

## 9. BANKS PENINSULA COMMUNITY BOARDS RESERVE FUNDING AND DELEGATIONS

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### PURPOSE OF REPORT



1. The purpose of this report is to:
  - a) advise the Lyttelton/Mt Herbert and Akaroa/Wairewa Community Boards of the current state of the Council's reserve accounts where the two Boards have the power to recommend expenditure of \$20,000.
  - b) recommend that each of the two Boards advise the Council that the current delegation to the two Boards, regarding their power to recommend discretionary expenditure of \$20,000 from the reserve accounts, will not need to be made after the October 2010 election.
  - c) recommend an additional delegation to each of the two Boards on SPARC funding.

### EXECUTIVE SUMMARY

#### Banks Peninsula Reserve Contributions Expenditure

2. In 2006 when the reorganisation took place between Banks Peninsula District Council (BPDC) and Christchurch City Council (CCC), BPDC had a sum of approximately \$500,000 in its reserve accounts which were transferred to CCC.
3. Since 2006 the two Banks Peninsula Boards have been delegated by the Council the power to recommend expenditure of \$20,000 from the reserve accounts to spend on Peninsula reserves.
4. That funding of \$500,000 contributed by BPDC has now virtually been expended..
5. Further, as a result of the change in the law in 2002 requiring Councils to adopt Development Contributions Policies, the source of that reserve funding is no longer available to the Council.
6. As a result of the end of the availability of that reserves funding it is now considered appropriate that the Boards advise the Council that there is no longer a need for the Council to continue the current delegation regarding recommending expenditure from the reserves accounts after the election in October 2010.

#### SPARC Funding

7. For the 2009/10 funding round SPARC provided \$9,621 to the Christchurch City Council for rural travel grants for the Banks Peninsula area. For the previous two years, totals of \$9,500 and \$8,000 respectively were provided. For these three funding rounds, the Banks Peninsula Community Boards have had joint meetings and submitted formal recommendations on the disbursement of the funding to the Council for approval. Staff recommend that, in line with the Council's resolution of 12 June 2008, the Banks Peninsula Community Boards be granted joint delegated authority to disburse these SPARC Rural Travel Funds for Banks Peninsula.

### STAFF RECOMMENDATION

It is recommended that:

- a) The Banks Peninsula Community Boards note that the sum of \$500,000 in the Council's reserves account contributed by Banks Peninsula District Council, as part of the 2006 reorganisation, has now been expended.

- b) That the Banks Peninsula Community Boards recommend to the Council that the power to recommend discretionary expenditure of \$20,000 from reserve accounts not be carried over when Community Board delegations are made by the Council after the 2010 elections.
- c) An additional delegation be given to each of the two Boards on SPARC funding as follows:
  - *That the Lyttelton/Mt Herbert and Akaroa/Wairewa Community Boards have joint authority to allocate the annual SPARC Rural Travel Fund for Banks Peninsula.*

#### **BACKGROUND (THE ISSUES)**

8. Under the Local Government Act 1974, until 2004, all territorial authorities collected reserve contributions from subdivisions in their district. Typically these reserve contributions were 7.5% of the land value of the subdivision and the Council could then decide how it would expend those reserve contributions as the need for funding individual projects arose.
9. The Local Government Act 2002 replaced the 1974 Act. The 2002 Act required that Councils adopt a Development Contributions Policy which now includes the former reserve contributions from subdivisions. The difference with the new Development Contributions Policy was that the law requires the Council to identify the projects upon which those reserve contributions were to be spent within the policy itself to form the basis for the collection of the contribution. After 2002 the Council no longer had a fund building up of reserve contributions upon which it could choose to spend on projects.
10. At the time of the reorganisation in March 2006 both the former BPDC and CCC had adopted, in July 2004, their first Development Contributions Policy. After July 2004 the Councils no longer had a fund building up of reserve contributions upon which it could choose to spend on projects.
11. By the date of reorganisation in March 2006 BPDC had accumulated \$500,000, under the former Local Government Act 1974 provisions, in its reserve accounts and this money was transferred to the CCC as part of the reorganisation.
12. As part of that 2006 reorganisation the Local Government Commission stated in its reorganisation scheme that each of the Banks Peninsula Community Boards were to have the power to recommend to CCC the proposed expenditure from the City Council's reserve contributions account and that the powers conferred by the reorganisation scheme could not be altered for a period of 3 years from 2006.
13. Further in the 2006 Memorandum of Understanding signed between BPDC and CCC before the reorganisation came into force it was stated:

*"During 2004 and early 2005 BPDC undertook a large community consultation process that resulted in additional capital requests and further community priorities for operational expenditure being identified.*

*A schedule of these items that has been considered by BPDC will be attached as an Appendix 6"*
14. The Appendix 6 referred to in that Memorandum of Understanding listed a number of Banks Peninsula projects with estimates as to the costs of those projects. Appendix 6 had a number of Schedules. One of those Schedules, Schedule F, contained a list of projects in both the Lyttelton/Mt Herbert Community Board and Akaroa/Wairewa Community Board areas to be funded from the reserves accounts in the 2006-16 LTCCP.
15. Subsequent to the coming into force of the reorganisation scheme in 2006, and continuing on until today, the CCC made a number of delegations to the two Banks Peninsula Community Boards. A delegation which is relevant for the purpose of this report is:

- For the two Bank Peninsula Community Boards the following provisions apply:
  - i) .....
  - ii) ***That the two Peninsula Community Boards have a power to recommend discretionary expenditure of \$20,000 from the reserve accounts to spend on peninsula reserves."***

16. It is that delegation in bold regarding the power to recommend (not to decide) that is the subject of this report and where staff are recommending that that delegation not be carried over by the Council after the elections in 2010.

#### **Development Contributions Policy – Community Board Input Today**

17. As noted above the Local Government Act 2002 repealed the Council's power to take reserve contributions on subdivisions. The 2002 Act now requires every Council to develop, through its Long Term Council Community Plan, a Development Contributions Policy and the law also provides that a Council can only require a contribution (money or land) on a development if it has a Development Contributions Policy.
18. A contribution can only be required if the effect of the development is to require the Council to provide new or additional assets or assets of increased capacity as a consequence of the development. The law also requires that projects that contributions are to be spent on must be identified in the Development Contributions Policy **before** a contribution can be collected by a Council.
19. The Council's 2006 Development Contributions Policy, which was made some four months after the reorganisation of BPDC, contained the same projects and funding amounts as in the draft BPDC 2006 Development Contributions Policy. Those projects have subsequently been carried forward, where necessary, into the current City Council 2009 Development Contributions Policy.
20. The formation of each Development Contributions Policy is conducted in concert with development of the LTCCP Capital Programme as only projects listed in the LTCCP can be included in the Development Contributions Policy. Community Boards were canvassed prior to the LTCCP 2009-19 for projects they wished to be included in the Council's LTCCP capital prioritisation process. If the projects approved for funding were also growth related projects then they were also included in the Development Contribution charges using the Councils methodology. In other words the project is included in the Policy and contributions are received from developers towards that project as development happens. A management decision is made to give effect to the project according to the timing in the LTCCP Capital Programme without the need of further signoff by elected members.

#### **Banks Peninsula Reserve Contributions Expenditure**

21. Regarding the sum of \$500,000 that BPDC had accumulated at the time of the reorganisation in 2006, that money has been spent on the projects listed in Schedule F of Appendix 6 of the 2006 Memorandum of Understanding between the two Councils. That sum of \$500,000 has now been totally spent and **Appendix A** shows the expenditure of that sum. It will be noted that for some of the Schedule F projects the amount expended in excess of those estimated in the MOU which is not unexpected. Because of the 2006 Development Contributions Policy that sum of \$500,000 has not be replenished and for all practical purpose the reference in the current City Council delegation to the two Banks Peninsula Boards having the power to recommend expenditure from the Reserve Contributions account has now run its course. Today there are no longer any funds available for the two Boards to make a recommendation about. The two Community Boards now have their input into the development contributions policy through identifying projects as part of the development of the Policy relating to Banks Peninsula.

## **Conclusion**

22. Given the information above staff recommend that the two Banks Peninsula Boards advise the Council that as the funding in the reserve accounts referred to in the current Council delegations has now been spent, that the Peninsula Boards can recommend 'Discretionary Expenditure of \$20,000 from Reserve Accounts' not be carried over when Community Board delegations are made by the Council after the 2010 election.

## **SPARC Funding**

23. At its meeting of 12 June 2008 the Council resolved *"that the Council considers, as part of the review of Community Board delegations, to delegate to the two Banks Peninsula Community Boards jointly, the annual allocation of the SPARC Rural Travel Fund."*
24. The SPARC Rural Travel Fund encourages participation in sport by young people living in rural communities. It is open to rural sports clubs and rural school teams. The fund is for young people aged between 5 -19 years who require subsidies to assist with transport expenses to local sporting competitions. The fund is not available for travelling to regional or national events. "Local" for Peninsula young people means travelling to other sub-unions such as Ellesmere, Waihora, Lincoln and further afield to participate in regular competitions. The allocation is based on a population density formula for areas with less than ten people per square kilometre and therefore excludes Lyttelton and Governors Bay.