
ORDINARY MEETING

OF

GOVERNANCE, FINANCE AND PLANNING COMMITTEE

AGENDA

Time: 9.15am
Date: Wednesday, 27 August 2014
Venue: Committee Room 1
Ground Floor, Council Offices
101 Wakefield Street
Wellington

MEMBERSHIP

Mayor Wade-Brown

Councillor Ahipene-Mercer
Councillor Coughlan
Councillor Eagle
Councillor Foster
Councillor Free
Councillor Lee
Councillor Lester (Chair)

Councillor Marsh
Councillor Pannett
Councillor Peck
Councillor Ritchie
Councillor Sparrow
Councillor Woolf
Councillor Young

Have your say!

You can make a short presentation to the Councillors at this meeting. Please let us know by noon the working day before the meeting. You can do this either by phoning 803-8334, emailing public.participation@wcc.govt.nz or writing to Democratic Services, Wellington City Council, PO Box 2199, Wellington, giving your name, phone number and the issue you would like to talk about.

AREA OF FOCUS

The Governance, Finance and Planning Committee is responsible for long-term planning, setting the strategic direction for the city, agreeing outcomes, priorities, performance frameworks and annual budgets. The Committee is responsible for the long-term plan, annual plan, annual report, and quarterly reports. The Committee also makes sure residents are kept informed about what the Council is doing, are able to have their say, and feel confident that their views count.

Quorum: 8 members

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1 Meeting Conduct

1.1 Apologies

The Chairperson invites notice from members of apologies, including apologies for lateness and early departure from the meeting, where leave of absence has not previously been granted.

1.2 Conflict of Interest Declarations

Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as a member and any private or other external interest they might have.

1.3 Confirmation of Minutes

The Minutes of the meeting held on 24 June 2014 will be put to the Governance, Finance and Planning Committee for confirmation.

1.4 Public Participation

A maximum of 60 minutes is set aside for public participation at the commencement of any meeting of the Council or committee that is open to the public. Under Standing Order 3.23.3 a written, oral or electronic application to address the meeting setting forth the subject, is required to be lodged with the Chief Executive by 12.00 noon of the working day prior to the meeting concerned, and subsequently approved by the Chairperson.

1.5 Items not on the Agenda

The Chairperson will give notice of items not on the agenda as follows:

Matters Requiring Urgent Attention as Determined by Resolution of the Governance, Finance and Planning Committee.

1. The reason why the item is not on the agenda; and
2. The reason why discussion of the item cannot be delayed until a subsequent meeting.

Minor Matters relating to the General Business of the Governance, Finance and Planning Committee.

No resolution, decision, or recommendation may be made in respect of the item except to refer it to a subsequent meeting of the Governance, Finance and Planning Committee for further discussion.

2. General Business

REPORT OF THE AUDIT AND RISK SUBCOMMITTEE MEETING OF TUESDAY 19 AUGUST 2014: 2013/14 FINANCIAL STATEMENTS AND STATEMENTS OF SERVICE PERFORMANCE

Purpose

1. The purpose of this report is to present the financial statements, Statements of Service Performance and additional information contained within the Annual Report for the Council and Group for the year ended 30 June 2014 to the Governance, Finance and Planning Committee (the Committee) for review and confirmation.

Summary

2. The 2013/14 Annual Report is attached in Appendix 1 for the Committee's review.
3. The Audit and Risk Management Subcommittee (the Subcommittee), under delegation from the Committee, has the primary responsibility for reviewing and recommending the adoption of the Council's Annual Report. In accordance with this mandate the Subcommittee reviewed the draft financial statements and Statements of Service Performance at its meetings on 11 June 2014 and 19 August 2014, the latter involving a comprehensive review of financial and service performance results for the year ending 30 June 2014. All substantive issues raised and discussed by the Subcommittee at those meetings have now been satisfactorily resolved.
4. No significant issues impacting the financial statements or Statements of Service Performance have arisen subsequent to the Subcommittee's 19 August 2014 meeting. Therefore the Subcommittee recommends the formal adoption of the Annual Report to the Committee and Council

Recommendations

Officers recommend that the Governance, Finance and Planning Committee:

1. Receive the information.
2. Note that the Audit and Risk Subcommittee has reviewed the financial statements and Statements of Service Performance in detail.
3. Recommend to Council:
 - (a) That the Accounting Policies contained in the draft financial statements (attached to the officers' report) are formally confirmed for adoption for the financial statements for the year ended 30 June 2014.
 - (b) The adoption of the financial statements including Statements of Service Performance for Wellington City Council and Group within the Annual Report for the year ended 30 June 2014, subject to receiving final unmodified audit clearance from Audit New Zealand.

4. Recommend to Council the adoption of the Annual Report for Wellington City Council and Group for the year ended 30 June 2014 (attached in Appendix 1).
5. Recommend to Council that it delegate to the Chair of the Audit and Risk Subcommittee and Chief Executive the authority to make minor editorial changes that may arise as part of preparing the 2013/14 Annual Report document for publication.

Background

5. The Local Government Act 2002 requires the Council to prepare and adopt an Annual Report containing audited financial statements within four months of balance date. Section 111 requires the Council to comply with generally accepted accounting practice (GAAP) in preparing the Annual Report.
6. GAAP is defined by the Local Government Act to mean:
 - a. approved financial reporting standards (within the meaning of section 2(1) of the Financial Reporting Act 1993) so far as those standards apply to local authorities and council-controlled organisations; and
 - b. in relation to matters for which no provision is made in approved financial reporting standards (within the meaning of section 2(1) of the Financial Reporting Act 1993) and that are not subject to any applicable rule of law, accounting policies that –
 - (i) are appropriate to the local authority or council-controlled organisation; and
 - (ii) have authoritative support within the accounting profession in New Zealand.
7. The approved financial reporting standards referred to in section a) above are the New Zealand International Financial Reporting Standards (NZ IFRS) issued by the External Reporting Board (XRB).
8. Section 99 of the Act requires that the Annual Report must contain the auditor's report on the financial statements and Statements of Service Performance and the Council's compliance with the requirements of Schedule 10 of the Act. All requirements of Schedule 10 have been incorporated within the audited sections of the Annual Report.

Process and Timetable for Adoption of the Council's Financial Statements

9. The adoption process agreed to by the Subcommittee at its meeting on 11 June 2014 is as follows:

Date:	Action:
11 June 2014	ARS Meeting Subcommittee reviewed and conditionally approved draft format for the 2013/14 financial statements and the proposed sign-off process.
28 July 2014	Audit New Zealand commenced final audit fieldwork.

Date:	Action:
1 August 2014	Consolidated draft financial statements, including results of operations and cash flows for the year ending 30 June 2014, financial position as at 30 June 2014 and financial overview available for final internal review and management sign off.
8 August 2014	Signed letter of representation from Joint Ventures, subsidiaries and Associates
12 August 2014	Audit and Risk Subcommittee briefing on major provisions and issues.
15 August 2014	Completed final Annual Accounts or Audit clearance from Joint Ventures, subsidiaries and Associates
19 August 2014	ARS Meeting Subcommittee to review consolidated draft financial statements, including results of operations and cashflows for the year ending 30 June 2014, financial position as at 30 June 2014 and financial overview, subject to final Audit New Zealand clearance. Subcommittee to also review Statements of Service Performance, report on CCOs and report on mana whenua partnership. Subcommittee to recommend adoption of 2013/14 financial statements to Governance, Finance and Policy Committee.
27 August 2014 (scheduled)	Governance, Finance and Planning Committee Meeting Committee to recommend adoption of 2013/14 financial statements to Council.
27 August 2014 (scheduled)	Council Meeting Council to adopt 2013/14 financial statements. Management Letter of Representation issued to Audit New Zealand. Audit New Zealand sign Audit Opinion. Media Release – Financial Results for the year ending 30 June 2014.
26 Sept 2014	Release of published Annual Report.

The Annual Report publication

10. The Annual Report is one of the Council's core publications. A clear, concise and readily accessible document is important in conveying the organisation's strengths and achievements over the last year.
11. The publication itself will be prepared following Council's approval of the version presented here. A summary of the Annual Report will also be produced following its adoption by Council. The summary, which is subject to audit clearance, will provide an

overview of the Council's performance and financial position; outline highlights for each strategy and provide information on key facts about the city.

Discussion

12. The Annual Report for the year ended 30 June 2014 is attached to this report. The following discussion analyses:

- The results of operations and financial position for the year ended 30 June 2014, including:
 - financial performance for the year ending 30 June 2014
 - financial position
 - capital expenditure program
 - Statements of Service Performance
- Group reporting
- Clearance processes

Results of Operations and Financial Position for the Year Ended 30 June 2014

Operating Performance

13. The Statement of Comprehensive Financial Performance reports a net surplus for the Council's activities of \$27.5 million compared with a budgeted net surplus of \$35.7 million resulting in an unfavourable variance to budget of \$8.2 million. There were a number of larger items which had a significant impact on the result for the year including the restatement of the provision for leaky homes of \$2.9 million and other fair value movements. Along with other revenue changes and cost savings in areas such as interest and depreciation has resulted in an underlying surplus for the year of \$1.2 million excluding ring-fenced amounts.

	Actual 2014 \$M	Budget 2014 \$M	Variance \$M
Reported net surplus	27.5	35.7	(8.2)
Exclude Non-cash funded items			
Vested Assets (3)	(8.5)	0	(8.5)
Fair Value movements (2)	7.8	(0.6)	8.4
Gain/(Loss) and impairment of assets (net)(1)	2.3		2.3
Unfunded depreciation (4)	14.3	14.7	(0.4)
Exclude revenue for capital items			
NZTA Subsidy on capital work	(10.5)	(10.3)	(0.2)
Development Contribution	(5.9)	(5.0)	(0.9)
Housing Upgrade Project Capital Grant and ring-fenced activities	(21.1)	(27.3)	6.2
Bequests, trust and other external funding	(2.2)	(1.5)	(0.7)
Other adjustments			
Transfers to provisions & reserves	(5.7)	(5.7)	0
Additional net expenditure on Wellington Waterfront and Venues Projects and Joint	5.0	0	5.0

Ventures with Porirua Less variance from Ring-fenced activities	(1.8)		(1.8)
Underlying surplus	1.2	0	1.2

Notes:

1. This loss / (gain) relates to the annual revaluation of Council and WWP investment properties. Due to the level of uncertainty in forecasting investment property revaluations, these movements are not budgeted within the Long Term Plan (LTP)/Annual Plan.
2. Other fair value movements include movements related to interest rate swaps and related party loans.
3. Vested assets are those assets transferred between the Council and an external party and recognised as revenue or expense accordingly. The majority relates to infrastructural assets such as roading, drainage and waste and water assets that have been constructed by developers and transfer to the Council on completion.
4. Represents depreciation not funded through rates as renewals on these assets are either fully or partially funded by external parties.

14. The movement in the weathertight homes provision is separately funded through a combination of rates and borrowings so is added back to calculate the underlying surplus available for use. The Council has already agreed to use \$3m of the 2013/14 surplus to fund the Wellington Economic Initiatives Development Fund and therefore has an underlying funding surplus to carry forward of \$11.6 million.
15. The amount of underlying surplus that can be carried forward into the next financial year is set out in the table below:

	\$m
Opening underlying funding surplus from previous years	10.5
<i>Movement in underlying funding Surplus / (Deficit) from this year's result</i>	1.2
<i>Items separately rates funded</i>	
Movement in Weathertight Homes Provision	2.9
Adjusted available underlying surplus	14.6
<i>Transfer to reserves</i>	
Funding Wellington Economic Initiatives Development Fund	(3.0)
Remaining underlying funding surplus to carry forward	11.6

16. A full explanation of the significant factors contributing to the underlying variance is outlined in the table below. The Council's financial performance includes the results of operations of the Wellington Waterfront Project (WWP), Wellington Venues Project (WVP) and the Joint Venture arrangements with Porirua City Council (PCC JVs). The WWP, WVP and the PCC JVs are consolidated on a line by line basis into the Council's financial statements.

	\$m
Restatement of weathertight homes provision	(2.9)
Insurance costs (net of recoveries) funded through self-insurance reserve	(1.2)
Total unbudgeted revenue/expenditure	(4.0)
Significant variations from budget	
Decrease in rates revenue	(0.5)
Decrease in income from activities	(1.1)
Dividends in excess of budget (including Wellington International Airport Limited)	2.2
Decrease in net interest expense	1.8
Decrease in depreciation	1.2
Other net variances	1.6
Total significant variations from budget	5.2
Council underlying variance excluding ring-fenced amounts	1.2

17. The Council also recognised a loss in the Total Comprehensive Expense due to non-cash movements in Other Comprehensive Expense totalling \$35.768 million. Total Comprehensive Expense is made up of the following:

Net surplus for the year	\$27.465m
Movement in fair value of P,P&E	(\$45.290m)
Movement in cash flow hedge reserve	\$9.552m
Movement in fair value through other comprehensive income reserve	(\$0.030m)
Other Comprehensive Income/(Expense)	\$(35.768m)
Total Comprehensive Expense	\$(8.303m)

18. During the year the Council undertook its triennial revaluation of its infrastructural assets, which include water, wastewater, stormwater and roading assets. In conjunction with this, the Council did a comprehensive review of its asset information to improve the accuracy of its infrastructural asset management plans. This has resulted in a net reduction from the asset revaluation of \$45.4 million brought about by greater detail and increased accuracy in asset information now provided through Council systems. This decrease in value of assets is in contrast to the 2014 Annual Plan which budgeted for an expected increase of \$176.1 million arising from the revaluation of assets reflecting anticipated value uplift since the last revaluation. The Council currently has a debit balance in its hedging reserve totalling \$0.403 million. This will reduce to zero as these swaps reach the end of their lives.

19. The consolidated Group results reflect an overall net surplus of \$30.988 million. The Group results consolidate the operations of the Council's subsidiaries (on a line by line basis) and associates (using the equity method of consolidation) together with the results from the Council's operations. The difference between the Council and Group results arises from the elimination of "inter-group" transactions and the recognition of the Group's share of the results of subsidiaries and surpluses or deficits of the associate entities. The Group also recognised Other Comprehensive Expense totalling \$37.602 million. Total Group Comprehensive Expense is made up of the following:

Net surplus for the year	<u>\$30.988m</u>
Movement in Fair value of P,P&E	(\$47.163m)
Movement in cash flow hedge reserve	\$9.552m
Effect of changed shareholding in associates	\$0.038m
Share of movement in associates cash flow hedge reserve	\$0.001m
Movement in fair value through other comprehensive income reserve	(\$0.030m)
Other Comprehensive Income/(Expense)	<u>\$(37.602m)</u>
Total Comprehensive Expense	<u>\$(6.614m)</u>

Statement of Financial Position

20. The Statement of Financial Position reflects an equity position of \$6,340.095 million for the Council entity as at 30 June 2013, an overall decrease of \$8.303 million from the opening balance.
21. In analysing the Council's overall financial position at 30 June 2014, compared to the position at the previous balance date, the most significant movements relate to property, plant and equipment; borrowings and provisions.

Property, Plant and Equipment

22. Property, plant and equipment has decreased by \$10.279 million to \$6,536.013 million as at 30 June 2014. Movements in property, plant and equipment for the Council are shown below:

Opening balance	\$6,546.292m
Additions (completed capex)	\$104.322m
Disposals	(\$3.503m)
Depreciation expense	(\$91.934m)
Movement in WIP	\$21.781m
Movement in Revaluation	(\$45,290m)
Other movements	\$4.345m
Closing balance	<u>\$6,536.013m</u>

23. The additions figure above represents completed capex (including vested assets) so will not agree directly to the total capex spend. It should also be noted that some capex will still be held within work in progress at 30 June 2014 and therefore not be included within the additions figure.

Net Borrowings

24. The Council's net borrowings have increased by \$2.6 million to \$346.545 million as at 30 June 2014. The increase in the Council's level of borrowings reflects the utilisation of funds to complete the 2013/14 capital expenditure programme. The Council borrows to fund the purchase or construction of new assets or renewals as approved through the Annual Plan process. The Council's closing net borrowings is \$26.468 million lower than the budgeted net borrowings of \$373.013 million as a result of re-phasing of delivery of the capital expenditure programme to reflect changes in project timing.
25. As at 30 June 2014, \$56.798 million of net borrowings were short-term i.e. due within 12 months (2013: \$118.562 million) and \$289.747 million were long-term i.e. due after 12 months (2013: \$232.768 million). This is consistent with the Council's borrowing strategy to ensure long-term liquidity and access to funds. The Council's strong liquidity and treasury management means that it has been cost-effective to maintain a negative level of net working capital. Interest rate swaps are in place to ensure the Council's exposure to interest rate risk is managed appropriately.

Provisions

26. Provisions have decreased \$18 million due to reductions in the Weathertight homes provision of \$16.6 million, Landfill provision of \$0.6 million and Storm costs \$0.8 million.

	Actual 2013/14 \$m	Actual 2012/13 \$m
Provision for other liabilities – current liabilities	\$30.8	\$34.5
Provision for other liabilities – non-current liabilities	\$35.4	\$49.7
Total Provision for other liabilities	\$66.2	\$84.2

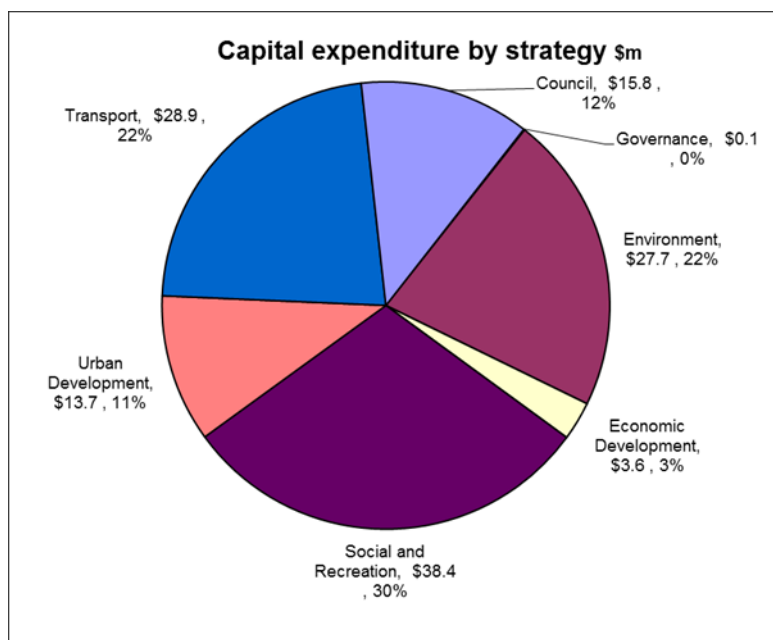
27. The large decrease in the Weathertight Homes provision is due to the settlement of claims (\$19.5 million) compared to the prior year (\$4.0 million). The decrease in the Landfill provision is due to changes in assumptions and the decrease in the Storm costs is due to the clean-up being completed and the provision now extinguished.

Capital Expenditure Programme

28. Total capital expenditure (capex) for the year ended 30 June 2014 was \$127.992 million, compared with the total budgeted capex programme (including carry forwards from 2012/13) of \$172.462 million. Total capital expenditure budget that will be carried forward to future financial periods is \$14.926 million (2013: \$32.743 million).
29. Significant capex projects undertaken during the year, in addition to the Council's infrastructural capex programme include the Zoo capital upgrade programme and the continuing upgrade of the Council's housing stock.
30. Total capex spend for the year compared to budget can be reconciled as follows:

Budgeted capex in Annual Plan	\$139.719m
Capex carried forward from 2013/14	\$32.743m
Capex carried forward to 2014/15	(\$14.926m)
Net capex underspend	(\$29.544m)
Total capex spend in 2013/14	\$127.992m

31. The following pie chart shows total capital expenditure by strategic areas:



32. The capital expenditure variance of \$29.5 million (\$1.7 million 2012/13) represents a departure from previous years where the majority of these projects would be carried forward. The Council has changed its process and is now reprioritising the majority of these projects in the forthcoming 2015-2025 Long-term Plan.

Statements of Service Performance

33. The Statements of Service Performance (SSPs) outline what the Council has achieved over the past year in relation to:
- the outcomes that were set in the long-term plan
 - performance measures and targets for 2013/14.
34. They also provide a narrative around milestone and activities that occurred during the year.

Presentation

35. The SSPs are structured around seven strategic areas. Each chapter steps through the area in more detail and explains how our activities contribute to our outcomes. These activity statements include:
- What we do: outlining the scope of work under the activity.

- What we achieved: a description of milestones achieved during the year.
- What it cost: a summary financial table for that activity. This includes explanations for any notable budgetary variances.
- How we performed: outlining our results against targets. We place these in the context of past results and next year's targets where appropriate.

36. Collectively this commentary illustrates the wide range of activities that the Council delivers and a sense of progress.
37. We also provide an executive summary of performance, which includes introductions from the Mayor and Chief Executive, to provide contextual information about our performance over the year. We also provide appendices, which include an outline of the performance of our Council Controlled Organisations and results for the Council's outcome indicators.
38. A summary of the Annual Report will be produced following its adoption at Council on 27 August 2014. The summary will provide an overview of Council's performance, key highlights for each strategy area and provide information on key facts about the city. The summary will be particularly useful for those who wish only to have an overview of the city's activities and performance rather than the review all the detailed information contained in the report.

Performance measures

39. This is the second year that we have used an on-line methodology to undertake our Residents' Monitoring Survey. The results on this year's survey are in-line with last year's, with most changes in the results within the margin of error. We are confident that the new methodology is robust and has provided us with a new benchmark for measuring our performance. It is our intention to now undertake a full review of our performance measures as part of the 2015-25 Long-term Plan process.

Group Reporting

40. As previously noted, the Council prepares consolidated financial statements for the Council and Group. The Group results consolidate the operations of the Council's subsidiaries (using the purchase method of consolidation) and associates (using the equity method of consolidation) together with the results from Council's operations. The Group structure is outlined in Note 38 to the financial statements.
41. There are a large number of entities within the Group and tight timeframes for finalisation of the Group financial statements. Group entities are required to complete the following:
- year-end consolidation package;
 - consolidation / financial statement templates allowing for effective consolidation of financial information; and
 - a letter of representation to be signed by the Chief Executive.
42. In addition, we require early advice of any significant or material issues arising from the preparation of the financial statements or the completion of the audit. These reporting requirements continue even after the consolidation package has been prepared and

submitted to the Council. The Council's finance team are in constant contact with Council Controlled Organisation (CCO) finance representatives to determine the status of their year-end audits, any arising issues, and any consequential impact for the Group financial statements. Due to the small size of most of the entities within the Group, the Group results are generally not materially different from those of the Council.

43. Overall, we do not anticipate any material adjustments being required to the consolidated Group financial statements. We will continue to liaise with all Group entities up to the date of adoption of the Council's Annual Report.

Clearance process

44. The management letter of representation will be signed by the Mayor, Chief Executive (CE) and Acting Chief Financial Officer (CFO). The letter of representation forms part of the overall audit procedures carried out by Audit New Zealand. The content of the letter of representation is consistent with that prescribed for use by auditors by the New Zealand Institute of Chartered Accountants.
45. As in previous years, the Subcommittee reviewed the Institute of Directors (IOD)/PricewaterhouseCoopers Director's checklist, together with a legislative checklist covering the Annual Report requirements stated in Schedule 10 of the Local Government Act 2002. These processes assisted the Subcommittee in forming its view that the financial statements for the 2013/14 financial year are fairly stated and provided the Subcommittee with comfort from which to recommend them to the Committee and Council.

Conclusion

46. The Annual Report prepared for the Committee's review includes the financial statements and Statements of Service Performance which have been reviewed in detail by the Subcommittee.
47. The financial statements include all known year-end adjustments required in order to fairly reflect the Council's results of operation, cashflows and financial position for the 2013/14 financial period. Further, at the time this report was prepared there were no known issues identified by Audit New Zealand that would materially affect the recognition and measurement of reported balances in the Council's financial statements.

Attachments

Attachment 1. Draft 2013-2014 Annual Report (separately enclosed)

Author	Richard Marshall, Manager Financial Accounting
Authoriser	Andy Matthews, Chief Financial Officer

SUPPORTING INFORMATION

Consultation and Engagement

No consultation is required for the adoption of the Annual Report.

Treaty of Waitangi considerations

There are no Treaty of Waitangi implications.

Financial implications

There are no financial implications arising from this paper.

Policy and legislative implications

The Annual Report is a requirement under the Local Government Act 2002.

Risks / legal

Failure to adopt the Annual Report by 31 October 2014 will breach the Local Government Act 2002.

Climate Change impact and considerations

None.

Communications Plan

The Annual Report and summary will need to be published within one month of adoption. Copies will be available in the libraries, service centres and on the Council's website, as well as available on request.

HOUSING ACCORD IMPLEMENTATION AND ADOPTION OF SPECIAL HOUSING AREAS

Purpose

1. This report seeks the Governance, Finance and Planning Committee's agreement to recommend to the Minister of Housing eight Special Housing Areas in accordance with the Housing Accords and Special Housing Areas Act.

Summary

2. At the Council meeting of 26 June 2014, Council agreed to enter into a Housing Accord with the Crown. The Accord contains, among other things, housing targets requiring 7,000 new houses over the next 5 years. These targets are ambitious as they represent up to twice the average annual number of houses consented in the last 10 years. Councillors asked officers to put forward the first tranche of Special Housing Areas and a housing development incentives package to help provide for more residential development over the 5 year term of the Housing Accord.
3. Eight Special Housing Areas (SHAs) are proposed for recommendation to the Minister of Housing. These are:
 - the greenfield areas of Lower Stebbings and Lincolnshire-Woodridge;
 - the Johnsonville and Kilbirnie medium density residential areas;
 - Adelaide Road (Mount Cook Centre zone);
 - Two 'low city' parts of the Central Area referred to as *Central Area North* and *Central Area South*¹; and
 - Arlington Apartments site (Inner Residential Area).(These SHAs are set out in Attachment 1)
4. Seven of the eight proposed SHAs have been extensively consulted on in the recent past and are identified as the City's strategic growth areas in the draft Wellington Urban Growth Plan (WUGP). The 2.7 hectare Council owned Arlington Apartments site is strategically important for the city given that it comprises 13% (269 units) of Council's social housing portfolio. Most of the units need to be refurbished and upgraded. Including the Arlington site as a SHA will allow for this redevelopment to occur in a comprehensive and timely manner.
5. Further areas/sites in other parts of the City could be identified as SHAs over the next 2 years based on proposed criteria contained in recommendation 5 and section 5.4 of this report.

Incentives

6. The *housing development incentives package* includes the following:

¹ The two areas are those that qualify under the height limit of 27m prescribed in section 14(b)(ii) of the Housing Accords and Special Housing Areas Act 2013.

- **Process incentives**
 - A one-stop-shop consent function, which will use the streamlined consenting processes under HASHA Act; and
 - Proactive engagement with the development community, infrastructure providers and key stakeholders.
 - **Financial incentives**
 - Two year deferred rates increases on greenfield subdivisions in excess of 30 allotments or dwellings (from the time Council signs off the subdivision (s224(c)), or when the land is sold; and
 - Waiving of pre-application resource consent fees.
 - **Council targeted investment**
 - Some of the SHAs are in areas where the draft WUGP has signalled growth will be encouraged through the provision of growth supporting infrastructure and public realm improvements.
7. The proposed SHAs provide for a mix of low, medium and high density development across the City. It is expected that a lot of the development occurring within the city will continue to be concentrated in these SHAs. The incentives package will help increase the scale and pace of residential development occurring in the City, particularly in the greenfield areas where recent developments trends have been lower than the historical average.

Recommendations

Officers recommend that the Governance, Finance and Planning Committee:

1. Receive the information.
2. Recommend to the Minister of Housing that the following eight special housing areas and associated qualifying development criteria be approved as set out in Attachment 1:
 - (a) Lincolnshire-Woodridge (greenfield area), with qualifying developments being 10 or more dwellings or allotments;
 - (b) Lower Stebbings (greenfield area), with qualifying developments being 10 or more dwellings or allotments;
 - (c) Johnsonville (medium density residential area), with qualifying developments being 2 or more dwellings or allotments;
 - (d) Kilbirnie (medium density residential area), with qualifying developments being 2 or more dwellings or allotments;
 - (e) Mount Cook Centre (Adelaide Road) with qualifying developments being 2 or more dwellings or allotments;
 - (f) Central Area North, with qualifying developments being 2 or more dwellings or allotments; and
 - (g) Central Area South with qualifying developments being 2 or more dwellings or allotments.
 - (h) Arlington Apartments site with qualifying developments being *2 or more dwellings or allotments*.

3. Agree to a housing development incentives package for all Special Housing Areas relating to:
 - (a) a one-stop-shop consenting process for all qualifying development applications;
 - (b) proactive engagement with the development community to provide information on the HASHA Act processes, and to help facilitate future development opportunities; and
 - (c) a waiver of pre-application meeting fees.

4. Agree that officers will take a paper to Council recommending that the Rates Remission Policy:
 - be amended to allow new residential greenfield allotments or dwellings in the Lower Stebbings and Lincolnshire-Woodridge Special Housing Areas to be exempt from rates increases resulting from the consequential valuation uplift of the land, provided:
 - it relates to the development of 30 or more new allotments or dwellings; and
 - the rates increase exemption be applied for a maximum two year period from the date the s224(c) certificate is issued by the Council, or until the new allotments created by the developer are sold, whichever is the earlier;
 - (b) The change referred to in 4.(a) above remain in place for the full term of the Housing Accord (2014-2019).

5. Agree to the following criteria for the selection of future Special Housing Areas:
 - (a) Consistency with the Wellington Housing Accord;
 - (b) Future development will be generally consistent with the District Plan;
 - (c) Infrastructure is available or can be made available to service the development;
 - (d) Existing and proposed future locational characteristics such as character, amenity, services and facilities make the area suitable for residential development;
 - (e) Any relevant landowner and Iwi views have been taken into account;
 - (f) There is demand for housing and development is likely to take place in the area.

6. That the Chair of the Governance, Finance and Policy Committee and the Chief Executive be delegated the authority to approve any minor editorial changes to the Special Housing Area schedules contained in Attachment 1.

Background

8. On the 26 June 2014 Council agreed to sign up to a Housing Accord with the Government. The targets set out in the Accord are outlined in the following table.

Targets – total number of sections and dwellings consented per year				
Year one	Year two	Year three	Year four	Year five
1,000	1,500	1,500	1,500	1,500

9. These targets are ambitious as they represent up to twice the average annual number of houses consented in the last 10 years. In 2008, the City’s most active year of construction, there were 1,052 dwellings consented. Councillors asked officers to put

forward the first tranche of Special Housing Areas for approval and a development incentives package to help provide for more residential development over the 5 year term of the Housing Accord.

10. Since that time officers have twice met with officials from the Ministry of Business Innovation and Employment, NZTA and Greater Wellington to form the Officials Working Group for this project. Officers have also consulted with the Auckland Council Housing Project Office to discuss the structure and processes they have established to implement the Auckland Housing Accord.
11. Officers have also met with key developers to further gauge their intentions and to discuss what incentives they see as being beneficial to realising the targets of the Housing Accord.

Discussion

Proposed Special Housing Areas

12. The eight areas proposed as Special Housing Areas are shown in Attachment 1 of this report. Seven of the SHAs are focused on existing identified growth areas which have already been extensively consulted on and appropriately zoned to enable low, medium and high density residential development. The proposed areas are:
 - (a) Lincolnshire-Woodridge (greenfield area);
 - (b) Lower Stebbings (greenfield area);
 - (c) Johnsonville (medium density residential area zone);
 - (d) Kilbirnie (medium density residential area zone);
 - (e) Adelaide Road (Mount Cook Centre zone);
 - (f) Central Area North (Central Area zone);
 - (g) Central Area South (Central Area zone); and
 - (h) Arlington Apartments site (Inner Residential Area).
13. The proposed Arlington Apartments SHA would include all of the existing 2.7 hectare site. The site is strategically important to the city given its size and close proximity to the central city, public transport and a range of services. It currently comprises 13% of the social housing portfolio. Most of the 269 units on the site however require refurbishment and upgrading. The Council is considering a range of options to improve the provision of housing on this site. Including the Arlington site as a SHA will allow for future development of the site in a comprehensive and timely manner. This SHA would be adjacent to the proposed Central Area South SHA.
14. Once these areas are recommended to the Minister of Housing, they go through a Cabinet process for approval, before being created by an Order in Council.

Qualifying development

15. The HASHA requires that Council establish thresholds for qualifying developments within SHAs that would enable developments to be assessed under HASHA Act processes. Qualifying developments would then qualify for the *housing development incentives package* recommended in section 5.3 below. It is recommended that the qualifying development threshold for Kilbirnie, Johnsonville, Arlington Apartments site, and Adelaide Road be two or more new allotments or dwellings. This threshold aligns

with District Plan rules and standards in the Medium Density Residential Areas for the assessment of multi-unit developments.

16. It is proposed that qualifying developments for Central Area North, Central Area South, Lower Stebbings and Lincolnshire-Woodridge SHAs be set at 10 or more dwellings or allotments. This is to encourage higher levels of development in these areas where higher development yields are easier to achieve. As an incentive to encourage more development to occur, it is recommended that developments involving 30 or more dwellings or allotments in the two greenfield areas be eligible for a rates remission as outlined in Section 5.3 below under Rates remission for greenfield development.

Incentives

17. Officers have considered a range of incentives to stimulate the rate of potential development and to bring some development forward which might otherwise have not progressed in the short term.
18. The following incentives are proposed for the Committee's consideration:

- **One-stop-shop consenting for Special Housing Area applications**

A dedicated team made up of staff from within the City Planning and Design (CP&D) Business Unit will process proposals for further Special Housing Areas and for qualifying development applications. The existing integration of the CP&D Business Unit allows for a readymade solution for the provision of a one-stop-shop for Special Housing Area applications. Additional technical advice such as for transport or infrastructure requirements will be brought in as part of this one-stop-shop approach. This will provide applicants with a dedicated point of contact for applications and a process by which all relevant parties to an application can provide advice in a timely, integrated and consistent way.

Greater Wellington Regional Council (GWRC) resource consent staff will be brought into the 'one-stop-shop' consenting process where applications require GWRC consents (such as bulk earthworks in the greenfield areas). Whilst not a party to the Housing Accord, resource consents may still be required under a Regional Plan and will need to be processed under the HASHA Act.

Discussions are ongoing with GWRC and any consent processes will be dealt with in a collaborative way. GWRC is aware of this process and that applications under the HASHA Act can be made to it. They are therefore reviewing their own processes for dealing with these applications.

- **Streamlined consent processing**

The HASHA Act provides for a streamlined resource consent process within shorter timeframes and with more limited public notification provisions than the RMA. This is considered to be the most significant incentive of the Housing Accord and Special Housing Area process as it provides a high degree of certainty to any developer and lower compliance costs.

The benefit of this process can be maximised in concert with the 'one-stop-shop' consenting proposal outlined above. Processes will ensure that high quality housing and residential environments will be provided as part of this process.

- **Pro-active engagement with the development community**
Officers will proactively engage with the development community to provide information on the HASHA Act process, and to facilitate future development opportunities.
- **Fees and charges**
It is proposed to waive fees for pre-application meetings. This would result in a saving for an average pre-application fee of approximately \$1000-\$2000. The benefits provided by the pre-application meeting process will also be enhanced as a result of the 'one-stop-shop' consenting process outlined above.
- **Council investment in the key infrastructure and the public realm**
Council investment in growth related infrastructure and public realm enhancements help create places where high quality residential growth and development can occur. The draft Wellington Urban Growth Plan (WUGP) will identify and prioritise local area planning initiatives, which will be funded through the Long Term Plan. Current and planned Council investment includes the Kilbirnie and Johnsonville town centres, Victoria Street upgrade, various public realm initiatives in the central city (laneways, Parliamentary Precinct etc), and the provision of network infrastructure in partnership with key northern growth area developers. These initiatives will contribute to supporting low, medium and high density residential development in each of the six proposed SHAs.
- **Rates remission for greenfield development**
Calculations show that on average there is a rates uplift of approximately 95% when undeveloped land is subdivided into smaller residential allotments. The developer has to pay these additional rates whilst trying to sell or develop these allotments. This approach to rating discourages large numbers of allotments being consented at one time. A developer spoken to indicated that he would consider releasing larger numbers of allotments onto the market if this rates remission policy was implemented.

Based on historical development patterns 100-150 lots may be created per annum in the two proposed greenfield SHAs. If the Council were to remit this rates increase (approximately of \$800 per lot) this would result in between \$80,000 - \$120,000 in rates remission per annum. We expect this figure to be higher if developers take advantage of this rates remission and increase the number of allotments created.

It is recommended that in the greenfield SHAs (Lower Stebbings, Lincolnshire-Woodridge SHAs) rates increases for new allotments put on hold for a maximum period of two years, or until the new allotments are sold (whichever is the earlier). To qualify for this rates remission a developer must get approval for 30 or more allotments at any one time.

² This is dependant on the number of meetings held and the number of officers in attendace. A typical pre-application meeting would involve three officers (a planner, urban designer, and traffic advisor).

It is proposed to provide the remission for the duration of the Housing Accord (2014-2019), at which time it would cease to have effect unless reviewed and Council decides to keep it in place.

- **Development Contributions**

Council has previously agreed to:

- Remove the 'community infrastructure' component of development contributions, resulting in an approximately 25% reduction in the cost of development contributions.
- Change the invoicing date for development contributions from 'end of build' to sale or occupation for developments of 10 or more Equivalent Housing Units for a maximum of two years.
- Remit 50% of development contributions for commercial and mixed use development with a 5 green star rating (or equivalent).

Given the scale of approved DC discounts that are currently in place, it is recommended that development contributions not be used to incentivise residential development, but instead promote the incentives recently put in place as achieving the purposes of the Housing Accord.

19. In summary, it is proposed to implement the following further housing development incentives:

- The provision of a dedicated one-stop-shop consenting resource using the streamlined HASHA Act processes for qualifying developments in SHAs
- A proactive engagement function working directly with the development community.
- Waiving fees for pre-application processes – this typically ranges from \$1000-\$2,000 per application.
- Ongoing Council investment in the public realm and infrastructure.
- Rates remission for greenfield development of 30 or more lots at an indicative cost of \$80,000-\$120,000 per annum.

(The above incentives are additional to the streamlined consenting processes provided for by the HASHA Act.)

Criteria for future Special Housing Areas

Guiding criteria

20. The following criteria are proposed as a basis for considering future Special Housing Areas:

- Consistency with the Wellington Housing Accord;
- future development will be generally consistent with the District Plan;
- infrastructure is available or can be made available to service the development;
- existing and proposed future locational characteristics such as character, amenity, services and facilities make the area suitable for residential development;
- any relevant landowner and Iwi views have been taken into account;

- there is demand for housing and development is likely to take place in the area.

21. The extent of consultation for future SHAs will vary on a case by case basis dependent on the particular circumstances of a given site.
22. Consistent with the signed Housing Accord, no specific affordable or social housing provisions are proposed. The intention of the Accord is to influence affordability by increasing supply. However, in accordance with Council's resolution of 26 June 2014, affordability and social housing will be discussed on a case by case basis with individual developers.

Consultation and engagement

Consultation

23. Officers have consulted with key developers in the City, the Greater Wellington Regional Council, NZ Transport Agency, and the Ministry of Business, Innovation and Employment in developing this paper. We expect that the Minister of Housing will support this approach and approve the eight SHAs recommended for approval.

Communication

24. A press release will be issued jointly with the Minister of Housing, Nick Smith, following a decision on this matter.
25. A Housing Accord page will be created on the Council website to provide advice and assistance to the development community and members of the public. It will contain:
- details of the approved Special Housing Areas;
 - information about the housing development incentives package including the one-stop-shop consent process;
 - general information relating to the Housing Accord for the public, including a frequently asked questions document;
 - a dedicated email address and contact details for communications with Council staff; and
 - the development of application processes (such as pre-application processes) and forms particular to Special Housing Areas.
26. As the project progresses further communications material such as an e-newsletter may also be produced.
27. Quarterly reports will be provided to the Transport and Urban Development Committee as well as the Joint Steering Group (as required by the Housing Accord).

LTP/Annual Plan reference and long term financial impact

28. The indicative costs of the housing development incentives package referred to in 5.3 above have been worked on and agreed to by Finance. The full costs of this approach will depend on the scale and uptake of development occurring in these areas. Any increase in development will help increase or ratepayer base and add to the economic growth and development of the City.
29. The funding implications of the development funding incentives will be incorporated into financial forecasts as part of the Long Term Plan process.

Climate change impacts and considerations

30. The proposed SHAs provide for a mix of low, medium and high density development across the City consistent with the Wellington Urban Growth Plan. This approach seeks to intensify residential development around key growth nodes and along the growth spine (Johnsonville to the airport), whilst also allowing residential greenfield development in the northern suburbs. This approach promotes development which allows for increased walking, cycling and public transport use, and less reliance on the car. Promoting a compact urban form reduces the consumption of fossil fuels and harmful greenhouse gas emissions which result in negative climate change impacts.

Conclusion

31. The Council has signed a Housing Accord with the Crown. It now needs to recommend to the Minister of Housing which areas it wants gazetted in the HASHA Act as Special Housing Areas (SHAs). Eight SHAs and associated qualifying development criteria have been recommended for approval. Development within these SHAs would be consistent with Councils approach to urban growth and development contained in the draft Wellington Urban Growth Plan and the District Plan. Criteria have also been developed for assessing further SHAs in the future.
32. The recommended housing development incentives package is expected to facilitate increased development within these SHAs.

Attachments

Attachment 1. Special Housing Area Maps

Author	John McSweeney, Principal Advisor Planning
Authoriser	Anthony Wilson, Chief Asset Officer

SUPPORTING INFORMATION

Consultation and Engagement

Implementation of the Wellington City Housing Accord aligns with Council's Wellington Towards 2040 Smart Capital and Economic Growth Strategy.

Treaty of Waitangi considerations

There are no known implications.

Financial implications

The recommendations on financial incentives have been developed with Finance. The funding implications of the *housing development incentives package* will be incorporated into financial forecasts as part of the Long Term Plan process.

Policy and legislative implications

The Council has signed a Housing Accord with the Crown. The eight Special Housing Areas recommended for approval, will need to be approved by the Minister of Housing and Cabinet, before they are gazetted and included as a schedule to the Housing Accord and Special Housing Areas Act as Special Housing Areas (SHAs).

Risks / legal

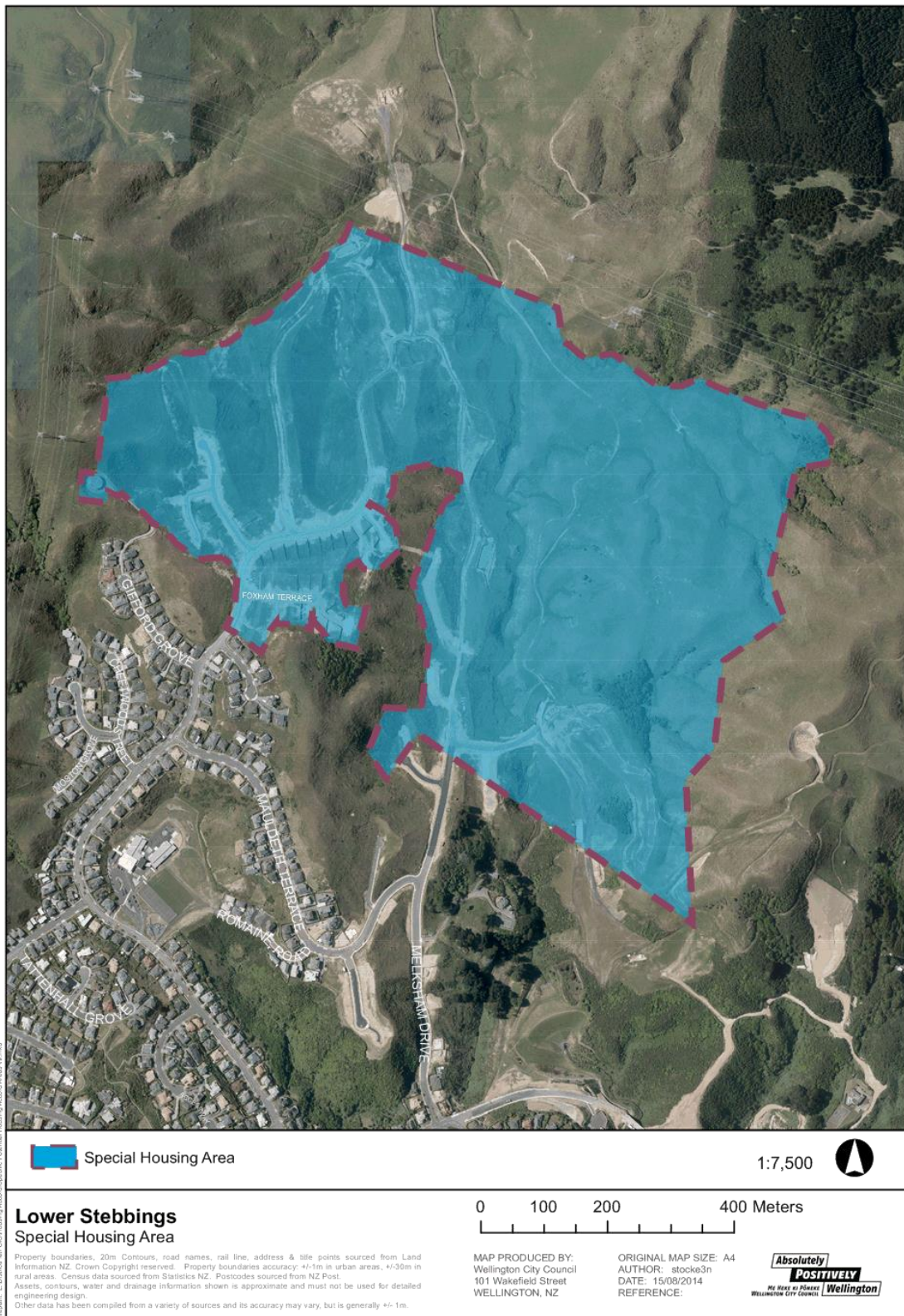
There are no known risks and legal implications.

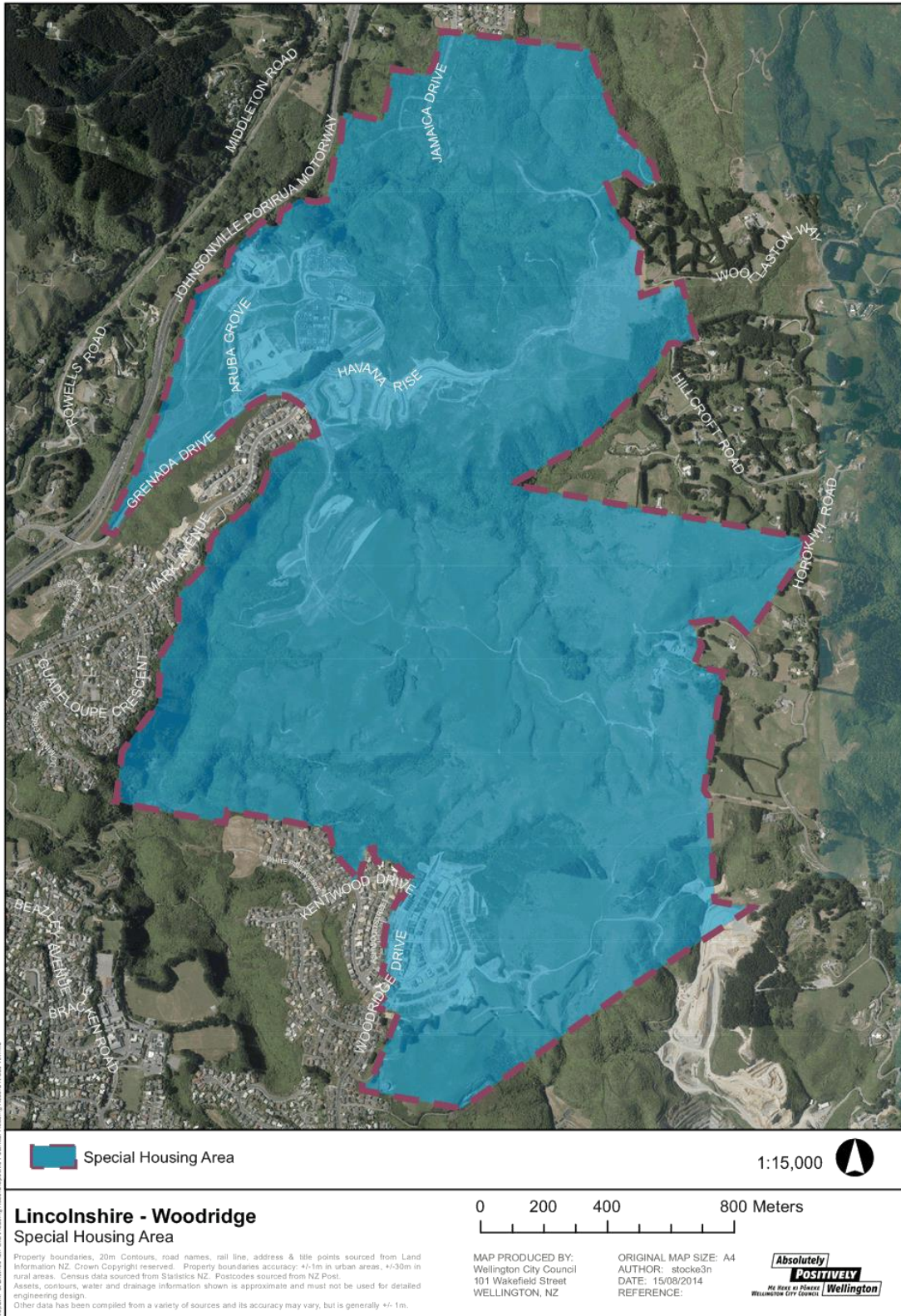
Climate Change impact and considerations

Section 5.7 of this report outlines the climate change implications.

Communications Plan

Section 5.5 of this report outlines the communication and engagement processes that will be used to help implement the Housing Accord.









 Special Housing Area

1:5,000 

**Central Area North
Special Housing Area**

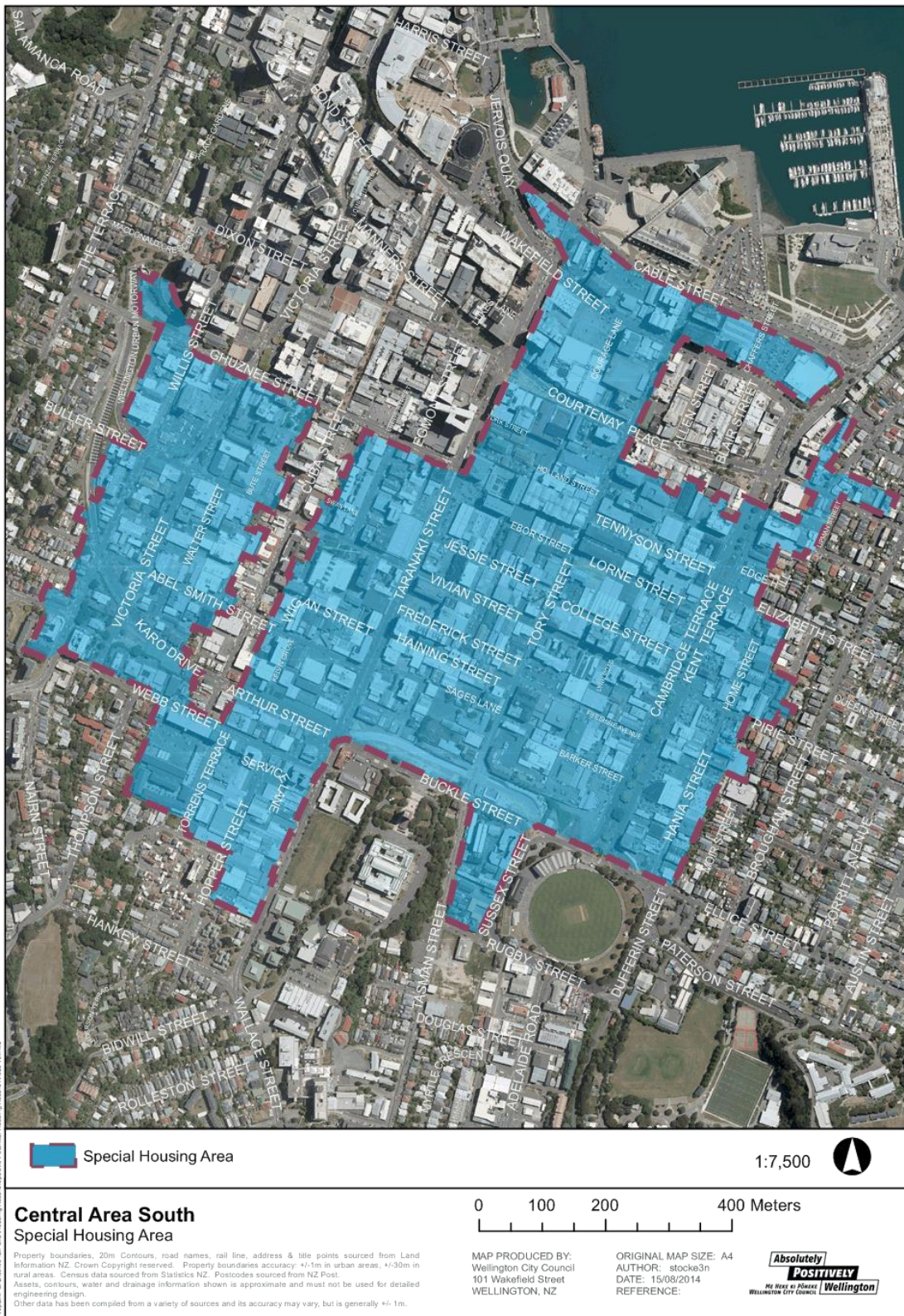
Property boundaries, 20m Contours, road names, rail line, address & title points sourced from Land Information NZ. Crown Copyright reserved. Property boundaries accuracy: +/-1m in urban areas, +/-30m in rural areas. Census data sourced from Statistics NZ. Postcodes sourced from NZ Post. Assets, contours, water and drainage information shown is approximate and must not be used for detailed engineering design. Other data has been compiled from a variety of sources and its accuracy may vary, but is generally +/- 1m.

0 65 130 260 Meters

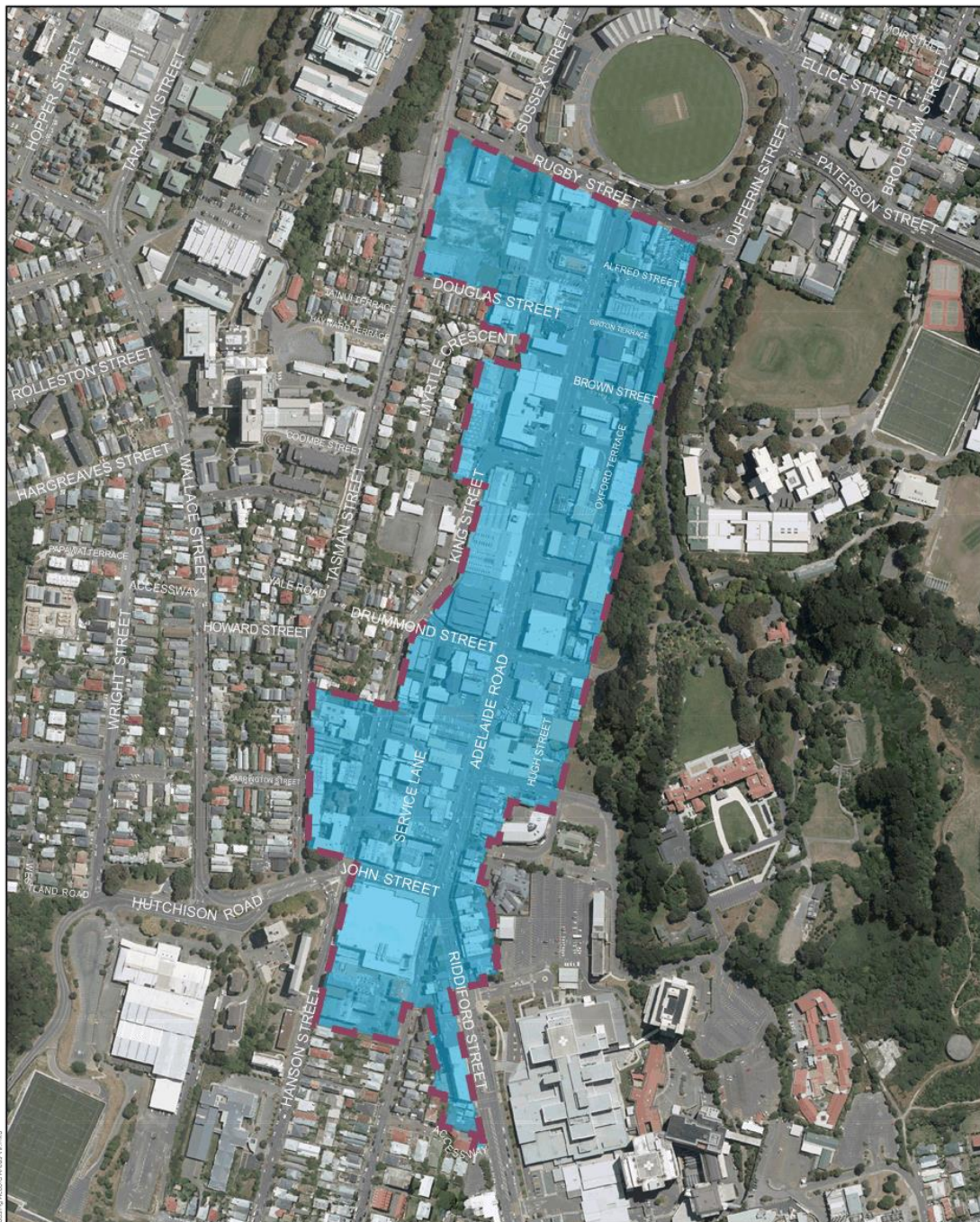
MAP PRODUCED BY:
Wellington City Council
101 Wakefield Street
WELLINGTON, NZ


ORIGINAL MAP SIZE: A4
AUTHOR: stock3n
DATE: 15/08/2014
REFERENCE:









 Special Housing Area

1:5,000



**Adelaide Road
Special Housing Area**

Property boundaries, 20m Contours, road names, rail line, address & title points sourced from Land Information NZ. Crown Copyright reserved. Property boundaries accuracy: +/-1m in urban areas, +/-30m in rural areas. Census data sourced from Statistics NZ. Postcodes sourced from NZ Post. Assets, contours, water and drainage information shown is approximate and must not be used for detailed engineering design. Other data has been compiled from a variety of sources and its accuracy may vary, but is generally +/- 1m.

0 65 130 260 Meters



MAP PRODUCED BY:
Wellington City Council
101 Wakefield Street
WELLINGTON, NZ

ORIGINAL MAP SIZE: A4
AUTHOR: stocks3n
DATE: 15/08/2014
REFERENCE:





DEVELOPMENT CONTRIBUTIONS POLICY - ADOPTION OF AMENDMENTS TO POLICY FOLLOWING LGA 2002 AMENDMENT ACT 2014

Purpose

1. The purpose of this report is to recommend changes to the Council's Development Contributions (DC) Policy to incorporate the immediate impacts of the Local Government Act 2002 Amendment Act 2014 (LGA) which came into effect on 7 August 2014. This report also recommends amending the Regulatory Processes Committee's Terms of Reference to incorporate the decision-making authority for the new development contributions reconsideration process that is being introduced as part of the LGA.

Summary

2. The Local Government Act 2002 Amendment Act 2014 received Royal Assent on 7 August 2014. The immediate impacts of the Amendment Act on development contributions are:
 - By 8 September 2014 the Council will need to include an asset schedule in its DC Policy that complies with (new) s201A of the Local Government Act 2002. Adding the schedule will require a resolution of the Council, but no consultation or other formality. The purpose of this is to give transparency of the projects funded by DCs.
 - By 8 September 2014 the Council will need to amend its DC Policy to set out a process for requesting reconsideration for development contributions. To give effect to this change, Council will also need to put in place any new delegations necessary to support the reconsideration process. Amending the DC policy will require a resolution of the Council, but no consultation or other formality. The purpose of this is to give a more rigorous process for objecting to DC charges.
 - Any other amendments required to the DC Policy so that it complies with the LGA will need to be prepared in draft and made publicly available by 1 December 2014.
3. To comply with the LGA changes, the Council's DC policy needs to include:
 - An asset schedule that complies with s201A of the LGA
 - A reconsideration process that complies with s199A, 199B, 201A and 202A of the LGA
 - Amendments to the Regulatory Processes Committee's Terms of Reference in order for the committee to make decisions on development contribution reconsiderations

Recommendations

Officers recommend that the Governance, Finance and Planning Committee:

1. Receive the information
2. Recommend to Council that it agree the amendments to the Development Contributions Policy required under sections 199A, 199B, 201A and 202A of the Local Government Act 2002 and attached as Attachment 1
3. Recommend to Council that it agree to amend the Regulatory Processes Committee's Terms of Reference to include the following:

"10. To make decisions on applications received under the Development Contribution Policy for reconsiderations"
4. Note that any further development contribution changes arising from the Local Government Act 2002 will be incorporated into the draft Development Contributions Policy by 1 December 2014 for consultation alongside the 2015-25 Long-term Plan

Background

4. The Local Government Act 2002 Amendment Act 2014 received Royal Assent on 7 August 2014. The changes made in the LGA to development contribution provisions and its impacts on Council Development Contribution Policy are summarised below:

Category of changes	Summary of changes	Impact on Council DC Policy
Community infrastructure and restrictions on reserves (s197 and s198A)	<ul style="list-style-type: none"> • Definition of community infrastructure significantly narrowed to include only community halls & centres, play equipment on local reserves and public toilets. • Cannot require contributions for reserves purposes on non-residential developments and non-residential component of mixed-use developments 	Council DC Policy was amended in conjunction with the 2014/15 Annual Plan process in anticipation of this Act change.
Development agreements (s207A to 207F)	<ul style="list-style-type: none"> • Formalises the process, including requirements to consider and provide written notice for all requests • Sets out mandatory and optional content of an agreement • Provides specific protections for parties 	Council DC Policy already provides for Developer Agreements, but process needs to be reviewed to ensure compliance with the Act by 1 December 2014 .
Development contribution schedule of assets (s201A)	<ul style="list-style-type: none"> • Requires Council to include a list by asset, groups of assets or programme of works for which DCs are intended to be used or have already been used. 	To be incorporated into Council DC Policy by 8 September 2014 as per transitional

	<ul style="list-style-type: none"> Part of DC policy, but can be amended any time. 	provisions.
Reconsideration and objections processes (s199A to 199N, Schedule 13A and s202A)	<p>Reconsiderations (s199A & 199B)</p> <ul style="list-style-type: none"> A variation of council dispute resolution for DCs but: <ul style="list-style-type: none"> mandatory; limited to three grounds based on incorrect application of the policy, calculation errors, or reliance on poor information; and formal timeframes for lodging a request and giving notice of a decision Decisions can be objected to under s199C <p>Objections (s199C-P & Schedule 13A)</p> <ul style="list-style-type: none"> For applications after commencement Cannot be used to challenge a DC policy Made only on specific grounds under s199D Decisions are made by DC commissioners, whom Council selects three from a pool Council responsible for administration of the process and hosting hearings Decision binding but can be judicially reviewed by Council or the objector 	Reconsideration process to be incorporated into Council DC policy by 8 September 2014 by Council resolution, no consultation or formality is required.
New purpose and principles (s197AA and 197AB)	<ul style="list-style-type: none"> New purpose statement inserted to act as overarching reference point as to why contributions exist and appropriateness of approach. Seven new principles introduced, relating to the way DC policies are prepared, how contributions are used, and adequacy of information. 	To be incorporated into Council DC Policy for consultation purposes by 1 December 2014 , and adopted by 30 June 2015.
Commencement and transitional provisions	<p>When provisions commence (Amendment Act, section 2)</p> <ul style="list-style-type: none"> DCs objections process come into force on 1 July 2014 All other provisions come into force the day following Royal assent <p>Timeframes and protections for territorial authority tasks (Schedule 1AA)</p> <ul style="list-style-type: none"> One month from commencement to include the asset schedule and reconsideration process into Council policy Draft information for other changes by 1 December 2014 for 	Incorporate asset schedule and reconsideration process into Council DC Policy by 8 September 2014 , and draft information for other Act changes by 1 December 2014 .

	<p>consultation purposes</p> <p>Transitional provisions (schedule 1AA, clauses 5, 5A, 5B and 6)</p> <ul style="list-style-type: none"> • Collecting DCs on community infrastructure projects already underway • Retention and collection of DCs before commencement • Consents, certificates and requests already submitted before date of commencement must be dealt with as though the Amendment Act had not been enacted 	
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Discussion

Schedule of assets for which development contributions will be used (s201A)

5. In accordance with s106 of the Local Government Act 2002, the existing Council DC Policy contains summaries and explanations on planned capital expenditure and the amounts required to meet expected increases in levels of demand which are funded by development contributions. The LGA now requires the inclusion of a more detailed schedule of assets or programme of works for which development contributions are intended to be used or have already been used.

Reconsideration process (s199A, s199B and s202A)

6. Under s199A of the LGA, a person may request that the Council reconsiders the requirement of a development contribution if that person has grounds to believe that:
- The development contribution was incorrectly calculated or assessed under the Council's Development Contributions Policy; or
 - The Council incorrectly applied its Development Contributions Policy; or
 - The information used to assess the person's development against the Development Contributions Policy, or the way the Council has recorded or used it when requiring a development contribution, was incomplete or contained errors.
7. The request must be made in accordance with a reconsideration process under s202A, which requires Council to provide for such a process in its DC policy that sets out how a request can be made, and the process Council will follow when reconsidering.
8. Section 199B then sets out the relevant timeframes for notification of the outcome of reconsideration.
9. The existing Wellington City Council DC Policy already allows for developers to make applications for self-assessments, special assessments, remissions and postponements. The reconsideration process required under section 199A, 199B and 202A of the LGA is separate and in addition to our current processes. Therefore it is recommended to insert it as a new process into the Policy.

10. In determining which decision-making body will carry out the reconsideration process, consideration was given to existing processes.
11. The Regulatory Processes Committee's Terms of Reference currently include responsibility and authority to make decisions relating to development contributions remissions. The new reconsideration process is similar to existing self-assessment and remissions processes so there are synergies within this committee. Therefore it is recommended to amend the Regulatory Processes Committee's Terms of Reference to cover decision-making for development contributions reconsiderations as an extension of current responsibilities.
12. Note that in accordance with s199C of the LGA, the decisions made by the committee can be objected to under the new objections process that is being introduced.

Proposed changes

Please refer to Attachment 1 attached.

Attachments

Attachment 1. DC Policy Amendments

Authors	Su Mon, Principal Analyst Funding & Financial Strategy Martin Read, Manager Financial Strategy and Planning
Authoriser	Andy Matthews, Chief Financial Officer

SUPPORTING INFORMATION

Consultation and Engagement

Under schedule 1AA clause 10 of the Local Government Act 2002 Amendment Act 2014, the proposed amendments to the Development Contributions policy require a resolution of Council, but no consultation or further formality is required.

Treaty of Waitangi considerations

Consultation in relation to the Treaty of Waitangi is irrelevant and therefore have not been considered in relation to the proposed Development Contribution policy amendments.

Financial implications

The Development Contributions Policy is a funding mechanism which recovers the cost of capital expenditure required for population and workforce growth. The amendments to the DC Policy may lead to a reduction in revenue from development contributions.

Policy and legislative implications

This report recommends policy amendments required in order to ensure existing Council policy complies with new legislative requirements.

Risks / legal

Council's lawyers have provided legal advice during the development of this report.

Climate Change impact and considerations

Implications for climate change is irrelevant so have not been considered in relation to the proposed Development Contribution policy amendments.

Communications Plan

A communications plan is not required in relation to the proposed Development Contribution policy amendments.

APPENDIX 1

APPENDIX 1 - Proposed changes to the Development Contributions Policy.

Insert a new section “Right to Reconsideration of Requirement for Development Contributions”

In accordance with section 199A of the Local Government Act 2002, a person may request that the Council reconsiders the requirement of a development contribution if that person has grounds to believe that:

- The development contribution was incorrectly calculated or assessed under the Council’s Development Contributions Policy; or
- The Council incorrectly applied its Development Contributions Policy; or
- The information used to assess the person’s development against the Development Contributions Policy, or the way the Council has recorded or used it when requiring a development contribution, was incomplete or contained errors.

An application for reconsideration must be made in writing and include supporting information and addressed to:

Manager City Planning and Design
Wellington City Council
PO Box 2199
Wellington

A request will be considered by the Manager City Planning and Design who will make a recommendation to the Council’s Regulatory Processes Committee for a final decision.

A request must be made within the relevant timeframes set out in section 199A of the Local Government Act 2002.

Insert a new table “B7.1 Schedule of assets for which development contributions will be used” under Appendix B of the policy

Refer to table on following page.

Consequential amendments

Consequentially amend all other related clauses in the policy to give effect to the changes above.

APPENDIX 1									
Development Contribution Category	Project Description	Sub-Project Description	Total Cost of Capital Works (\$000)	Total Growth Component to be funded by Development Contributions (\$000)	Total Cost of Capital Works to be funded from other sources (\$000)	Growth EHU	Residential Development Contribution Amount	Non-Residential Development Contribution Amount	
Parks and Reserves - Catchment	Grenada - Lincolnshire	Community park -Lincolnshire Farm land development	767	767	0	2,600	295		
	Inner City Parks	Cobblestone Park	2,243	1,122	1,122	3,183	158		
	Inner City Parks	Glover Park	3,421	1,711	1,711	3,183	241		
	Inner City Parks	Hannahs Courtyard	14	7	7	3,183	1		
	Inner City Parks	Midland Park	1,740	870	870	3,183	122		
	Inner City Parks	Taranaki/Courtenay Park	2,112	1,056	1,056	3,183	149		
	Inner City Parks	Te Aro Park	66	33	33	3,183	5		
	Inner City Parks	Victoria/Manners Park	78	39	39	3,183	5		
	Inner City - Waitangi Park	Waitangi Park	10,450	5,225	5,225	3,183	735		
	Other Inner City Parks	Inner City Park	5,389	3,287	2,102	3,183	462		
	Total Inner City Parks		25,514	13,350	12,164		1,878		0
Parks and Reserves - Catchment Total			26,281	14,117	12,164		2,173		0
Parks and Reserves -City Wide	Central City Framework		9,704	0	9,704	16,259	0		
	Central City Lighting and Greening		2,520	252	2,268	16,259	15		
	Clyde Quay/Oriental Bay		249	25	224	16,259	2		
	Cobham Drive beach		774	70	704	16,259	4		
	Evans Bay patent slip		1,155	12	1,143	16,259	1		
	Parks and Gardens		1,299	121	1,178	16,259	7		
	Property Purchases - Reserves		5,670	2,762	2,909	16,259	170		
	Suburban greening initiatives		305	31	275	16,259	2		
	Wgtn Waterfront Development		61,576	6,679	54,897	16,259	410		
	Central city golden mile		4,189	0	4,189	16,259	0		
	Skateboard facilities		111	11	100	16,259	1		
	Oriental Bay beach		1,821	182	1,639	16,259	11		
	Playgrounds		4,701	540	4,161	16,259	33		
	Park Structures		3,871	106	3,765	16,259	7		
	Coastal		3,700	384	3,317	16,259	24		
	Artificial Surfaces		564	28	536	16,259	2		
	Sportsfields		10,565	674	9,891	16,259	41		
	Botanic Garden		7,484	259	7,226	16,259	16		
	Walkways		3,569	127	3,442	16,259	8		
	Parks Infrastructure		3,190	54	3,136	16,259	3		
	Town Belt & Reserves		5,621	1,324	4,298	16,259	81		
	Cog Park		1,713	171	1,542	16,259	11		
Parks and Reserves -City Wide Total			134,352	13,811	120,541		849		0
Storm Water - City Wide	Stormwater Flood Protection		5,529	138	5,391	16,259	9		9
	Stormwater - Network		116,164	2,904	113,260	16,259	179		179
Storm Water - City Wide Total			121,693	3,042	118,651		187		187
Transport - Catchment	Adelaide Road		10,051	2,800	7,251	848	3,304		3,304
	Adelaide Road		2,696	468	2,228	848	552		552
	Total Adelaide Road		12,747	3,268	9,479	1,695	3,856		3,856
	Churton - Stebbings	Cortina to Ohariu	2,856	586	2,271	1,360	431		431
	Churton - Stebbings	Westchester to Glenside	18,214	3,734	14,480	1,360	2,746		2,746
	Total Churton - Stebbings		21,070	4,319	16,751	4,080	3,176		3,176

APPENDIX 1								
Development Contribution Category	Project Description	Sub-Project Description	Total Cost of Capital Works (\$000)	Total Growth Component to be funded by Development Contributions (\$000)	Total Cost of Capital Works to be funded from other sources (\$000)	Growth EHU	Residential Development Contribution Amount	Non-Residential Development Contribution Amount
	Grenada - Lincolnshire	Mark Ave Extension	5,678	2,016	3,662	2,489	810	810
	Grenada - Lincolnshire	Mark Ave to Grenada North	2,625	932	1,693	2,489	374	374
	Total Grenada - Lincolnshire		8,303	2,948	5,356	4,978	1,184	1,184
	Johnsonville Town Centre	Johnsonville Town Centre	7,106	2,875	4,231	1,364	2,108	2,108
	Pipitea Precinct		25,392	10,167	15,225	3,846	2,644	2,644
	Transport - Catchment Total		74,619	23,578	51,042		12,968	12,968
Transport - City Wide	Bus Priority Planning		19,110	2,027	17,082	16,259	125	125
	Pedestrian Network Accessways		4,901	490	4,410	16,259	30	30
	Pedestrian Network Structures		3,790	212	3,578	16,259	13	13
	Residential street lighting		198	11	187	16,259	1	1
	Road Corridor New Walls		30,275	1,704	28,571	16,259	105	105
	Road Risk Mitigation		12,402	575	11,827	16,259	35	35
	Shape & Camber Correction		49,909	2,795	47,114	16,259	172	172
	Special pavement surfaces		386	39	347	16,259	2	2
	Safety Street Lighting		11,982	503	11,479	16,259	31	31
	Walking		6,193	619	5,574	16,259	38	38
	Roadside Parking		2,877	288	2,590	16,259	18	18
	Thin Asphalt Road Surface		20,037	1,122	18,915	16,259	69	69
	Reseals		29,020	1,625	27,395	16,259	100	100
	Preseal Preparation		37,120	2,079	35,042	16,259	128	128
	Roading and city centre		165	17	149	16,259	1	1
	Accident reduction		165	9	156	16,259	1	1
	Sumps Flood Mitigation		6,550	369	6,180	16,259	23	23
	Traffic and street signs		28,125	0	28,125	16,259	0	0
	Rural road		219	22	197	16,259	1	1
	Service Lane		1,332	75	1,257	16,259	5	5
	Research and development		30	3	27	16,259	0	0
	Cycling		13,546	649	12,896	16,259	40	40
	Passenger transport network		281	28	253	16,259	2	2
	Tunnel and bridge		17,002	957	16,046	16,259	59	59
	Minor Safety		15,312	709	14,604	16,259	44	44
	Traffic calming		591	28	563	16,259	2	2
	Tawa road		74	7	67	16,259	0	0
	Bus shelter		343	34	309	16,259	2	2
	Safer Roads		15,727	732	14,995	16,259	45	45
	Transport - City Wide Total		327,663	17,730	309,934		1,090	1,090
Wastewater - Catchment	Central (Moa Point)	Central (Moa Point) Treatment Plant	136,700	52,577	84,123	44,379	1,185	1,185
	Northern (Porirua)	Northern (Porirua) Treatment Plant	6,850	2,635	4,215	3,648	722	722
	Western (Karori)	Western (Karori) Treatment Plant	12,200	4,692	7,508	1,923	2,440	2,440
	Wastewater - Catchment Total		155,750	59,904	95,846		4,347	4,347
Wastewater - City Wide	Wastewater - Network		189,483	4,737	184,746	16,259	291	291
	Sewage pollution elimination - sewerage network		812	20	792	16,259	1	1
	Wastewater - City Wide Total		190,295	4,757	185,538		293	293

REPORT BACK ON MAYORAL TRAVEL TO WARSAW AND SAN FRANCISCO AND ATTENDANCE AT THE WALK21 CONFERENCE IN OCTOBER 2014

Purpose

1. To report back on Mayor Wade-Brown's July 2014 visit to San Francisco to represent the city and strengthen relations, and her visit to Warsaw to attend the 70th anniversary commemorations of the Warsaw Uprising, on the invitation of the Mayor of Warsaw. To also obtain approval for the Mayor to attend the Walk21 conference in Sydney.

Summary

2. Mayor Wade-Brown's attendance at the 70th anniversary commemorations of the Warsaw Uprising was successful in advancing Wellington's interests and connections.
3. Mayor Wade-Brown's San Francisco visit provided an opportunity to develop a new Sister City relationship.

Recommendations

Officers recommend that the Governance, Finance and Planning Committee:

1. Receive the information.
2. Agree that Wellington actively pursue a Sister City relationship with San Francisco.
3. Note that the Mayor visited San Francisco and attended the Warsaw commemoration as part of her private travel, and these opportunities were used to represent the Wellington and strengthen relations.
4. Note that organisers of the Walk21 International Conference on Walking and Liveable Communities, Sydney, 21-23 October 2014, have invited Mayor Wade-Brown to participate as a guest speaker.
5. Agree to approve attendance of Mayor Wade-Brown at the Sydney Walk21 International Conference as a guest speaker.

Background

4. In June 2014, the Governance, Finance and Planning Committee approved the Mayor's attendance, representing the city, in both Warsaw and San Francisco.
5. As Mayor Wade-Brown was planning to visit Europe to see family and friends, she arranged for a stopover in San Francisco as part of her private travel. There was no cost to Council for this visit.
6. Mayor Wade-Brown also privately arranged travel through Warsaw to attend the 70th anniversary commemorations of the Warsaw Uprising on the invitation of the Mayor of

Warsaw. There was no cost to Council. The Mayor covered her personal travel costs and the City of Warsaw met her accommodation costs during the visit.

Discussion

San Francisco

7. Council's International Relations Policy, (<http://wellington.govt.nz/~media/your-council/plans-policies-and-bylaws/plans-and-policies/a-to-z/international/files/international.pdf>) commits Council to explore opportunities to strengthen institutional and agency connections between Wellington and the wider West Coast of the United States, and in particular, to pursue a relationship with San Francisco with a focus on supporting the digital and earthquake technology sectors.
8. While in San Francisco Mayor Wade-Brown met with Microsoft, Leon Grice, Honorary Consul and Rees Ward, Ministry of Foreign Affairs and Trade, and XERO. She met officials in the Mayor's office and planning and resilience staff at the Council. The Mayor also attended a networking lunch with tourism and film interests.
9. The International Relations team, in collaboration with Zach Rissel, Programme Manager Biophilic City, will follow up all actions and opportunities resulting from these meetings.
10. Mayor Wade-Brown's meeting with San Francisco Council representatives and staff from the Mayor's office was positive. The Mayor has also canvassed opinion in Wellington and has found significant support across sectors for formalising the relationship with San Francisco. As a result this paper proposes that a Sister City relationship is pursued.
11. San Francisco and Wellington both currently have existing Sister City relationships with Sydney. The opportunity exists to complete a triangular relationship between the three cities. Mayor Wade-Brown proposes to meet Mayor Clover Moore of Sydney in October to discuss the Wellington – Sydney relationship. This is discussed further in the **Sydney** section of this report beneath.
12. Wellington's economic future must include export growth in our areas of excellence – the education, hi tech, film and tourism sectors.
13. Wellington and San Francisco share a number of key characteristics including strong film, IT, resilience planning, and earthquake engineering sectors and a socially liberal population. Our future resilience will be enhanced by sharing emergency recovery and planning. Both cities are part of the biophilic cities movement and have similar settings – beautiful harbour cities set amongst dramatic hilly terrain, and locals and visitors exploit these natural advantages through a keen interest in outdoor pursuits – from active water sports such as sailing and surfing, to recreational pursuits such as swimming and fishing to land based activities such as mountain biking and hiking.
14. A Sister City relationship would leverage similarities and create opportunities for collaboration and economic growth. Next steps include convening citizen committees, both in Wellington and San Francisco, to ensure informed and well-supported connections are created.

Warsaw

15. The Warsaw Uprising began, 1 August 1944, with the aim of liberating the city from occupying Nazi forces. Mayor Hanna Gronkiewicz – Waltz invited Mayors of capital cities to commemorate the 70th anniversary.
16. There are a number of links between Wellington and Poland. These include the arrival of Polish refugee children in 1944 en route to the Polish Children’s Camp in Pahiatua.
17. This visit was an excellent opportunity to engage with an important part of Poland’s history, and pay Wellington’s respects. A significant Polish delegation will visit Wellington, October 2014, to commemorate the Polish children’s arrival on the MVS Goya.
18. These civic commemorations were an opportunity to connect with other International Mayors, including Mayor of London, Boris Johnson, and the New Zealand Ambassador to Poland, Wendy Hinton.
19. The Mayor and Wellington received media coverage at the event (<http://www.nzembassy.com/poland/news/mayor-of-wellington-visits-warsaw-for-70th-anniversary-of-warsaw-rising>).

Sydney

20. The Walk21 International Conference on Walking and Liveable Communities takes place at Luna Park in Sydney, 21-23 October 2014. It aims to promote healthy, sustainable and efficient communities where people walk as a way to travel and be healthy. The Conference brings together experts in the field of walking promotion, research, policy, planning and delivery and provides an opportunity to learn from international experience, discuss local challenges and showcase local solutions.
21. Mayor Wade-Brown has been invited to speak at the event and would present “Walkable Wellington: How ‘the coolest little capital in the world’ became Australasia’s most walkable city.” Mayor Wade-Brown may also attend presentations on subjects such as global city strategies; the contribution of walking to the retail and housing market; the treatment of walking in travel surveys; and the business case for better streets and places.
22. This conference is an opportunity to learn from international cities with well-established walking infrastructure and promote Wellington as a destination for walkers.
23. Wellington and Sydney are long established Sister Cities. Mayor Wade-Brown would use the conference as an opportunity to meet with Sydney Mayor Clover Moore and discuss ways to further develop and invigorate the relationship. Mayors Wade-Brown and Moore met recently at the World Cities Summit in June where the relationship between the two cities was also canvassed.
24. The total cost of attending and participating at the conference is estimated at \$2430, comprising:

Conference registration:	\$730
Accommodation:	\$1000

Flights: (approx.)	\$700
Total: (estimated)	\$2430

Attachments

Nil

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SUPPORTING INFORMATION

Consultation and Engagement

A number of businesses, organisations and individuals are very positive about furthering the San Francisco relationship. The Mayor convened a forum of interested parties from across the city on 21 August to discuss the Sister City relationship and to put in place support mechanisms to underpin it.

Treaty of Waitangi considerations

There are no Treaty of Waitangi considerations.

Financial implications

The costs of attending the Sydney Conference are outlined above and total approximately \$2430. There are no significant financial considerations associated with accepting the other recommendations in this report.

Policy and legislative implications

There are no implications associated with accepting the recommendations in this report.

Risks / legal

There are no risks or legal implications.

Climate Change impact and considerations

Carbon Credits for international flights will be purchased in line with agreed Council policy. There are no climate change considerations associated with accepting the other recommendations in this report.

Communications Plan

No communications plan is required.