be the most appropriate methods of achieving the purpose of the RMA as they recognise the matters set out in Part 2.

7. Evaluation – Achieving the Objectives

7.1 Section 32(1)(b) Requirements

Section 32(1)(b) of the RMA requires examination of whether the provisions (being policies, rules and other methods) in the Proposed Plan are the most appropriate way to achieve the objectives. The appropriateness must be considered in relation to:

- “(i) identifying other reasonably practicable options for achieving the objectives; and*
- (ii) assessing the efficiency and effectiveness of the provisions in achieving the objectives; and*
- (iii) summarising the reasons for deciding on the provisions”.*

These are set out below.

The assessment must be at a level of detail that corresponds to the scale and significance of the environmental, economic, social and cultural effects of the Proposed Plan. The Operative District Plan contains an existing chapter, Chapter 11, to manage financial contributions. As set out in section 5 above, the approach taken in the Proposed District Plan is to amend the provisions only where necessary to:

- Clarify the provisions;
- Improve consistency across the Plan;

- Respond to new statutory requirements, such as through a national or regional policy statement;
- Delete unnecessary text;
- Update references.

Therefore, as the plan provisions, being policies and rules, have not materially changed and are generally well understood and accepted as appropriate mechanisms to achieve environmental outcomes sought through the district plan, a detailed re-examination of the plan provisions is not considered to be necessary.

7.2 Reasonably Practicable Options

In terms of reasonably practicable options, as discussed above, the plan provisions have been generally carried forward. The reasonably practicable options are therefore considered to be:

Options	Response
Do nothing	<ul style="list-style-type: none"> ▪ No policy or rule in the plan. ▪ Rely on other non-statutory methods as set out in the chapter ▪ BOPRC plan provisions address the issue and duplication is unnecessary
Status Quo	<ul style="list-style-type: none"> ▪ Carry forward the policy or rule without change or with only minor amendment
New policy or provision	<ul style="list-style-type: none"> ▪ Address an issue that is not addressed or is ineffective in the operative plan ▪ Give effect to a new requirement in a NPS or RPS ▪ Align with plans or other statutory documents

7.1.5 The plan provisions have been generally carried forward with amendments to clarify and improve consistency across the plan and with other documents. the status of activities and standards to be applied are well known to the community and well understood.

7.1.6 The “Do Nothing” option has not been selected as it is not acceptable where a policy or rule is required to achieve the purpose of the RMA and the objectives set out above. Either the status quo (with or without minor amendments for clarification) or a new provision have been assessed as reasonably practicable options. The proposals are concluded to be the only reasonably practicable options to evaluate.

7.3 Policies and Methods

7.3.1 Efficiency and Effectiveness

In assessing the efficiency and effectiveness of the proposed provisions, the RMA requires the Council to *“identify and assess the benefits and costs of the environmental, economic, social, and cultural effects that are anticipated from the implementation of the provisions, including the opportunities for:*

- (i) economic growth that are anticipated to be provided or reduced; and*
- (ii) employment that are anticipated to be provided or reduced”.*

If practicable, the benefits and costs referred should be quantified.

7.3.2 Efficiency

The proposed policies will be efficient in achieving the objectives as they give clear direction for potential developers and guidance for decision makers.

7.3.3 Effectiveness

Objective 16.2.1

Issue relationship	16.1.1-4
Objective 1	To ensure that new development within the District contributes positively and equitably to the sustainability of the environmental and infrastructural resources of the District.
Policies	16.2.1.1 To require a financial contribution as a condition of subdivision and Land Use Consents. 16.2.1.2 To ensure that a financial contribution is fair and equitable.
Methods	Methods to give effect to the policies relate to: <ul style="list-style-type: none"> Formula for financial contributions
Benefits	
Environmental benefits	<ul style="list-style-type: none"> Fair and transparent Consideration of effects greater than permitted baseline effects. Opportunity for further refinement
Economic Benefits	
Social Benefits	
Cultural Benefits	
Costs	
Environmental Costs	<ul style="list-style-type: none"> Additional costs for development. Some activities may be limited Costs to undertake reviews No costs on cultural values have been identified.
Economic Costs	
Social Costs	
Cultural Costs	
Risk of Acting or Not Acting	
(Risk is a factor of potential consequences and the likelihood of a consequence occurring).	The risk of not acting may lead to the cost of mitigating the potential adverse effects of new development or subdivision being carried by the community rather than the developer. The risk of not acting is consistent with achieving the purpose of the RMA. There is sufficient information known about the consequences.
Overall Assessment	The inclusion of the provisions above is supported as enabling the purpose of the RMA in achieving the management of the physical resource.

Objective 16.2.2

Issue relationship	16.1.1-4
Objective 16.2.2	To ensure that the infrastructural services continue to operate in an

	efficient manner where the effects of increased loadings on these systems will not adversely affect the District's natural and physical resources, nor will compromise the quality of service provided to present users.
Policies	<p>16.2.2.1 To require a financial contribution on new development to offset any adverse environmental effects.</p> <p>16.2.2.2 To allow payment of financial contributions to be staged in accordance with the planned staging of any subdivision where financial and security arrangements are entered into by Council and the developer.</p>
Methods	<p>Methods to give effect to the policies relate to:</p> <ul style="list-style-type: none"> ▪ Rules ▪ Imposing financial contributions for car parking, roading, water supply, sewerage networks and storm water treatment.
Benefits	
Environmental benefits	<ul style="list-style-type: none"> ▪ Contributions for activities to support infrastructure ▪ The community does not have to pay mitigation of adverse effects of individual activities. ▪ Flexibility for the payment of contributions according to staging of subdivision ▪ No specific cultural benefits
Economic Benefits	
Social Benefits	
Cultural Benefits	
Costs	
Environmental Costs	<ul style="list-style-type: none"> ▪ Council may incur some up-front costs relating to staging ▪ No certainty around the completion of subdivisions and therefore the provision of contributions ▪ No cultural costs identified.
Economic Costs	
Social Costs	
Cultural Costs	
Risk of Acting or Not Acting	
(Risk is a factor of potential consequences and the likelihood of a consequence occurring).	<p>The risk of not acting may lead to consequences where effects cannot be mitigated and infrastructure is compromised.</p> <p>Not acting is not consistent with the purpose of the RMA.</p>
Overall Assessment	The inclusion of the provisions above is supported as enabling the purpose of the RMA to be achieved including sections 6 and 7 matters.