

Submission on the 2007 Amendments to the LTCCP 2006 – 16

Submitter: Calder Stewart Industries Limited
Contact Address: 127 Wrights Road, Christchurch
Postal Address: PO Box 8356, Christchurch
Contact Person: Mark Weaver
Phone Number: 338 0013

We do wish to talk to the main points of our written submission

Our submissions are as follows:

Step 2 – Determining Hue Credits

It is submitted that the basis for the calculation of credits for non residential activities is unfair given that it is based on the average 2004 GFA or ISA ratios for the Zone containing the development. As these ratios are based on historical developments (which are today inefficient in terms of land use due to being designed for outdated technologies and business practices) it is noted that the ratios are quite different from what is permitted under the current City Plan provisions. Generally the DCP ratios are much lower than what is currently permitted to be built on a site in these zones.

These credits must be calculated on the basis of what is currently permitted to be developed in order to ensure that the regime is fair and equitable.

3.2.4 - Development Contribution Catchments

The Council has put forward a number of arguments for city wide catchments in relation to waste water, water supply and reserves. It is not accepted that it is too difficult to break the city area into defined catchments which better relate to identifying the costs of undertaking development in certain areas. It is considered that this is essential in order to enable the causal nexus to be adequately defined in order to be able to properly charge and recover development contributions.

In relation to water and waste water it is accepted that there are certain installations and areas of pipe that provide capacity to various areas of the city however it should be relatively straight forward to identify these and ring fence them so that any growth based capital expenditure in relation to those is apportioned on a city wide basis. The balance of the areas can then be split into appropriate catchments where a more accurate DC can be assessed.

In respect of reserves, again the regional and city wide reserves can be clearly identified and those growth costs apportioned on a city wide basis while the provision of local and district reserves can have their costs fairly apportioned to those developments within specific suburb or district catchments.

By breaking the city into smaller catchments it will make the decisions relating to the future expenditure of funds a lot clearer. If insufficient development contributions are being obtained within a small catchment area then obviously the capital works planned for that area will be adjusted or deferred as appropriate. However if the money is recovered on a city wide basis and there is an overall shortfall then there is no clear indication of what works are required to be completed in order to provide for the growth that has occurred.

3.3.3 - Private Developer Agreements (PDA)

As the PDA requires both parties to agree before it is entered into, it is not considered that there is any reason that this cannot be entered into after consent has already been granted. It may well be that there are circumstances that arise subsequent to the granting of a consent that makes it desirable for both parties to enter into a PDA in order to achieve outcomes that are best for the Council, the developer and the city. The Council still retains the discretion as to whether they wish to enter into a PDA however with the current provision on page 45, that “ a *PDA cannot be entered into if the consent has already been granted*” , then this opportunity is removed.

It would also be appropriate to include an example of a PDA that may be used in order to bring works forward in order to enable development to proceed at an earlier stage.

7.2 - “Total Growth Component”

The policy states that “*the Council’s policy is that the total growth component of the capital expenditure budgets will be funded by development contributions*” (page 57). The Council has received numerous submissions on this generalist stance in the past and significant discussion was had by the working party seeking to define just what comprises growth as it relates to development.

It is not considered appropriate that development contributions should be paying for the cost of growth caused by factors outside the physical construction of and undertaking of an activity within a development.

Factors such as the growth in visitor numbers and the increase in people from outside Christchurch City coming and using the facilities should not be loaded on to development. Rather it must be treated as a cost that should be borne right across community as; theoretically, it benefits or affects us all.

It is therefore considered essential that when determining the DC charges, any assessment of growth must exclude growth that is not generated from the development activity itself. This will require more rigor on behalf of the staff who are apportioning the capital works against renewal, backlog, unallocated and growth to ensure that these are correctly apportioned. In addition, the development of a new model which includes a more accurate treatment of growth may be required or adjustments to the existing model will be required to be undertaken.

7.3 - Capital Expenditure already incurred in anticipation of Growth

Prior to the adoption of the LGA which enabled the council to charge development contributions, the council was undertaking a capital works programme which was funded through rates and other means. While it is accepted that the LGA now allows the council to recover a growth component of previous projects it is not considered that it is in the best interests of Christchurch City to do so.

When these projects were entered into, the Councilors, Council Officers and ratepayers were fully aware that these projects were being undertaken based on the funding regimes set up and approved at the time. The effect of now releasing the ratepayer and other funding sources from their obligation to pay for these works only enables the Council to undertake a 'sleight of hand' by allowing it to continue to carry on with the folly of keeping rates at an artificially low level in order to curry favor with voters.

It is time that Council and the community stood up and took responsibility for its previous actions by recognising that although it may have received a 'get out of jail free card' and the easy thing to do is use it, the right thing to do is to front up and serve the sentence.

7.4 - Use of Development Contributions

The policy states that *"should the development contribution revenue not meet the target , the council may, at its discretion, reduce the cost of capital expenditure by varying the scope of the project or substituting the project for another more suited to the growth needs of the city."*

It is imperative the Council ensures that if development contributions are paid, then regardless of whether the revenue meets the target or not, that the property for which those development contributions have been paid does in fact receive the full benefit that they had originally subscribed to and paid for, albeit by some other means.

Part 4 - Appendices

The methodology to establish the Hue equivalences utilizes *"Floor area per person (m^2/p)"*. It is considered that the areas used for industrial and warehouse activities are far too low.

For example, based on a floor area per person of $40m^2/p$, a 2,000sqm warehouse would be assumed to have 50 employees. We undertake a number of developments of this nature and generally for warehouse buildings of this size the

number of employees working there would be no more than 15. The larger the warehouse, the more distorted it gets.

This has a flow on effect with the end result being that the HUE's for industrial and warehousing activities are far too high and as a consequence the policy is not fair and reasonable in its recovery of costs.

Similarly in respect of waste water, the apportionment between industrial & warehouse activities to particularly the Business 4 Zone is not considered to be representative of what actually exists. A 100% loading of 'Industrial' at the higher L/day/m² is not reasonable as a significant amount of B4 land is utilized for light/dry industrial and warehousing which has a lower L/day/m² discharge level.

The calculation of non residential imperviousness is also flawed in relation to industrial developments as no account is taken of roof discharge which goes straight to ground or yard areas which discharges to swales on site.

As a result it would be completely unjust for the Council to expect to receive a development contribution for surface water where either of these activities occurs. The policy must make it clear that if surface water discharge is direct to ground and does not require any capacity from the city storm water system then development contributions can not be recovered for the ISA area that is managed on site.



Mark Weaver on behalf of Calder Stewart Industries Ltd

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