



Report 06.338
Date 17 July 2006
File G/06/01/06

Committee Policy, Finance and Strategy
Author Chris Gray, Finance Manager

Development Contributions for Regional Councils

1. Purpose

To review the request by Auckland Regional Council to support their proposal to allow all Regional Councils the power to levy development contributions under the Local Government Act 2002.

2. Significance of the decision

The matters for decision in this report do not trigger the significance policy of the Council or otherwise trigger section 76(3)(b) of the Local Government Act 2002.

3. Background

The Local Government Act 2002 provides territorial authorities with the power to levy development contributions to assist in meeting the costs of infrastructure associated with growth. This power has not been extended to regional councils.

The Auckland Regional Council (ARC) has requested the power for all regional councils to levy development contributions under the Act as regional councils now have the same powers to own and manage infrastructure. They are arguing for national consistency with local councils and believe it is sensible to argue for the power to be conferred on all regional councils, rather than just the ARC.

The ARC put its request to the Local Government and Environment Select Committee on the Local Government Law Reform Bill in May without success. The submission has however been referred to the Government's Local Authority Funding Review. Work on this is expected to start soon and should take about six to eight weeks to complete.

The ARC is hoping to demonstrate other regional councils' support for this initiative by providing letters of support from other councils to the Local Authority Funding Review. To that end it is seeking a formal resolution from Council supporting its initiative to gain the power to levy development contributions for all regional councils.

4. Discussion

Regional councils now have similar powers to territorial authorities to own and invest in infrastructure and incur similar types of expenses including the costs involved in providing new or expanded infrastructure for new development in the region. The ARC consider that this should be recognised by extending the powers to require development contributions to regional councils. A summary of the ARC's recent submission on the Local Government Law Reform Bill is attached as **Attachment 1**.

Development contributions are governed by Local Government Act processes. Before territorial authorities can require development contributions they must adopt a development contribution policy. This policy must be underpinned by a very robust justification for development contributions. Adoption of a development contributions policy is usually associated with the LTCCP process.

There are several areas where development contributions may be useful to Greater Wellington. These range from provision of transport infrastructure to managing the effects of land use changes that may affect flood hydrology.

Further analysis will be required to give a complete view of possible applications of development contributions in the Wellington region. It should be noted that there would be no compulsion to use these powers if they were granted to regional councils.

Officers consider that the ability to levy development contributions would be a useful addition to current revenue gathering mechanisms and that the ARC initiative to have this power conferred on regional councils should be supported.

5. Communication

No communications are necessary.

6. Recommendations

That the Committee recommends that Council:

1. **Receives** the report.
2. **Council** provides a letter to the Auckland Regional Council in support of its initiative to seek the powers to levy development contributions for all Regional Councils.

Report prepared by:

Report approved by:

Chris Gray
Finance Manager

Barry Turfrey
Chief Financial Officer

Attachment 1: Extract from ARC submission and further evidence presented to the Local Government and Environment Select Committee in May 2006.