

From: John Rutherford [jr@pacsat.co.nz]
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Development
contribution submi..

Community Plan Team

Herewith a submission by Rutherford & Company on behalf of its builder and land development clients and also the communications companies listed below, with particular reference to development contributions and communications. We would like speak to the points made at the hearings and look forward to being advised of the time.

Contact points are listed below for John Rutherford as the contact person, and the physical address of the office is Top Floor IBIS House, 183 Hereford Street, Christchurch. Postal Address P O Box 1959 Christchurch

Yours sincerely

John Rutherford LL.M.
Rutherford & Company Law Offices

Chairman, Communications Institute of New Zealand
Chairman, Australia & New Zealand Distillery Ltd
Chairman, Civic Enterprises Ltd
Chairman, Powerline Communications Ltd
Chairman, Pacific Satellite Communications Ltd
Chairman, New Zealand Mineral Developments Ltd
President, International Building & Investment Society
President, PacAmTel LLC
Director, Polymer Transmission Technologies Ltd
Director, Iron Ore New Zealand Ltd
Direct Dial Christchurch: +64 3 3841059
Direct Dial Sydney: +61 2 95754804
Confidential fax: +64 3 3841243
Mobile: +64 21 359339
e-mail: jr@pacsat.co.nz
Netphone: 8152011

www.powerlinecom.net

Submission by Rutherford & Company on the draft Development Contributions policy , and aspects related to communications

Background

This law office over four decades has acted for land development and building companies developing land and building houses, office buildings, commercial and industrial premises in the main centres, smaller towns and resort areas, nationally and in Australia and California. Approximately 10,000 allotments in various zonings have been developed and about half that number of buildings erected by building companies, 3 joinery firms, a door manufacturer, subtrades such as electrical, plumbing, bricklaying etc. John Rutherford has served on committees of organisations such as Land Subdividers Association, Master Builders Federation executive including its education committee and Major Home Builders Group. Commercial activity has been fostered financially by the Group's own Building Society (International Building & Investment Society which has IBIS House, an 8 storey building in Hereford Street as its head office, along with funding from international sources, and this has helped the export internationally of kitset homes, motels etc.)

The proposal to levy development contributions at Scheme Plan or Resource Consent stage. (p.24 Clause 6)

This is the type of recipe for the stagnation that has been suffered by Timaru, where the population is little more than it was more than half a century ago when John Rutherford was at school there. In an endeavour to stimulate a council with no growth policies a Rutherford company International Homes Ltd built approximately 100 homes there in the 1960s. Some of the lots have still not been sold or built on and prices of around \$30,000 per lot are not uncommon, at the present time. Contrast this with a town of similar size, Nelson, which has increased several fold in the same period, and section prices are in the hundreds of thousands.

If this is the type of development inertia that the Council wishes to impose, seeking substantial sums before performance is the right way to achieve no growth.

Most developers are entrepreneurs who do not fund development totally from their own resources. They seek funding related to progress with the development and the bank, venture capital or finance company advances funds to cover development costs as its security is improved by the development work, as the financier has a mortgage on the title. Whoever dreamed up the money up front proposal currently in the draft suffers from an unbelievable naivety in respect to the customary methodology of land development and financing in cities in developed countries.

In respect to refunds if the development does not proceed we are apparently dependant on vague statements such as in 6.6.4 to the effect that the Council will not refund a development contribution unless "the activity for which the development contribution was taken is not provided". Not provided when? Ten years later?

Clause 6 needs to be rewritten to give developers certainty and a practical financing path ahead for varying types of development in differing circumstances and places.

Development contributions should be related to the scale of each development, its location, geotechnical conditions, and its effect on the local community, not the city as a whole.

The development contributions as presently proposed do not take account of the need for individual consideration of communities of differing character, and location, in respect to items such as Transport which is proposed for contribution on a citywide basis. On the other hand in a burst of contradictory reasoning Contributions for community infrastructure are differentiated in the case of East: \$575, North: 1007, West 1807 and South: 386. It would be interesting to know how such precise sums were calculated.

In respect to a citywide levy for transport improvement, it should be appreciated that land values and developers' profits will be enhanced in areas where there is currently traffic congestion and road works approve the appeal of that locality. Likewise rating values will increase so Council will develop additional revenues over time.

Christchurch City Holdings Ltd has recently pronounced its desire to invest in infrastructure in the form of broadband communications. Certainly a worthy objective. Perhaps development contributions would be better to contribute to broadband communications so that more people can work at home and avoid the need to use the transport system on a daily basis. This is what happens in the area of the Rutherford PacAmTel International Teleport in an eastern suburb of Los Angeles, where the property taxes (rates) are reduced where owners can prove that they are pursuing home occupations or supporting students that get lectures downloaded into computers instead of driving an hour and a half each way on the 405 Freeway to attend the University of California on a daily basis. A recent survey by that university confirmed that students produce better results by studying downloaded lecture files that are available to them throughout the year on their computers, than do those that hope to take down on bits of paper in a lecture room, the pertinent bits of the lecture, as is the age old format still applied at the University of Canterbury due in part to lack of low cost broadband communications which could so easily be provided on the powerlines of a city owned electricity lines company.

It is no coincidence that Darryl le Grew, the only forward thinking Vice Chancellor of the University of Canterbury in the past 30 years, got fed up with the inertia and left to run the University of Tasmania where Aurora Energy, AAPT (a subsidiary of NZ Telecom) and Engin, the leading Australian VoIP free long distance calling company teamed up to provide powerline communications within that state and beyond. NZ Telecom has of course, done its very best to not prevent broadband connectivity and free nationwide and international calls in NZ via VoIP but supports its subsidiary in such an endeavour in Australia.

Is there any hope that the Christchurch City Council will drag the management of Orion, kicking and screaming into the 21st century, and provide a substantial new revenue source for it and the convenience of residents and businesses getting their video, telephony and internet out of every power point in every room of homes, commercial premises, schools, hospitals, etc.?

Developers of land in upmarket Christchurch suburbs would prefer to pay a development contribution for broadband on the powerlines (and their purchasers get a combined phone, internet and power bill) rather than a motorway upgrade on the other side of the city, which will largely benefit those heads-in-the-sand businesses that do not operate on staggered business hours or staff attendance, to alleviate traffic congestion.

Development contributions must be flexible enough to relate to potential changes in zonings, technology, and annual rating rebates for developments that minimise traffic and energy usage.

There is an increasing trend in California for supermarket chains to encourage online ordering of groceries which are either delivered to the home or to a corner store or other depot in each suburban low rise block or high rise foyer. Woolworths already offer online ordering. Such minimises multiple trips by residents to shops and could be likened to the post boxes located in many suburban streets. One vehicle then does the job of many. Adjustments to residential zones to permit the re-emergence of the corner convenience store may be appropriate.

Home occupations should be fostered by rates rebates where owners apply for such concessions as they are placing less pressure on the roading systems and public transport.

Developments that provide facilities conducive to such transport or energy savings should have their development contributions reduced. For example, there is a large pond in a development in the Waimakariri Council's jurisdiction with the lots fronting it as a community feature. There is now concern that it must be fenced as a swimming pool. Such a pond could have been a stratified solar pond that provides space heating for the residences by trapping the sun's heat in a low level brine that can reach almost boiling point with heat exchangers that pipe heat into the homes. Any form of solar heating or energy conservation provided by developers should be taken account of in building or development consents, and be treated as a development contribution.

Has the Council chosen its model for future growth from another city that does not have the same demographics or geography?

There is an air of one size fits all in several elements of this broad brush draft Plan. If this was a city of uniform development on flat land without a range of geographic features, its rationale would be reasonable, but such is not the case.

We have some hills that need to remain rural as a backdrop feature and others, not visible from the main metropolitan area, which in the view of Nancy Northcroft, our first regional planner could be covered in small residential lots from Sumner out to Godley Heads, as in her words, "you will never stop people wanting to live on the hills and look at the sea". Her view was the reason why John Rutherford bought 200 acres on Monck's Spur 35 years ago which has largely been rezoned into large residential allotments as the rationale here is that as you move up the hills LH zoning becomes LHB or 3000 sqm lots which is quite the reverse of the Wellington Regional Plan where reserves are mandated on lower, steeper, less buildable parts of the hills (accessible to both hill and plains dwellers) and small lots on hilltops have views

instead of large land areas. The concept of large residential lots adjoining the grazing farms is an anathema to the real farmers as large lot owners generally have dogs which tend to eat sheep. Perhaps the view of older residents not wanting large lots but wanting views may one day be recognised here and flexibility in planning that takes account of changing preferences, our ageing population, and new technologies should be a feature of any long term development Plan.

As with other seaside cities that have varying geography that promotes community ambience, Christchurch must take account of such features in relation to development contributions. That Moncks Bay with its likeness to the Mediterranean settlements such as Menton in the Monte Carlo region, has the highest land values on the flat in the South Island, is simply a repetition of the popularity of similar enclaves in Sydney, Los Angeles, San Francisco, and in other cities with seaside hills in developed countries. The spectacular growth of the Ferrymead business zone confirms that residents of Sumner, Redcliffs and surrounding areas are largely unrelated to south and north motorways and should not be asked to contribute above the high rating they will endure in a city that rates on property values rather than a per capita basis. Obviously development contributions increase the retail price of the lots and the cost of developing on the eastern seaside hills is much higher than on the western and northern peripheries of the city. Development contributions should be structured accordingly and be related to development costs as appropriate to the community being served.

Factoring Banks Peninsula into the Community Plan

Thirty years ago John Rutherford purchased a farm at Wainui. Zoning skirmishing and Planning Tribunal cases took a further 10 years before 100+ allotments were approved as a concept plan. Initial sales were \$18,500 and are now around ten times that amount, predominantly to overseas buyers seeking a long term holiday and retirement environment. Sections in Akaroa are selling for around \$400,000. The company developing the Wainui land (Rural Management Ltd) has put in water and sewage schemes for Wainui and provided more of such services than any Council in its 150 year history. As with most resort developments that Rural Management and related companies have done in other parts of this country and Australia, the contribution toward local services is much higher than where there is existing infrastructure as in cities, which simply require minor extension. Development contributions must take account of such higher development costs if there is to be facilities in seaside resorts in places like Wainui which has the only accessible sandy beach in the whole of the Akaroa Harbour and is populated in weekends and holidays (as is the nearby French Farm Winery and Restaurant) by large numbers of day trippers from Christchurch. Hopefully the broadbrush citywide transport contribution proposed for developers will not be applied Banks Peninsulawide!

No Christchurch Community Plan should proceed to finality without taking account of the existing and potential developments in Banks Peninsula, including the possibility of further development beyond Sumner and around the Bays as recommended by Nancy Northcroft.

Development contributions as related to strategic directions expressed in the Plan

The Strategic Directions section of the Draft Plan pays lipservice to the need to work with educators, particularly tertiary education, notes emerging problems with climate change and fossil fuels and confirms the relevance of globalisation. Nowhere is there any precise aspiration to fund or provide the glue that joins these worthy endeavours together – communications. Reference is made above to the prospect of development contributions for broadband connectivity. This could be either a voluntary contribution made by a developer to increase the appeal of his development in which case he should receive a development credit . Perhaps a development contribution in the alternative. Either contribute to road transport upgrade in the community or an upgrade in broadband connectivity.

Wellington has been proactive in this area as have electricity lines companies in Auckland. Powerline Communications Ltd carried out successful demonstrations to United Networks the largest lines company in New Zealand to their electricity users in Devonport, at a cost approximating \$40,000 to United. Orion has been offered a demonstration at no cost but refused.

The Christchurch Press on 3 May 2006 notes a drop of international students of 39% in 2005 to \$438 million (from an earlier \$2.2 billion) and Hon Trevor Mallard proposes to go and wave the flag in India. The solution is to start teaching the Indian , Chinese and Asians by distance learning and Christchurch is ideal for this purpose, as it is remote from hills and mountains on its west side and can see satellites low on the western horizon that cannot be seen from either Wellington or Auckland. An example is the AsiaSat 2 which covers 72% of world population in 53 countries - Asia, India and Africa etc. The first step is for the Council to be proactive about increasing broadband connectivity so that educational institutions are linked to satellite services that enable them to connect with millions of students and introduce Christchurch as the right place for them first to start their courses by distance learning and finish their studies and exams by personal appearance.

Unfortunately since the departure of Darryl le Grew as referred to above, the University of Canterbury has lapsed back into the mode of 50 years ago of students personally attending lectures and taking down notes. The present Vice Chancellor does not answer emails suggesting the prospect of delivering lectures to student computers on the other side of the world. While some of the staff are supportive of the idea, others think that striking is better for them. John Rutherford, as a former President of Students Association, lecturer in International Law, and Member of Council of the University of Canterbury has tried for years to point the university toward the huge opportunities we have to make Christchurch a major international distance learning centre, as a town of similar size has achieved in the US. Darryl le Grew was supportive but gave up and is pursuing such a course now in Tasmania.

The University of Phoenix, which cannot transmit satellite services, due to the curvature of the Earth, into India/Asia as we can from Christchurch, employs nearly 20,000 staff also using free international calling on VoIP phones to link students and lecturers across the globe and download tertiary courses to doctorate level courses into computers via the Internet. We are discussing with that University the prospect of setting up a base in Christchurch.

A Rutherford company, Civic Enterprises Ltd was the first alternate company appointed by the governor general by Order in Council as a telecommunications network operator, before Clear Communications, Sky Network, etc., after the passing of the Telecommunications Act 1987 which permitted competition with government communications agencies. It operates multichannel TV stations and satellite services in association with PacAmTel LLC, and Pacific Satellite Communications Ltd. It will licence its communications licence to Orion or the Council to enable satellite services and powerline communications to become a promotional tool in Christchurch if the Council wishes to follow the lead of other municipalities in enhancing connectivity amongst residents and businesses to enable networking and reduce traffic congestion accordingly.

The absence of any constructive plan for upgrading communications services in the Draft Plan, is disappointing. Concepts that should be factored in to the Plan are the mandating of the laying of fibreoptic cables in the streets whenever there are new water, sewer, power or telephone lines being laid or relayed in streets. This is a policy followed in many US cities. A development credit for broadband communications services either wired, or wireless being established by developers in their developments. Building up a fund for developing a municipal Christchurch Teleport, preferably up on the Britten Reserve or similar position on the Port Hills that can connect with satellites low on the western horizon such as AsiaSat 2.

Why not have Christchurch take a lead in such things instead of what central government has subjected us to, the indignity of being the very last OECD country to unbundle the local loop on 3 May 2006, something that could have been done 10 years ago, and saved the need for the establishment of the PacAmTel Teleport in California and the employment of many Americans, dividends and profits to Chinese and American investors, when in fact the ideal place for such a venture is Christchurch as we can look east over our low horizons at satellites serving America, the fountainhead of the Internet and distance learning, and west to satellites serving Asia/Africa, thereby providing the perfect bridge between east and west which almost no other city or country can do.