

Policy on Development Contributions and Financial Contributions

Introduction

This policy outlines the approach to be used by Ashburton District Council to implement charging for costs associated with servicing new development and/or connections to Council provided infrastructure.

In general terms the aim of Council is that costs associated with a development leading to increased demand for infrastructure, and capital expense to provide for that demand, should be fairly and equitably recovered from those directly benefiting rather than existing ratepayers who derive no additional benefit. In addition to seeking to apply this general principle of user pays the Council has taken into account a range of other factors as required by the Local Government Act 2002 when determining the sources of funding for growth.

Council will recover these costs through two main mechanisms:

- Development Contributions
- Financial Contributions

Councils may levy development contributions under the Local Government Act 2002 (LGA), and financial contributions under the Resource Management Act 1991 (RMA), but may not take contributions for the same purpose under both Acts.

This policy will take effect when adopted by Council or on 1 July 2009, whichever is the later.

Development Contributions- Part A

This section details the method and reasons for charging a development contribution made in the form of money paid by new or additional users of Council infrastructure toward the cost of providing new or increased capacity in service infrastructure.

Financial Contributions- Part B

This section contains a summary of the provisions contained in the Ashburton District Council District Plan relating to financial contributions. Financial contributions are required at the consent phase of a subdivision. They will generally apply to on site infrastructure costs and open space and recreation contributions but may also be used by way of environmental compensation to offset adverse environmental effects arising from a development.

Policy Basis –Part C

This section explains the rationale for the Council making the decision to take development and/or financial contributions

A full copy of this policy and the Ashburton District Council District Plan are available for public inspection at the Ashburton District Council Offices in Baring Square West, Ashburton, or can be downloaded from the Council website www.ashburtondc.govt.nz.

Part A - DEVELOPMENT CONTRIBUTIONS

1. Requirement for Contributions

Development contributions are required where there is an increase in demand for service and an increase in infrastructure capacity required to service that demand. Charges will only be levied where there is a development and that development either alone or cumulatively with other developments requires new assets or assets of increased capacity that will cause capital expenditure. This may include past expense on infrastructure where additional capacity was provided.

Development contributions are levied on new developments intended both for residential and non-residential use.

- Residential use (units) means a self contained building or group of buildings, used for residential activity by one or more persons who form a single household
- Non residential use (units) means any use that is not residential and includes all business activities

Development contributions may be charged for:

- New or additional residential units
- New or additional non-residential units
- Additions and alterations to non-residential units that results in an increased demand on Council infrastructure
- Changes in use of an existing building or property
- New connections to Council infrastructure
- Increased demand on existing Council infrastructure

Payment of development contributions (where required) will be invoiced following processing of one of the following:

- Application for a building consent for new build/additions-alterations/change of use
- Application to connect to Council infrastructure
- Any situation where the Council reasonably believes that there is an increase in demand on service capacity

Note: Payment may be required following processing of a land use resource consent dependant on the circumstances but in most cases contributions will be levied at time of building consent.

Make up of Charges

The total charge is made up of the following three components relating to activities or services provided:

- Water supply
- Wastewater collection and disposal
- Community infrastructure

In the case of water and wastewater, the contribution will vary depending on the scheme applying to the proposed development. In relation to these services charges for development contributions will be made:

- a) Where a new or additional residential or non residential unit is able to connect to Council-provided water or wastewater infrastructure.
- b) Where an addition or alteration to an existing non residential unit is undertaken and the new use is deemed to create an increased demand on a Council-provided water supply or wastewater scheme.

- c) Where the purpose of an existing building is to change and the new use is deemed to create an increased demand on a Council-provided water supply or wastewater scheme.
- d) Where there is a new connection to a Council-provided water or wastewater scheme, regardless of whether a rating half-charge has been paid on the property in the past.

Community infrastructure charges are made at a uniform rate across the district where a new dwelling or business unit is to be constructed. A community infrastructure development contribution charge is not made for additions and alterations or changes of use.

2. Exceptions

Development contributions are not required for:

- a) Additions and alterations: except for non-residential use where the proposal creates an increase in demand on the water or wastewater schemes servicing the property. Community infrastructure charges are not made.
- b) Change of Use: unless the proposal creates an increase in demand on the water or wastewater schemes servicing the property. Community infrastructure charges are not made.
- c) Out-buildings and ancillary buildings to residential use such as garages, sheds, wood sheds.
- d) Out-buildings and ancillary buildings to non-residential use that are not fundamental places of work and do not have a connection to a community water or wastewater scheme. This includes: storage sheds, pump sheds, and animal housing (other than indoor farming premises such as for chickens or pigs).

Notes

- Development contributions are required in the case of non residential use where the building is a fundamental place of work such as milking and shearing sheds.
- Buildings that are replacing like with like. Refer to clause 4 for further details regarding this.

3. Calculation

Residential Use

The starting point for calculation of charges is the cost required for one residential dwelling. A charge is established for each service provided to the dwelling; described as a Household Unit Equivalent (HUE). The total contribution is made up of the sum of the HUE for each dwelling.

Multiple Dwelling Units: In the case of flats or apartments each individual unit is considered to be one residential dwelling unit. New granny flats and farm cottages are also considered to be residential dwellings regardless of whether subdivision has occurred. Refer to Appendix II for further information.

Non-Residential Use

Development contributions for water and wastewater for non-residential properties are calculated as a multiple of the single HUE rate depending on the demand the type of use is deemed to place on infrastructure¹. An assessment of the demand a property will make on water or wastewater infrastructure will be made by Council's Water Services Manager or delegated officer. Refer to Appendix IV for further information.

¹A multiple will be applied in the case of water supply and wastewater collection and disposal but one HUE only will be charged in the case of community infrastructure.

All new or additional non-residential units will be charged a development contribution for community infrastructure at the same rate as a residential property.

Separate dwelling units, or commercial or industrial units, will be charged individually regardless of land contiguity in circumstances of multiple unit developments.

4. Credits

In the following cases credits may be used to reduce the development contribution that is payable:

- e) For new dwellings, business properties, or new connections to council-provided infrastructure in Ashburton or Methven that were subdivided between the times shown in the table below, a capacity credit will apply for the activities shown if a headworks² fee has been paid. In these cases development contributions will not be charged for network infrastructure. Community Infrastructure will still be payable.

	Water	Wastewater
Ashburton	28 August 1997 - 1 July 2006	28 August 1997 - 1 July 2006
Methven	28 August 1997 - 1 July 2006	5 February 1998 - 1 July 2006

- f) Where land is subject to a resource consent application that has been granted subject to headworks fees being paid but which was not completed prior to 1 July 2006. These headworks fees owing must be for the respective and original property and must be paid prior to a Building Consent being issued. In these cases development contributions will not be charged for network infrastructure. Community Infrastructure will still be payable.
- g) Where demolition consent has been granted for an existing building which served the same purpose as the new building and evidence is provided that demolition has taken place. This credit applies only to a building which has been inhabited or used for the stated purpose within the last 2 years or when the building has been used as a place of business within the last 2 years. In these cases development contributions will not be charged for network or community infrastructure.

Whenever demolition consent is granted and evidence of the demolition having been carried out is provided, the capacity credit will be lodged against the property for future reference.

Notes

- For the avoidance of doubt: a credit will apply where like is replaced with like and evidence of demolition is provided. If additional demand capacity is required then liability for development contributions will be assessed and charged.
- A credit can be transferred from one property title to another as long as the two properties are regarded as contiguous (effectively operating as a single property) as described in section 20 of the Local Government (Rating) Act 2002.

² A headwork fee was a contribution to the future upgrading of the water and wastewater facilities

5. Proposed Schedule of Rates for Development Contributions

	Water	Wastewater	Community Infrastructure	Total
Ashburton	\$684	\$3,575	\$1,500	\$5,759
Methven	\$3,108	\$147	\$1,500	\$4,755
Rakaia	\$1,420	-	\$1,500	\$2,920
Hinds	\$2,420	-	\$1,500	\$3,920
Fairton	\$2,966	-	\$1,500	\$4,466
Chertsey	\$1,778	-	\$1,500	\$3,728
All other	-	-	\$1,500	\$1,500

All rates are for one household unit equivalent (HUE). All rates above are GST inclusive.

6. Payment

- a) Charges are invoiced at the same time as the building consent and are payable at the time of uplifting the consent
- b) Network connections will not be made until payment for applicable development contributions is received in full
- c) A Statutory Land Charge may be lodged in the event of non payment
- d) A Code of Compliance Certificate will not be issued pursuant to section 95 of the Building Act 2004 until payment for applicable development contributions is received in full
- e) In cases where consent is not required, but contributions are required as a result of increased demand from a property, the owner of the property at the time of application will be charged directly.

7. Remissions, Reductions and Postponements

Variation to the requirement for development contributions in the form of remission, reductions or postponements may be considered by Council upon formal request by the applicant.

Applications:

- Will be considered on a case by case basis
- Must be submitted in writing including all grounds for supporting the application
- Must be submitted before payment of a development contribution. Council will not grant adjustments to the contribution retrospectively.
- A decision can only be made by resolution of Council

Factors that may be taken into account by Council include:

- (i) Any exceptional factors that reduce the impact of the development on the household equivalent capacity calculation relating to demand on infrastructure
- (ii) The developer has already paid for the same service

8. Refund of Development Contributions

Development contributions will be refunded if:

- (i) The consent lapses or is surrendered
- (ii) The development does not proceed
- (iii) Council does not provide the infrastructure for which the contribution was required.

An administration fee of \$75 will be charged in the case of (i) and (ii) above.

9. Treatment of Developments Carried out by Council

Developments carried out by Council will be subject to development contributions except for any that would be required for the same activity as the development itself.

10. Council Developments Receiving Third Party Funding

Contributions are generally payable on the net cost to Council of providing for growth. This excludes government funding and other alternative sources. Development contributions are not payable on that part of a project funded in this way.

11. Transitional Provisions

This policy will take effect when adopted by Council or on 1 July 2009, whichever is the later. Development contributions will be assessed and calculated at the time the consent or application to connect is issued, irrespective of when they were submitted for processing.

12. Methodology for Calculating Contributions

Water Supply

Ashburton District Council operates 14 water supply schemes throughout the district. Developments able to connect to one of these schemes will attract development contributions where there is available capacity to provide for growth and where Council has incurred or plans to incur capital expenditure to provide for that growth capacity.

Provision of water supply is considered a group benefit, therefore development contributions will be levied at an equal rate for each new or additional household unit equivalent able to connect to a scheme.

The water supply schemes for which development contributions are currently levied are: Ashburton, Methven, Rakaia, Hinds, Fairton, and Chertsey.

Other water supply schemes, while not having capacity constraints at present, do not have additional capacity for growth over and above the 25% of total scheme capacity deducted for risk management contingency. Development contributions will not, therefore, be levied on these schemes.

Method

The amount of contribution levied for water supply varies from scheme to scheme depending on:

- (i) The level of additional capacity for growth within each scheme. A 25% risk management contingency has been deducted from the total capacity of each scheme. This contingency capacity is therefore funded by the scheme as a whole. The rationale for the 25% capacity being excluded is to ensure sufficient capacity is available for operational purposes and minimum levels of service can be maintained.
- (ii) The level of past and planned future capital expenditure for each scheme which is related to provision of demand capacity for growth.

* Refer to Appendix II for application of the methodology in detail.

Wastewater Collection and Disposal

Council provides wastewater schemes in Ashburton, Methven and Rakaia. Developments able to connect to one of these schemes will attract development contributions where there is available capacity to provide for growth and where Council has incurred or plans to incur capital expenditure to provide for that growth capacity.

Provision of wastewater schemes is considered a group benefit, therefore development contributions will be levied at an equal rate for each new or additional household unit equivalent able to connect to a scheme.

Wastewater schemes for which a development contribution will be levied are: Ashburton and Methven.

The Rakaia wastewater scheme, while having excess capacity for growth, is funded through a lump-sum contribution scheme which will continue and which is considered sufficient to cover growth related capital expenditure.

Method

The amount of contribution levied for wastewater varies from scheme to scheme depending on:

- (i) The level of additional capacity for growth within each scheme. A 25% risk management contingency has been deducted from the total capacity of each scheme. This contingency capacity is therefore funded by the scheme as a whole. The rationale for the 25% capacity being excluded is to ensure sufficient capacity is available for operational purposes and minimum levels of service can be maintained.
- (ii) The level of past and planned future capital expenditure for each scheme which is related to provision of demand capacity for growth.

* Refer to Appendices II & IV for application of the methodology in detail.

Community Infrastructure

Council provides community infrastructure for the benefit of all residents and property owners in the district. These include the library, community halls, civic administration building, and museum and art gallery.

Council has included proposals in the Ashburton District Community Plan 2009-19 to provide future funding for a district aquatic centre and indoor sports facility, a new art gallery and museum facility, and additions to the civic administration building. These planned facilities have a provision for district growth and therefore attract development contributions for community infrastructure.

Provision of community infrastructure is considered a district-wide benefit; therefore a development contribution for community infrastructure will be levied on all developments within the district at a uniform rate per property unit.

Method

- Development contributions will be levied for community infrastructure on all new developments in the district.
- The amount of development contribution levied for community infrastructure is uniform across the whole district.

* Refer to Appendix III for application of the methodology in detail.

Part B - FINANCIAL CONTRIBUTIONS - SUMMARY

This part provides a summary of the financial contributions provisions of the Ashburton District Council District Plan. It is provided by way of information only. The full provisions relating to financial contribution requirements are contained in section 6.6.4 of the District Plan.

Financial contributions will be levied in the case of subdivisions or change of land use. Contributions will be taken at the resource consent stage to provide for the following:

- Infrastructure required within a subdivision or on the site of the land-use
- Infrastructure required to service or connect to a new development
- Open space and recreation facilities
- Esplanade reserves or esplanade strips

1. Infrastructure

The developer of a subdivision or other development is generally required to provide all infrastructure services within its boundaries. Services are provided to the specifications of the Council and vest in the Council at the time the code of compliance certificate is issued.

Contributions may also be required for the cost to Council arising from a development where it is necessary to provide:

- New services and/or facilities.
- Upgrades or changes to existing system/facilities.

Contributions may be taken for the following services:

- (i) Water supply system
- (ii) Storm water collection and disposal system
- (iii) Sanitary sewage collection, treatment and disposal system
- (iv) Trade waste collection, treatment and disposal system
- (v) Provision for access (including roads, bridges, cycleways, pedestrian access ways, service lanes, private access, street planting and street lighting).

The form of contribution may be money, land or a combination of money, works or land and will be based on estimated or actual costs to the Council. Refer District Plan 6.6.4.3-6.6.4.5.

2. Open Space and Recreation

Contributions are required to provide land and/or facilities for open space and recreation either within, or to serve, the subdivision or the site of the land-use in the following ways:

- As new land and/or facilities;
- By upgrading existing land and/or facilities;

- By contributing to the cost actually incurred by Council in providing existing land/or facilities; and/or
- By contributing to the cost likely to be incurred by Council, within ten years of granting of the resource consent, in providing new land and/or facilities.

The form of contribution may be money, land or a combination of money, works or land.

Method of Calculation of Maximum Contribution

Where any subdivision creates additional, separately saleable allotments in the Residential, Township and Rural-Residential Zones, (other than allotments for roads, utilities, reserves, access and similar purposes) a contribution shall be made to the Council towards the provision of land for open space and recreation, calculated as follows:

$$5\% \times (a-b) \times c$$

Where:

a = the number of allotments authorised by the subdivision consent; and includes:

- All vacant allotments, including vacant parts of allotments for cross-leases and unit titles; and
- All allotments created after the erection of a household unit, or where the subdivision and building consent for the household unit are being issued in conjunction with one another.

b = number of allotments in the land prior to the subdivision (which were held in separate Certificates of Title or for which separate Certificates of Title could be issued without the consent of the Council), which when created (either pursuant to a resource consent or consent pursuant to previous legislation) complied with the minimum subdivision standards for their respective zones or the standards contained in this Plan.

c = the average per allotment market value (\$) of all the allotments in the subdivision, determined at the date on which the subdivision consent is granted, as if the allotments had been subdivided in accordance with the subdivision consent.

For the purposes of determining a, b and c, allotments for roads, utilities, reserves, access and similar purposes shall be disregarded.

All contributions shall be to the Council in cash, unless negotiated land purchases are made in conjunction with the subdivision consent process.

For full details refer District Plan 6.6.4.6.

3. Esplanade Reserve or Esplanade Strip

Where a land use development is situated within 100m of certain lakes or 50 metres from certain rivers then a contribution may be required for the provision of an esplanade reserve or strip. The form of contribution will usually be in land as esplanade reserve or esplanade strip and will generally be no more than 20 metres wide. Refer District Plan 6.6.4.7.

Part C - POLICY BASIS- DEVELOPMENT AND FINANCIAL CONTRIBUTIONS

This part contains the general basis upon which the policy is established and includes consideration of the reasons for applying development contributions as a source of funding (as required by s101(3) of the Act) together with a summary and explanation of capital expenditure identified as resulting from growth (s106(2)).

1. Reasons for Contributions

- To assist in enabling Council to plan for and provide the necessary infrastructure and facilities that meets the anticipated growth requirements of the district.
- To assist Council to play a role in facilitating and, where appropriate, co-ordinating development and providing infrastructure in a timely and affordable manner.
- Council considers its role in the provision of network and community infrastructure as an essential part of its leadership and facilitation, health and safety, and growth management functions.
- To ensure a fair and equitable approach is taken to funding the provision of infrastructure having regard to existing and future populations (intergenerational equity). Existing ratepayers have already made considerable investment in services and enjoy the benefit of using those services. New developments benefiting from using, connecting to or extending existing services or supplying new services should pay a fair share of the capital expenditure for this. Contributions seek to provide the appropriate balance of funding between the community, Council and those undertaking the development.
- The administrative cost of collecting development contributions in addition to other sources of funding is outweighed by the benefit of the transparency of allocation of the true cost to developers for the cost of provision of services for growth.
- Providing infrastructure in anticipation of growth is an integral role of Council in promoting the overall wellbeing of the community, in the present and for the future (sustainable development). Development contributions will assist Council to fund the growth-related portion of investment made by the Council in providing infrastructure and facilities which contribute to community wellbeing.
- On-site infrastructure provision by way of financial contribution is seen as an effective and efficient recovery method. The actual costs are clearly quantified for the applicant through undertaking the work themselves.
- Financial contributions for Open Space and Recreation enable adequate provision for these services to serve the new development.

2. Key Assumptions

- a) The future capital expenditure costs are based on the best available knowledge at the time of preparation. These are to take into account known or likely construction costs and land values.
- b) The Ashburton District population will grow at an average annual rate of 0.7% over the next twenty five years as projected by Statistics New Zealand.
- c) The figures in the development contributions policy and schedule are in current NZ dollars and the figures will be reviewed as considered appropriate. Factors which may impact on the rate of development contributions required include:

- Changes in the cost of providing services and capital projects
- Correction of errors or omissions in the project estimates in the schedule
- Incorporating any completed actual costs of completed projects.

3. Population Growth

Population growth has been allowed for at a rate of 0.7% per annum, over the next twenty five years which is the forecast annual growth rate for Ashburton District provided by Statistics New Zealand. It should be noted that the population forecast figures have been taken from the Statistics New Zealand high series of projections. The reasons for this are:

- Ashburton District's population has historically grown at a rate above Statistics New Zealand forecasts
- Council believes that ongoing growth at this level will continue due to strong local economic growth
- It is prudent to adopt the higher figure to include a contingency factor.

Statistics New Zealand Forecast Population Growth for Ashburton District:

Year	Forecast Population	Annual Change	Household Change
2008	28,630		
2009	28,951	+321	+128
2010	29,275	+324	+130
2011	29,600	+325	+130
2012	29,837	+237	+95
2013	30,076	+239	+96
2014	30,317	+241	+96
2015	30,560	+243	+97
2016	30,800	+240	+96
2021	31,800	+1000	+400 - 80 per year
2026	32,800	+1000	+400 - 80 per year
2031	33,600	+800	+160 - 64 per year
Total Change 2008 - 2031		+ 5,600	+2,240

4. Scheme Capacity and Household Demand Analysis

In terms of demand on Council assets placed by a “standard” household this will be based on 2.5 persons per house³ and applied district-wide regardless of the scheme.

Scheme capacity calculations are based on Household Unit Equivalents (HUEs) and no allowance is made for differing household ratios when calculating the scheme capacity.

5. Benefit Analysis

In considering whether to levy development contributions Council has undertaken a benefit analysis to seek to identify who is able to receive benefit from the provision of a service or activity by Council, and to identify an approximate level of benefit that is able to be gained. This approach is consistent with the approach taken in the “Revenue and Financing Policy” of Council.

Potential benefit is assessed in three ways:

1. District-wide benefit - defined as accruing from the provision of services or activities that provides benefit:
 - (i) That is independent of the number of persons who benefit from the expenditure; or,
 - (ii) That does not accrue to readily identifiable persons or groups of persons; or,
 - (iii) To the community in general.

Development contributions for capital expenditure related to growth for activities providing district-wide benefit will generally be levied on all developments within Ashburton District. Development contributions for community infrastructure are in this category.

2. Group Benefit - defined as accruing from the provision of services or activities that provides benefit:
 - (i) To an identifiable group(s) in the community; and,
 - (ii) To the identified group relatively equally, regardless of whether individuals within the group decide to utilise the benefit or not.

Development contributions for capital expenditure related to growth for activities providing group benefit will generally be levied on all developments where the group benefit is available. Development contributions for water supply and wastewater are in this category.

3. Private Benefit - defined as accruing to identifiable individuals. For the purposes of levying development contributions private benefit will generally be levied in the same way as activities in the group benefit above.

The period over which the benefits are expected to occur will vary depending on the expected useable lifetime of the asset. In general these assets will be loan funded over a period of twenty five years for intergenerational equity purposes. Development contributions will be levied for the lifetime of the loan.

³ Based on the average number of people per household in Ashburton District in the 2006 census - 2.5 (Statistics NZ)

6. Community Wellbeing Analysis

The Local Government Act 2002 requires councils to consider the overall social, economic, environmental and cultural wellbeing of the community and the achievement of community outcomes when deciding on how functions and activities are funded.

This may mean that Council decides to allocate costs in a way not directly aligned to where the benefits lie or to fund services or activities in ways other than generally prescribed in this policy. Council will identify instances where this happens and provide its rationale for the decision.

In considering community wellbeing and the imposition of development contributions Council will have regard to:

- The obligation to endeavour to achieve and promote community outcomes.
- The obligation to act in the interests of the community as a whole.
- Fairness and equity concerns arising from the allocation of costs.
- Council policies which can be effectively promoted through the utilisation of particular funding mechanisms and/ or cost allocation.
- Transition from an existing funding regime to a new funding regime.
- The suitability of a funding mechanism to achieve an appropriate allocation of costs and to be an efficient funding mechanism.

Intergenerational Equity:

In order to ensure today's users pay today's costs of providing Council assets and to prevent costs being incurred by current ratepayers which are for the benefit of future ratepayers the development contributions sought will include:

- (i) A contribution for both past and current capital expenditure related to the provision for the growth component which has been loan funded, (for as long as the loan is outstanding).
- (ii) A contribution for future capital expenditure related to the provision for growth and which has been planned for and detailed in Council's long-term council community plan.

Included in this analysis are the anticipated lifecycle of the asset and the ability of the asset to provide for future growth requirements. Where an asset has no capacity to provide for future demand growth a development contribution will not be levied.

7. Potential Negative Effects of Applying the Policy

- There are internal administration costs associated with administering the development contribution charges, though these are outweighed by the net economic benefit and the increased transparency of charging
- The additional cost to developers may be a disincentive to some future projects

8. Community Outcomes

The Ashburton District community has identified community outcomes that the community aspires to achieve. Council takes the achievement of community outcomes into account in its decision making processes and has considered these in its decisions regarding development contributions. The following outcomes are of particular relevance to the decision to levy development contributions.

- A thriving and diverse local economy that provides the foundation for a quality lifestyle.
- Natural and developed environments are sustained for the enjoyment of current and future generations.

- Healthy, active people enjoying a good quality of life in a caring and safe community.
- A community with access to a variety of cultural, recreational and heritage experiences and facilities that enrich our quality of life.

Council considers funding a fair portion of the costs of growth through development contributions in accordance with the policy contributes to achieving these outcomes.

9. Summary of Capital Expenditure and Growth Funding

The total amount of funding to be sought by development contributions and financial contributions for each activity is set out in the table contained in Appendix I. The proportions of capital expenditure funded by development contributions and financial contributions are included with proportions shown at a project level for development contributions in Appendices II and III.

APPENDIX I

Summary of Capital Expenditure and Growth Funding

Activity	Total cost of capital projects for which contributions are levied (\$)	Net cost of growth component of capital projects for which contributions are levied (\$)	Expected Funding- Development Contributions		Expected Funding- Financial Contributions	
			(\$)	% of growth funding	(\$)	% of growth funding
Drinking Water	11,947,955	3,045,437	1,915,437	63%	1,130,000	37%
Wastewater	29,118,992	4,708,187	3,013,187	64%	1,695,000	36%
Stormwater	566,000	566,000	X	-	566,000	100%
Community Infrastructure	34,824,000	4,353,000	4,353,000	100%	X	-
Transportation	6,329,000	6,329,000	X	-	6,329,000	100%
Reserves Vested in Council	780,233	780,233	X	-	780,233	100%
Reserve Contribution	3,917,585	3,917,585	X	-	3,917,585	100%
Total	\$87,483,765	\$23,699,442	\$9,281,624	39%	\$14,417,818	61%

Notes

- Financial Contributions: Council has a budget for financial contributions from on-site development as vested assets. The amount budgeted may not correspond with the actual amount as it is dependent on the level and value of development.
- Development Contributions: The detailed breakdown of capital expenditure projects and amounts funded by development contributions are included in the tables contained in Appendix II. Note that the proportion of capital expenditure that is growth related and to be funded from development contributions varies from project to project.

APPENDIX II

Calculation Methodology to Determine Development Contributions

Water Supply and Wastewater Disposal – Per Household Unit Equivalent

Methodology in detail

1. Determine the percentage of capacity in each scheme or project available to accommodate future development growth = Growth Factor (GF%)
 - Total scheme capacity minus current connections = Excess Capacity (EC) in household equivalent units
 - Scheme Growth Factor has been used for historic projects, while the project growth component has been used for current and future projects.
 - In some cases the growth component of a particular project will exceed the overall scheme growth factor. This excess capacity is not included in calculations to determine development contributions payable which is restricted to the maximum capacity of the scheme as a whole.
 - Note: Cost associated with component capacity over and above current scheme capacity will be recovered when the scheme capacity is increased, or if it is not increased then funded by the scheme as a whole.
2. Identify past, current and future capital expenditure which has a growth component to service additional users = CE
 - Any capital expenditure which maintains Excess Capacity (EC) has a growth component equal to the Growth Factor. If the capital expenditure results in an increase in Excess Capacity then the Growth Factor will also increase proportionately.
3. Multiply capital spending identified in step 2 by the Growth Factor = Net Growth Expenditure (NGE)
 - The growth related component of the capital expenditure in dollars is identified
4. Divide Net Growth Capital Expenditure (NGE) by the Excess Capacity in Household equivalents (EC) = Development Contribution to be levied per household equivalent
 - The cost of maintaining or increasing capacity within each scheme for development growth is shared equally among the household equivalents which are able to connect to the scheme.

$$\frac{CE \times GF\%}{EC}$$

The above methodology has been applied (shown in the tables below) to the water supply systems and waste water disposal systems that will be subject to development contributions.

All figures are GST exclusive and are inflation adjusted.

Ashburton Water Supply

HUE calculation	Maximum Connections	9615	Scheme Growth Factor	22.22%
	Current Connections	- 7479		
	Growth Capacity (HUEs)	2136		

Period of CAPEX	Description	Year Incurred / Proposed	Amount (\$)	Project Growth Factor	Applied Growth Factor	Amount Relating to Growth (\$)	Development Contribution (\$)
Historic	Loan#2	2002/03	401,764	22.22%	22.22%	89,253	41.79
		2003/04	821,259	22.22%	22.22%	182,445	85.41
		2004/05	1,050,862	22.22%	22.22%	233,452	109.29
	Water Upgrade	2005/06	1,692,204	22.22%	22.22%	375,928	176.00
	Water Upgrade	2006/07	152,609	22.22%	22.22%	33,903	15.87
	Water Upgrade	2006/07	38,730	30.00%	22.22%	8,604	4.03
	Water Upgrade	2007/08	189,249	30.00%	22.22%	42,042	19.68
	Total Historic			4,346,677			965,627
Current	U/G - Tinwald bore field Dev.	2008/09	826,780	30.00%	22.22%	183,672	85.99
	Total Current		826,780			183,672	85.99
Future (LTCCP)	Smithfield Rd Renewal	2010/11	72,555	75.00%	22.22%	16,118	7.55
	U/G - Domain Bore No:7	2010/11	597,893	70.00%	22.22%	132,824	62.18
	Total Future		670,448			148,942	69.73
Total Capital Expenditure			5,843,905			1,298,241	
Ashburton Water Supply – Development Contribution (Excl GST)							607.79
GST							75.97
Ashburton Water Supply – Development Contribution (Inc GST)							\$684.00

Methven Water Supply

HUE calculation	Maximum Connections	997
	Current Connections	874
	Growth Capacity (HUEs)	123

Scheme Growth Factor	12.34%
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Period of CAPEX	Description	Year Incurred / Proposed	Amount (\$)	Growth Factor	Applied Growth Factor	Amount Relating to Growth (\$)	Development Contribution (\$)
Historic	Existing Loan	2003/ 04	123,400	12.34%	12.34%	15,224	123.77
	U/G - Trunkmain Duplication	2004/ 05	635,070	12.34%	12.34%	78,349	636.98
	U/G - Trunkmain Duplication	2005/ 06	112,565	12.34%	12.34%	13,887	112.90
	U/G - Trunkmain Duplication	2006/ 07	7,222	12.34%	12.34%	891	7.24
	Standby Genset	2007/ 08	30,091	10.00%	10.00%	3,009	24.46
	Total Historic			908,348			111,360
Current	Main St (S) Renewal	2008/ 09	124,282	10.00%	10.00%	12,428	101.04
	Main St (N) Renewal	2008/ 09	117,631	10.00%	10.00%	11,763	95.63
	Total Current		241,913			24,191	196.67
Future (LTCCP)	Mvn Chertsey Rd Renewal	2009/10	140,744	5.00%	5.00%	7,037	57.21
	U/G - Protozoa Compliance	2010/11	701,508	12.00%	12.00%	84,181	684.40
	Mvn Chertsey Rd Renewal	2010/11	144,081	5.00%	5.00%	7,204	58.57
	Allen Street Renewal	2011/12	192,169	5.00%	5.00%	9,608	78.12
	U/G - Storage	2012/13	560,998	12.00%	12.00%	67,320	547.32
	Alford St Renewal	2012/13	55,167	5.00%	5.00%	2,758	22.43
	Allen Street Renewal	2012/13	105,921	5.00%	5.00%	5,296	43.06
	Alford St Renewal	2013/14	67,003	5.00%	5.00%	3,350	27.24
	Lampard St Renewal	2013/14	95,961	5.00%	5.00%	4,798	39.01
	Lampard St Renewal	2014/15	120,269	5.00%	5.00%	6,013	48.89
	Blackford St Renewal	2015/16	132,856	5.00%	5.00%	6,643	54.01

Total Future	<u>2,316,677</u>	<u>204,209</u>	<u>1,661.04</u>
Total Capital Expenditure	<u>3,466,938</u>	<u>339,760</u>	
			2,762.28
Methven Water Supply – Development Contribution (Excl GST)			
		<u>GST</u>	<u>345.28</u>
Methven Water Supply - Development Contribution (Inc GST)			<u>\$3,108.00</u>

Rakaia Water Supply

HUE calculation	Maximum Connections	643	Scheme Growth Factor	23.33%
	Current Connections	493		
	Growth Capacity (HUEs)	150		

Period of CAPEX	Description	Year Incurred / Proposed	Amount (\$)	Growth Factor	Applied Growth Factor	Amount Relating to Growth (\$)	Development Contribution (\$)
Historic	U/G - Source & Treatment	2005/06	107,533	23.33%	23.33%	25,085	167.24
	U/G - Source & Treatment	2006/07	75,978	23.33%	23.33%	17,724	118.16
	U/G - Source & Treatment	2007/08	50,342	23.33%	23.33%	11,744	78.29
	Total Historic		233,853			54,554	363.69
Current	U/G – Source & Treatment	2008/09	577,774	23.33%	23.33%	134,784	898.56
	Total Current		577,774			134,784	898.56
Future (LTCCP)	No Growth Related Expenditure		-			-	-
	Total Capital Expenditure		811,627			189,338	
Rakaia Water Supply - Development Contribution (Excl GST)							1,262.25
GST							157.78
Rakaia Water Supply - Development Contribution (Inc GST)							\$ 1,420.00

Hinds Water Supply

HUE calculation	Maximum Connections	146	Scheme Growth Factor	17.81%
	Current Connections	120		
	Growth Capacity (HUEs)	26		

Period of CAPEX	Description	Year Incurred / Proposed	Amount (\$)	Growth Factor	Applied Growth Factor	Amount Relating to Growth (\$)	Development Contribution (\$)	
Historic	Internal Loan#2		2,165	17.81%	17.81%	386	14.83	
	U/G – Source & Treatment	2003/04	93,882	17.81%	17.81%	16,719	643.03	
	U/G – Source & Treatment	2004/05	218,047	17.81%	17.81%	38,830	1,493.47	
	Total Historic		314,094			55,935	2151.33	
Current	No Growth Related Expenditure					-	-	
Future (LTCCP)	No Growth Related Expenditure					-	-	
	Total Capital Expenditure		314,094			55,935		
Hinds Water Supply - Development Contribution (Excl GST)							2,151.33	
							GST	268.92
Hinds Water Supply - Development Contribution (Inc GST)							\$ 2,420.00	

Fairton Water Supply

HUE calculation	Maximum Connections	83	Scheme Growth Factor	13.25%
	Current Connections	72		
	Growth Capacity (HUEs)	11		

Period of CAPEX	Description	Year Incurred / Proposed	Amount (\$)	Growth Factor	Applied Growth Factor	Amount Relating to Growth (\$)	Development Contribution (\$)
Historic	U/G - Source & Treatment	2005/06	1,100	13.25%	13.25%	146	13.25
	U/G - Source & Treatment	2006/07	3,741	13.25%	13.25%	496	45.07
	U/G - Source & Treatment	2007/08	39,797	13.25%	13.25%	5,274	479.48
	Total Historic		44,638			5,916	537.80
Current	U/G - Source & Treatment	2008/09	230,859	10.00%	10.00%	23,086	2,098.72
	Total Current		230,859			23,086	2,098.72
Future (LTCCP)	No Growth Related Expenditure		-			-	-
	Total Capital Expenditure		275,497			29,002	

Fairton Water Supply - Development Contribution (Excl GST)	2,636.53
	GST
	329.57
Fairton Water Supply - Development Contribution (Inc GST)	\$2,966.00

Chertsey Water Supply

HUE calculation	Maximum Connections	67	Scheme Growth Factor	2.99%
	Current Connections	65		
	Growth Capacity (HUEs)	2		

Period of CAPEX	Description	Year Incurred / Proposed	Amount (\$)	Growth Factor	Applied Growth Factor	Amount Relating to Growth (\$)	Development Contribution (\$)
Historic	2001 Loan	2001/02	17,834	2.99%	2.99%	532	266.18
	U/G - Standby Generation	2006/07	3,399	2.99%	2.99%	101	50.73
	U/G - Standby Generation	2007/08	37,253	2.99%	2.99%	1,112	556.02
	Total Historic		58,486			1,746	872.93
Current	No Growth Related Expenditure		-			-	-
Future (LTCCP)	Chertsey Kyle Rd Renewal	2010/11	47,408	5.00%	2.99%	1,415	707.58
	Total Future		47,408			1,415	707.58
Total Capital Expenditure			105,894			3,161	
Chertsey Water Supply - Development Contribution (Excl GST)							1,580.51
							GST 197.56
Chertsey Water Supply - Development Contribution (Inc GST)							\$ 1778.00

Ashburton Wastewater

HUE calculation	Maximum Connections	8411	Scheme Growth Factor	11.08%
	Current Connections	7479		
	Growth Capacity (HUEs)	932		

Period of CAPEX	Description	Year Incurred / Proposed	Amount (\$)	Growth Factor	Applied Growth Factor	Amount Relating to Growth (\$)	Development Contribution (\$)	
Historic	2001 Works Loan	2001/02	105,873	11.08%	11.08%	11,731	12.59	
	2003/04 Works Loan	2003/04	1,421,135	11.08%	11.08%	157,472	168.96	
	U/G - Treatment & Disposal	2005/06	817,077	11.08%	11.08%	90,538	97.14	
	U/G - Treatment & Disposal	2006/07	8,489,906	25.00%	11.08%	940,743	1,009.38	
	U/G - Treatment & Disposal	2007/08	7,762,834	25.00%	11.08%	860,178	922.94	
	Total Historic			18,596,825			2,060,662	2,211.01
Current	No Growth Related Expenditure							
Future (LTCCP)	U/G - Ash Relief Sewer	2009/10	79,944	25.00%	11.08%	8,858	9.50	
	Infiltration Reduction Works	2009/10	117,252	11.08%	11.08%	12,992	13.94	
	Walnut Ave Renewal	2011/12	323,651	11.08%	11.08%	35,863	38.48	
	U/G - Ash Relief Sewer	2012/13	5,625,610	25.00%	11.08%	623,359	668.84	
	Walnut Ave Renewal	2012/13	316,641	11.08%	11.08%	35,086	37.65	
	Borough Trunk main Renewal	2013/14	1,668,059	11.08%	11.08%	184,833	198.32	
	Total Future			8,131,157			900,991	966.73
Total Capital Expenditure			26,727,982			2,961,653	3,177.74	
Ashburton Wastewater Scheme - Development Contribution (Excl GST)							3,177.74	
							GST	397.22
Ashburton Wastewater Scheme - Development Contribution (Inc GST)								\$3,575.00

Methven Wastewater Scheme

HUE calculation	Maximum Connections	1358	Scheme Growth Factor	29.09%
	Current Connections	963		
	Growth Capacity (HUEs)	395		

Period of CAPEX	Description	Year Incurred / Proposed	Amount (\$)	Growth Factor	Applied Growth Factor	Amount Relating to Growth (\$)	Development Contribution (\$)
Historic	Existing Loan		58,801	29.09%	29.09%	17,103	43.30
	U/G - Facility Works	2005/06	11,304	29.09%	29.09%	3,288	8.32
	Total Historic		70,105			20,239	51.62
Current	No Growth Related Expenditure		-			-	-
Future (LTCCP)	Allen St/ Lampard St Renewal	2009/10	115,446	5.00%	5.00%	5,772	14.61
	Allen St/ Lampard St Renewal	2010/11	136,834	5.00%	5.00%	6,842	17.32
	Allen St/ Lampard St Renewal	2011/12	149,938	5.00%	5.00%	7,497	18.98
	Main St/ McMillan St Renewal	2012/13	223,687	5.00%	5.00%	11,184	28.31
	Total Future		625,905			31,295	79.22
Total Capital Expenditure			696,010			51,534	

Methven Wastewater - Development Contribution (Excl GST)	130.85
GST	16.36
Methven Wastewater - Development Contribution (Inc GST)	\$147.00

APPENDIX III

Calculation Methodology to Determine Development Contributions

Community Infrastructure – Per Household Unit Equivalent

Methodology in detail

1. Determine the percentage of capacity for each asset to be levied that is designed to accommodate future development growth = Growth Factor (GF%).
 - District population for which the asset has been designed minus current district population = Excess Capacity (EC) in household equivalent units
2. Identify past, current and future capital expenditure which has a growth component = CE.
 - Any capital expenditure which maintains Excess Capacity (EC) has a growth component equal to the Growth Factor. If the capital expenditure results in an increase in Excess Capacity then the Growth Factor will also increase proportionately.
3. Multiply capital spending identified in Step 2 by the Growth Factor = Net Growth Expenditure (NGE).
 - The growth related component of the capital expenditure in dollars is identified
4. Divide Net Growth Capital Expenditure (NGE) by the Excess Capacity in Household equivalents (EC) = Development Contribution to be levied per household equivalent
 - The cost of maintaining or increasing capacity within each scheme for development growth is shared equally among the household equivalents which are able to connect to the scheme.

$$\frac{CE \times GF\%}{EC}$$

Important Note: The above methodology has been applied (shown in the table below) to establish the **maximum** development contribution for community infrastructure.

The Council has decided as a matter of policy that the community infrastructure development contribution will be capped at \$1,500 per HUE. This has been done in the interests of supporting business and development and to promote economic wellbeing within the district. All figures are GST exclusive and are inflation adjusted.

HUE calculation	Projected Population	32800	13,120	Persons / Household – 2.5
	Less Current Population	28700	11,480	
	Growth Capacity	4100	1,640	

Period of CAPEX	Description	Year(s) Incurred / Proposed	Amount (\$)	Project Growth Factor	Applied Growth Factor	Amount Relating to Growth (\$)	Development Contribution (\$)	
Historic	Nil					-	-	
Current	Nil					-	-	
Future (LTCCP)	Arts / Museum Upgrade	2010/11	3,674,000	12.50%	12.50%	459,250	280.00	
	Council Building Upgrade	2014/15	6,150,000	12.50%	12.50%	768,750	468.75	
	Pool / Stadium	2009/10 - 2013/14	<u>25,000,000</u>	12.50%	12.50%	<u>3,125,000</u>	1,905.49	
	Total Future		<u>34,824,000</u>			<u>4,353,000</u>		
Total Capital Expenditure			<u>34,824,000</u>			<u>4,353,000</u>		
Community Infrastructure - Development Contribution (Excl GST)							2,654.24	
							GST	331.78
Community Infrastructure - Development Contribution (Inc GST)							<u>\$2,986.02</u>	
Fee capped - Actual fee (Inc GST)-							<u>\$1,500.00</u>	

APPENDIX IV
Calculation Methodology to Determine Development Contributions
NON RESIDENTIAL USE

Water supply and wastewater disposal

1. The demand impact of any future non-residential development on the existing network infrastructure will be determined on the basis of water consumption for both water supply and waste water disposal.
2. Water consumption will be determined by considering typical water consumption for the nature of the development:
 - (a) In the first instance by assessing the development's equivalency in terms of developments listed in **figure 1**, or
 - (b) In the absence of a suitably equivalent development being listed in **figure 1**, the developer will be requested to provide accurate assessments of the proposed development's water consumption, and if this assessment is not deemed appropriate,
 - (c) The final assessment of water consumption will be determined by the Operations Manager or delegated officer.
3. An assessment is then made on the Expected Maximum Occupancy of the development including where relevant, operational staff numbers. This assessment shall be undertaken where possible based on information and design drawings submitted as part of the development approval process i.e. management plans, bed or seating plans etc or where not available fire service occupancy rates may be used.

New Development Consumption (L/d)	=	Expected Maximum Occupancy (persons)	x	Typical Water Consumption (L/p/day) <i>From figure 1</i>
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4. The New Development Consumption will then be converted to Household Unit Equivalents using the following equation:

New Development Consumption (HUE)	=	$\frac{\text{New Development Consumption (L/d)}}{\text{Household Unit Equivalent Consumption (L/d)}}$
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Notes:-

- Household Unit Equivalent Consumption is 550 litres per day based on the water demand from a person in a typical household consuming 220 litres per day (from top of figure 1) and assuming 2.5 persons/household (2006 Census – Ashburton District).
 - Normal rounding protocols shall be applied to the result to yield a whole number.
5. The Total Development Contribution for any given service can then be established by the following equation:

Total Development Contribution for each service(\$)	=	New Development Consumption (HUEs)	x	Development Contribution Value (HUE per household Unit)
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Figure 1 - Water Consumption from Developments

Source	Typical Water Consumption (Litres / Person / Day)
Household (Per Person)	220
Boarding Houses / Homestays	
• Bed	220
Camping Grounds (Per person)	
• Fully serviced	130
• Recreation areas	65
Community Halls (Per person)	
• With banquet facilities	30
• Meetings	15
Hospitals	
• Bed	250
• Staff	60
Lunch Bars (Per customer)	
• With restroom facilities	25
• Without restroom facilities	15
• Staff	40
Motels / Hotels	
• Guests, resident staff	220
• Reception rooms	30
• Restaurant patron	30
• Bar patron	20
Offices, Shops or Dry Industries	
• Staff	40
Public Toilets (Inc hand wash)	
• Person	20
Restaurants / Bars / Cafes	
• Dinner patron	30
• Lunch-patron	25
• Bar patron	20
Rest Homes	
• Bed	250
• Staff	60
Retirement Homes (Self contained units)	
• Resident	220
• Staff	50
Schools (Pupils & Staff)	
• No gym, showers or cafeteria	20
• Gym, showers and cafeteria	100
• Boarding	250
Shopping Centres	
• Customer	25

Note:- Typical water consumption figures based on examples contained in “On-site Wastewater Systems: Design & Management Manual”, Auckland Regional Council Technical Publication No %8, Third Edition, August 2004.