

11 May 2007

Submission on Development Contributions  
Christchurch City Council  
PO Box 237  
**CHRISTCHURCH 8003**

Dear Sir/ Madam

**SUBMISSION ON DEVELOPMENT CONTRIBUTIONS POLICY –  
CHRISTCHURCH CITY COUNCIL LONG TERM COUNCIL COMMUNITY  
PLAN**

Please find attached the submission from Foodstuffs (South Island) Ltd, (“Foodstuffs”) in relation to the draft Long Term Council Community Plan – draft development contributions policy.

Foodstuffs seek to be heard in support of their submission.

Yours faithfully



Rebecca Parish

**PROPERTY DEVELOPMENT MANAGER**

To: Christchurch City Council

Name: Foodstuffs (South Island) Limited ("Foodstuffs").

**1. This is a submission on the draft Long Term Council Community Plan  
– Draft Development Contribution Policy:**

1. Development contributions should relate directly to the increased demand on Council's infrastructure attributable to the specific development that is being levied and be supported by an appropriate economic analysis.
2. Christchurch City Council is under increasing pressure to maintain rates growth and in Foodstuffs view is using development contributions to skew the funding of infrastructure to new developments and within this group to non-residential developments. While it may be appropriate that developers pay a fair share, Foodstuffs believe that in many cases developers are being asked to fund an inequitable share of infrastructure development. In this respect, developers are somewhat of a captive market – they need councils on side to be able to progress developments, yet developers have no significant influence at the ballot box.
3. The setting of funding periods appears arbitrary. For example, the economic life of a sewerage works may be assessed as 30 years while the real life is likely to be longer.
4. Christchurch City Council is using its powers under the Local Government Act 2002 to charge developers a disproportionate share of



infrastructure development costs. The current political environment (public concern about increases in rates) is a likely driver of such behaviour. This problem is exacerbated by historic under-investment in infrastructure and the now urgent need to “catch-up” on deferred capital works.

5. Developers should contribute a fair and equitable share of the infrastructure costs associated with their developments, but in some areas development levies amount to no more than a tax on development activity and the expected contributions are excessive.

#### 3.2.5 – Other Charges – Rates and Levies

##### Basis for Opposition

6. Foodstuffs opposes the proposed methodology and costs calculations. The proposed calculations are not “fair and reasonable”, and require substantial economic analysis.
7. Foodstuffs opposes the amount of contributions payable. The new policy is in Foodstuffs’ opinion unfair and unreasonable, and not based on the increased demand on infrastructure caused by the development, with no justified linking causal connection. The new policies defeat the stated intention to “ensure that the level of contribution does not generally act to discourage development”.

#### 3.4.7 – Rates of Development Contributions

6. .Non-residential land use equivalents – Table 3.2.1b  
Foodstuffs oppose the disproportionately high transport contribution rates attributed to shopping centres, service stations and supermarkets, and note that there is no justification or rationale for why supermarkets and shopping centres develop such disproportionately high transportation rates, especially when compared to “markets”.
7. Foodstuffs oppose the low transportation rates for ‘markets’, and seek explanation from council to their justification for such a low contribution.

Christchurch City

8. Extraordinary circumstances and special assessment  
Foodstuffs question the legality of enforcing a further information request under Section 92 of the Resource Management Act or Sections 33 or 48 of the Building Act to provide specific calculations by developers on present and future demand on community facilities.
9. Foodstuffs oppose the circumstances of special assessments, as council are not obligated to meet any statutory time frame in responding to developer's request for special assessment.
10. 3.3.5 – Other Charges – works and services  
Foodstuffs oppose the loose discretion council have, and seek that as a back-stop the council introduce a review panel to ensure developers have the ability to put forward a case for reduced contribution payments.
11. Foodstuffs are concerned that the council's discretion to "*may, at its discretion reimburse the developer*" for works and services charges provides the developer with little certainty and is contrary to the provisions of the Local Government Act that relate to "fair and reasonable" costs being sought.
12. 3.4.2 – Review of development contributions  
Foodstuffs oppose this section of the policy due to the Council not being obligated to meet any specific set timeframes in formally reviewing this policy.
13. Part 4 Appendices – Appendix 1 – methodology to establish HUE equivalents  
Foodstuffs seeks clarification that these calculations would be available and undertaken by Council at the time of a PIM application, to ensure the developer has certainty of council costs prior to investing in Christchurch City.



14. Schedule of Charges

Foodstuffs opposes this schedule of charges as the basis for these charges is uneconomic to developers and has not been justified by Council.

15. Areas of Demand

Foodstuffs oppose the assessment of Areas of Demand. There is no justification for the identification of each Area of Demand, nor is there any link between Areas of Demand and the list of capital expenditure.

16. General

Foodstuffs oppose the draft Development Contributions Policy on the following grounds:

- As it is contrary to other council policies which seek to encourage growth.
- It will result in significant development contribution costs for developers that are unjustifiable, resulting in a significant decrease in non-residential development throughout the City, and a significant decrease of capital expenditure to areas of the City that are in need of new retail facilities.
- It does not advantage Foodstuffs to invest in Christchurch City over other areas of the South Island.
- There is no justification or rationale for why supermarkets and shopping centres develop such disproportionately high HUE"s, especially when compared to "markets".
- It unfairly and unjustifiably targets the retail sector, with extraordinary high contribution costs.
- This draft Development Contribution Policy is a reaction to Council not appropriately rating consumers over time, which will result in financially adversely affecting developers in the future.
- The council has provided no practical working examples of how development contributions will be taken in different areas of the City.

**Relief sought:**

That the draft Developments Contribution Policy be rejected in its entirety.

**Foodstuffs wishes to be heard in support of its submission at the hearings to be held 28 May – 5 June 2007.**

**If others make a similar submission Foodstuffs would be prepared to consider presenting a joint case with them at a hearing.**



R Parish  
Property Development Manager  
Foodstuffs (South Island) Limited

11/ May / 07.  
Date

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