



GORE DISTRICT COUNCIL

**COMMERCIAL AND INDUSTRIAL
DEVELOPMENT CONTRIBUTION
DISBURSEMENT POLICY**

Adopted by the Gore District Council on 25 September 2007

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GORE DISTRICT COUNCIL

COMMERCIAL AND INDUSTRIAL DEVELOPMENT CONTRIBUTION DISBURSEMENT POLICY

1. PURPOSE OF THE DISBURSEMENT POLICY

Gore District Council's Commercial and Industrial Development Contribution Disbursement Policy ("the Disbursement Policy") specifies principles through objectives and policies to guide the manner in which the Council uses and allocates money received from large scale development projects in the District.

The Disbursement Policy:

- Outlines the Council's commitment to use Commercial and Industrial Development Contributions ("Development Contributions") for the benefit of the wider community, while recognising at the same time that identifiable areas adversely impacted upon by large scale development should, where practical, also receive some benefits through the use of development contributions.
- Makes a commitment to provide for the appropriate distribution of Development Contributions upon their collection

2. GUIDE IN USING THE DISBURSEMENT POLICY

In reading and applying the Disbursement Policy it should be noted:

An **objective** identifies the goal or end point that Council wishes to achieve. A change, or addition, to the objectives would require amendment of the Disbursement Policy.

A **policy** can relate to:

- Processes - including the procedures to be adopted by Council or individual steps before adopting, and during the taking of, some action.
- Principles - including the position that Council will take in

certain instances, the values it will apply or criteria that are to be adopted in decision making processes.

Only in exceptional cases should the policies not be followed. However, it is recognised that circumstances can differ over time. Where action is to be taken that is contrary to any individual policy then that will require consideration by Council in open meeting.

3. DISTRICT PLAN PROVISIONS

The District Plan contains a number of provisions relating to financial contributions. These are described in the following manner:

Financial contributions are contributions of money or land, or a combination of the two. The purpose of financial contributions is to avoid, remedy or mitigate adverse effects of an activity on the environment where that avoidance, remediation or mitigation cannot be achieved by another condition of consent or where imposition of a financial contribution is a more efficient and effective means to address that adverse effect. This includes contributing to the cost of providing and maintaining community recreational facilities and infrastructure. Financial contributions may also be required to ensure positive effects on the environment to offset any adverse effects of an activity.

The District Plan objective in relation to financial contributions is:

To require financial contributions, in appropriate circumstances, for the purpose of offsetting adverse effects of subdivision and development.

Financial contributions are required in a range of circumstances, including where:

- insufficient parking is provided for commercial development within the Gore commercial area
- development or subdivision requires upgrading of roads or footpaths
- development seeks to connect to Council's reticulated water and sewerage schemes
- additional residential sections are created
- commercial or industrial developments exceed \$500,000 in value

The Disbursement Policy relates only to the final category listed. For ease of understanding, the payment is referred to as a "development contribution".

The Gore District Plan includes provisions relating to development contributions. These are set out below.

Circumstances when a development contribution is paid

Where a commercial or industrial activity is being established, and the cost of the development (including buildings, plant and associated site works) exceeds a value of \$500,000.00.

The maximum amount of a development contribution

0.5% of the cost of the development, plus GST.

Purposes for which development contributions will be used

- (i) Any development contributions taken by the Council shall be used to provide, maintain, upgrade or extend recreational facilities within the Gore District.
- (ii) The Council may, at its discretion, use such development contributions to:
 - provide, maintain and upgrade recreation facilities either within the general location of the site from which a development contribution is received, or at such other site where there is benefit to the general public; or
 - repay loans associated with the provision of recreational facilities.

The district plan therefore provides a broad framework for the allocation or use of development contributions. The Long Term Council Community Plan, the Annual Plan and Annual Maintenance Plan also identify current projects proposed to be undertaken by Council. Development contributions, where they are consistent with the Disbursement Policy, may be used to undertake any project listed in these Plans and other approved projects.

Where large amounts of money are paid to Council, a considered approach is required to determine how that money is used or allocated. The Disbursement Policy will be used to guide the processes and considerations in doing that.

The Parks and Reserves section of Council's Long Term Council Community Plan states as its Objective:

To provide quality parks and reserves that enhances and enriches the community.

The Long Term Council Community Plan also sets out Levels of Service which will be provided, “Why is the service provided” and states descriptively how Parks and Reserves “Contribute To Community Outcomes”. The Disbursement Policy will aid the Council in meeting this objective and these service delivery standards.

4. APPLICATION OF THE DISBURSEMENT POLICY

Objective 4.1

The process of using and allocating development contributions is to be open and transparent.

Policy 4.1.1 All development contributions received by Council are to be processed and allocated in conformity with the Disbursement Policy.

Policy 4.1.2 A report shall be submitted to Council on a six monthly basis detailing:

- (i) All development contributions received by Council since the previous report.**
- (ii) Any spending of development contributions undertaken since the previous report.**
- (iii) All development contributions held by Council, the date of their receipt and whether they are allocated to a particular project.**

Explanation: A development contribution is money paid to Council to be used for the benefit of the community. In such circumstances it is appropriate to put in place a framework to manage the manner in which it is received, held and allocated. A public record of this information is required and it is also appropriate for Council to monitor its processing and use.

Objective 4.2

Ensure that the Disbursement Policy reflects the current views of the Gore District Council.

Policy 4.2.1 Review the Disbursement Policy once it has been in effect for five years.

Policy 4.2.1 Review the Disbursement Policy prior to the five year period if Council is of the view that it is either out-of-date or does not adequately provide for the circumstances that have arisen.

Explanation: The purpose of the Disbursement Policy is to provide a framework for the allocation of development contributions received by Council. Experience over time may suggest that amendments are required to the statement, and a five year review period provides a set time for consideration to be given to any changes that may be desirable. Should it become apparent that changes are required prior to the five year review, then Policy 4.2.1 provides for this.

5. DEVELOPMENT CONTRIBUTIONS UP TO \$60,000

Objective 5.1

Provide for the timely allocation of development contributions up to \$60,000 on approved projects

Policy 5.1.1 Delegate to Chief Executive Officer the ability to allocate and spend development contributions received that are of a value of up to \$60,000.

Policy 5.1.2 Allocate development contributions received that are of a value of up to \$60,000 on approved projects within 12 months of payment being received.

Policy 5.1.3 Either:
(i) allocate development contributions received that are of a value of up to \$60,000 on projects listed in the Long Term Council Community Plan, Annual Plan or Annual Maintenance Plan; or

- (ii) obtain the approval of the Chair of the Operations Committee of Council to allocate the development contribution to any other project. The Chair of the Operations Committee may at their discretion approve such allocation or request the matter to be referred to the Operations Committee for determination.

Policy 5.1.4 The Chief Executive Officer shall allocate development contributions in conformity with the criteria set out in the District Plan taking into account:

- (i) the adverse effects of the development generating the development contribution, particularly as they relate to any particular area or group
- (ii) any wishes expressed by the developer making the development contribution
- (iii) any particular needs of the community at that time
- (iv) the practicality of retaining the development contribution and aggregating it with other such contributions to be allocated jointly to a single project

Policy 5.1.5 The Chief Executive Officer shall prudently invest the funds received in an interest bearing account until such time they are spent.

Explanation: To facilitate the orderly functioning of processes involving the receipt and allocation of development contributions received that are of a value of up to \$60,000 it is appropriate to provide for these to be dealt with by the Chief Executive Officer.

The Long Term Council Community Plan, Annual Plan and Annual Maintenance Plan all identify projects approved by Council and undertaking of such approved works does not require any additional consideration by Council. Should

there be sound reason to allocate funds of up to \$60,000 to other projects the approval of the Chair of the Operations Committee is to be obtained, or the matter referred to the Operations Committee.

There needs to be sound thought and consideration given to project allocation whilst taking cognisance of the ongoing maintenance requirements of such projects.

6. DEVELOPMENT CONTRIBUTIONS GREATER THAN \$60,000

Objective 6.1

Manage the allocation of development contributions greater than \$60,000 in a considered manner.

Policy 6.1.1 The Chief Executive Officer shall prudently invest the funds received in an interest bearing account for a minimum period of 24 months from the date of payment being received.

Explanation: It is appropriate when large sums of money are received in the form of development contributions not to rush decisions on how they are allocated. Such decisions will be made by Council and time is required to enable consideration of options.

Objective 6.2

Use development contributions greater than \$60,000 to “make a difference that would not otherwise occur”.

Policy 6.2.1 Allocate development contributions greater than \$60,000 to:
(i) reduce non-operational public debt;
(ii) undertake new capital works; and
(ii) upgrade, replace or expand existing capital works.

Policy 6.2.2 In determining how to allocate development contributions greater than \$60,000 Council shall give regard to:

- (i) the adverse effects of the development generating the development contribution, particularly as they relate to any particular area or group
- (ii) any wishes expressed by the developer making the development contribution
- (v) any particular needs of the community at that time
- (vi) the practicality of retaining the development contribution and aggregating it with other such contributions to be allocated jointly to a single project
- (vii) the provisions of the Council's Long Term Council Community Plan, Annual Plan and Annual Maintenance Plan
- (viii) the desirability of appropriately acknowledging the provider of the development contribution
- (ix) whether the allocation of the development contribution makes a "difference" to what would have otherwise occurred.

Policy 6.2.3 In determining whether to use development contributions to reduce public debt regard shall be given to:

- (i) the principle of intergenerational debt repayment
- (ii) whether the repayment will make a significant difference to the debt level

Policy 6.2.4 In determining whether to spend development contributions on capital projects regard shall be given to:

- (i) the cost of ongoing maintenance associated with that project
- (ii) the number and location of persons who will benefit from the project

Policy 6.2.5 In determining whether to spend development contributions on replacement and/or refurbishment of existing assets regard shall be given to:

- (i) whether the asset is still appropriate and fulfils a public need**
- (ii) the extent to which the allocation will increase the useful life of the asset.**

Explanation: Development contributions of more than \$60,000 should not be allocated to projects for which funding has already been approved, rather they should be used to “make a difference”.

A range of factors should be taken into account in determining how to allocate large sums of money collected by way of development contributions. The policies above set out the factors to which regard should be had.

7. REFUND OF DEVELOPMENT CONTRIBUTIONS

Objective 7.1

Provide for repayment of development contributions in appropriate circumstances

Policy 7.1.1 Repay development contributions where:

- (i) the development for which they were paid does not commence operations, provided that moneys paid are not spent**
- (ii) Council does not spend the moneys collected within ten years of payment being received**

Explanation: If a development contribution is made and the associated project does not go ahead or Council does not spend the money within an appropriate time frame then natural justice requires, all other things being equal, that the contribution be refunded.

Dated at Gore this 25th day of September 2007.

Tracy Hicks
MAYOR