



Minutes of a Hearing of Submissions on Amendments to the Policy on Development Contributions held in the Supper Room, Memorial Centre, Queenstown on Friday 2 December 2016 commencing at 9.00am

Present:

Councillor Alexa Forbes (Chairperson), Councillor Tony Hill and Councillor Ross McRobie

In attendance:

Mr Stewart Burns (General Manager, Finance and Regulatory) and Ms Jane Robertson (Senior Governance Advisor)

Appointment of Chair

The Governance Advisor called the meeting to order and asked the panel to determine who would chair the meeting.

On the motion of Councillors Hill and McRobie it was resolved that Councillor Forbes chair the meeting.

Apologies

There were no apologies.

Conflicts of Interest

No conflicts of interest were notified.

Hearing of Submissions

Queenstown Airport Corporation ('QAC')

- The Governance Advisor noted that the legal counsel for QAC had emailed a letter in lieu of attending the hearing. This was circulated to the panel. The letter stated that the short notice of hearing date meant that QAC was unable to attend the hearing. It also asked that if submitters speaking at the hearing presented new economic and transportation evidence, other submitters should have the opportunity to comment on this, especially if it resulted in major change to the policy from what had been originally notified.

Remarkables Park Ltd ('RPL')

1. John Young

Mr Young presented written submissions from which he read. His submission raised the following key points:

- The policy could impose significant and unjustifiable costs on RPL.
- The proposed change to the policy was contrary to the Local Government Act ('LGA').

- The policy was contrary to the terms of the agreement signed with RPL (and Shotover Park Ltd – ‘SPL’) in respect of the EAR which stated that RPL and SPL would receive a roading credit if they contributed to the EAR through land or cash. The agreement also anticipates the Council funding the EAR. If the development contributions policy requires RPL to contribute to the funding of the EAR, it will seek redress for breach of contract.
- The significant development contributions already paid by RLP and SPL should have been and expected that they would be earmarked for this project because this is what is expected by LGA.
- The Council is required by the LGA to consider the public benefits of the EAR.
- Any NZTA contribution only reflects the public benefit from improving the functioning of the state highway network and is not relevant to the public benefit from the new or improved district roads.
- The policy fails to adequately weigh and evaluate distribution of benefits between the community as a whole and individuals and the period over which the benefits should occur.

It was noted that the contract circulated contained a confidentiality clause and that 8(f) should not form part of the public record.

2. Tony Penny

Mr Penny asserted that the Council’s method of using transportation benefits for allocating costs to construct the EAR from different land holdings was flawed from a transportation planning perspective:

- Benefits should examine the difference in travel costs with and without the new road, but Council had only looked at the new road and not the comparison.
- Analysis has been averaged over the whole day which results in under estimating the delay in the roading network during the peak.
- With traffic diverted to the EAR, all other traffic on SH 6 will have better travel times but this had not be included in the analysis of benefits.

Mr Penny undertook his own analysis review to provide a more accurate assessment of the benefits:

- No trips in the opposite direction are predicted to use the EAR. This would increase the allocation to existing development to 10.5%.
- All trips have two ends, so the benefits should be shared equally between existing and future development. This adds 36.3% of benefits to be allocated to existing development, taking overall allocation up to 46.8%.

Mr Penny was critical that traffic volume predictions had only used 2045 forecasts. He stated that benefits were normally calculated over 40 years from construction. When the road opened 100% of the benefits would be related to existing development. Future development is likely to develop more slowly and the more slowly this happens, the greater the benefits are loaded onto existing development bringing the allocation up to 60-80%. He considered his calculations showed that the Council’s analysis was very inaccurate.

3. Jai Basrur

Mr Basrur presented written submissions. His key points were as follows:

- The process of allocating trips to future developments was questioned and the way in which this impacted the quantum of development contributions.
- Over time benefits decreased.
- Linear growth was a simplified assumption that values would grow consistently.
- It was not correct to include future interest costs as this means that costs are to be incurred when they have not been sustained.
- Funding development contributions in this way could escalate property prices as owners would pass on these costs.
- Concern is expressed about the timing mismatch between when contributions are made and benefits derived. There are other funding mechanisms which are consistent with this principle – what is proposed causes distortions.

4. Alastair Porter

Mr Porter presented a statement of evidence. The key points were as follows:

- The proposal would impose an entirely unexpected and disproportionate financial burden on RPL.
- He had assumed that RPL's financial contribution had been settled in February 2014 with the Deed of Agreement.
- Council had breached the agreement by not seeking funding from NZTA for 2 years and by not making reasonable endeavours to construct the EAR by May 2015. This had placed RLP at commercial disadvantage which was contrary to the purpose of the agreement.
- RLP had met all its contractual obligations in relation to PC 19.
- The estimate that when completed the EAR will carry 600,000 vehicles per year is now inaccurate as this calculation was made when travel to town could be achieved in 10 minutes but it could now take up to 60 minutes at times.
- The 8% cited by Council could not be justified. Furthermore, counting trips in both directions amounted to double counting.
- The EAR was an arterial road and not just an access road and the Council underplayed it when describing it as such.
- The need for the EAR was clearly anticipated by the Council's planning documents and it was poor planning if the Council now wanted to apply a development levy, as this should have started many years earlier when most of the proposed development was to be undertaken.
- It was not consistent with the principle of charging those who benefit to charge current landowners, as the EAR was long term infrastructure and benefactors would change over time.
- Development levies served to increase the cost of development which was an impediment to development and increased costs when sold back to customers. Rates were the best mechanism for funding the project because they did not carry the cost of a developer's margin and encouraging development brought in more ratepayers which served to reduce rates.

Further clarity was sought on Mr Porter's assertion of 'double dipping'. In reply, Mr Porter stated that in terms of the existing contractual agreement with Council, RPL would receive a credit RPL for building the road. As it was now also to pay by development contribution, this represented double dipping.

Mr Burns confirmed that RPL's existing credits were not extinguished by the present proposal.

5. John Young (Summary)

- Mr Young noted that when the timing was analysed, 47% increased as high as 60-80%.
- It was important to have regard to the principle that those who benefitted from infrastructure should pay for it.
- A contract had been agreed with all parties in respect of their contributions to roading development when the Deed of Agreement for Plan Change 19 had been signed.

RPL representatives left the meeting at 10.10am.

Panel members sought further clarification on:

- What is covered by the Deed of Agreement for Plan Change 19?
- Does it state that there is no contribution from RPL?
- Why does RPL believe that the agreement has been breached?

The meeting concluded at 10.12am.

