

# Development Contributions Policy

of the Thames-Coromandel District Council



# Development Contributions Policy Contents

<b>1.0</b>	<b>Introduction</b>	<b>3</b>			
1.1	Statutory Requirements	3	3.8	Credits for Work Done or Land Vested	16
1.2	Growth Projections	3	3.9	Reductions or Waivers of Development Contributions	16
1.3	Policy on Growth	4	3.10	Review of Development Contributions Payable on a Development	16
1.4	Financial Management Policies and Strategy	4	3.11	Statement on GST	17
<b>2.0</b>	<b>Development Contributions Policy</b>	<b>5</b>	<b>4.0</b>	<b>Audit</b>	<b>18</b>
2.1	Requirement to Pay Development Contributions	5	<b>5.0</b>	<b>Methodology for Cost Allocation</b>	<b>18</b>
2.2	Limitations on Contributions	6	5.1	Listing Projects and Information Required	18
2.3	Limits on Costs Eligible for Inclusion in Development Contributions	6	5.2	Cost Allocation of Combined Projects	19
2.4	Subsidies and Other Sources of Funding	6	5.3	AC Cost allocation Between New and Future Rating Charges	19
2.5	Vested Assets	7	<b>6.0</b>	<b>Growth Projection Methodology</b>	<b>20</b>
2.6	Surplus Capacity	7		Calculation of Development Contributions	20
2.7	Service Levels	7			
2.8	Cumulative and Network Effects	7			
2.9	Appropriate Sources of Funding	7	<b>APPENDICES</b>		
2.10	Principle of Project Cost Allocation	8	APPENDIX A	– Definitions	21
2.11	Areas of Service (Catchments)	8	APPENDIX B	– Schedule of Development Contributions Payable by Area	24
2.12	Reserves	9	APPENDIX C	– Sources of Funding	27
2.13	Financial Assumptions	9	APPENDIX D	– Demand Factors for Business Development	28
2.14	Development Contributions Calculation Period	10	APPENDIX E	– Development Contribution Catchments	30
2.15	Policy on Existing Lots or Development	11			
2.16	Network Infrastructure	11			
2.17	Best Available Knowledge	11			
<b>3.0</b>	<b>Practical Application</b>	<b>12</b>			
3.1	Requirement for Development Contribution	12			
3.2	Amount of Total Development Contribution	13			
3.3	Determination of Units of Demand	13			
3.4	Reserve Contribution	15			
3.5	Information Requirements	15			
3.6	Special Assessments	15			
3.7	Private Developer Agreements	16			



# 1.0 Introduction

## 1.1 Statutory Requirements

Local authorities are required, under section 102 of the Local Government Act 2002, (“the Act”) to adopt funding and financial policies as part of their financial management obligations. The Revenue and Financing Policy, required to be adopted under section 102(2)(a)<sup>1</sup> of the Act, must state amongst other things, the Council’s policies in respect of the funding of capital expenditure from sources including development contributions and financial contributions. One such policy is a policy on development contributions or financial contributions. Development contributions may be sought to meet the increased demand for community facilities resulting from growth and new development in a district.

This document contains the Development Contributions Policy accompanying the Thames - Coromandel District Council 2012-2022 Ten Year Plan.

Section 106(6) of the Act requires that the development contributions policy must be reviewed at least once every three years using the special consultative procedure.

The Council in adopting the Thames – Coromandel Development Contributions Policy 2004, as required by 102(2)(d) of the Act, considered the options available to it and determined that a development contributions policy was the most practical and efficient means of securing sources and levels of funding to meet costs associated with growth and new development.

The Council, in addition to determining matters of content of the policy, has determined:

- that the decision to amend the Development Contributions Policy is a significant decision;
- that it believes it has met the decision-making and consultation requirements of the Local Government Act 2002 to the extent required; and
- that the Special Consultative Procedure under section 83 of the Act, provides an appropriate level of consultation for the review of the Development Contributions Policy.

Section 201(2) of the Act requires that the development contributions policy must contain a schedule of contributions in accordance with section 202. **Appendix B** shows the development contributions payable for each activity in each catchment in the District.

### Sources of Funding

Section 106(2) of the Act requires a policy on development contributions to summarise and explain the capital expenditure that the Council expects to incur to meet the increased demand for community facilities resulting from growth.

It also requires the Council to state the proportion of capital expenditure that will be funded from other sources and the total amount of funding to be sought by development contributions for each activity or group of activities.

**Appendix C** shows the total amount of funding to be sought by development contributions for each type of Council infrastructure.

Other sources of funding of capital expenditure may include:

- (a) Outside sources such as New Zealand Transport Authority subsidies, grants, regional council or central government funding;
- (b) Funding from sources such as rates and sale of assets;
- (c) Funding from financial contributions previously made for the same asset, in accordance with section 207 of the Act.

## 1.2 Growth Projections

- 1.2.1 The Council acknowledges that new development is occurring throughout the Thames - Coromandel District. This places demands on the Council to provide a range of new and upgraded infrastructure. This Policy provides the means by which the Council may seek development contributions from new development where the effect of that development requires the Council to incur capital expenditure to provide for reserves and infrastructure.

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<sup>1</sup> Note the draft version of this policy adopted by the Council contained a typographical error and incorrectly referred to section 102(4)(a).

- 1.2.2 The successful application of this Development Contributions Policy is dependent on reliable estimates of the amount of new development that is expected to occur in the District and different parts of it. Estimates are required:
- to inform infrastructure planning; and
  - to give the Council some assurance as to the reliability of its predicted reserve and infrastructure requirements, and that development will occur from which the Council can expect to recover growth-related expenditure.
- 1.2.3 This Development Contributions Policy uses the growth projections as set out in the Forecasting Assumptions section of the 2012-2022 Ten Year Plan.
- 1.2.4 While projections of new development, measured as rating units, have been prepared for the District, the Council faces the risk of under-recovering development contributions that it expects to receive under this Policy where:
- (a) a proportion of the numbers of new rating charges estimated to be establishing in any one year, does not constitute “development” as defined under the Act; or
  - (b) it allows reductions or waivers to the amounts of development contribution normally payable on developments for various reasons.

### **1.3 Policy on Growth**

- 1.3.1 The Council is aware of the vibrancy and economic benefits that growth and development can bring to the Thames-Coromandel District and acknowledges new growth. However the Council is also well aware of the potential adverse effects of growth on the environment. It recognises the potentially high costs of providing new infrastructure for development and intends to ensure that these costs are adequately and sustainably accounted for. It has made it clear that:
- (a) development must be sustainable and the environment must be protected;
  - (b) services must be adequate and affordable;
  - (c) the Council itself must remain financially sustainable in the long-term;
  - (d) it must be prudent in its financial management; and
  - (e) it must be fair and equitable.
- 1.3.2 In view of the expenditure undertaken providing infrastructure, often in advance of new development and the risks of under-recovering that expenditure, the Council does not accept a “growth at all costs” approach and will only provide servicing for growth where the above criteria are met.
- 1.3.3 When this Policy is reviewed, the Council will compare the expected increase in units of demand (measured as rating units) on service infrastructure for each activity catchment with the actual number of units of demand that have occurred in the catchment since the Policy was last adopted. It may adjust its projections of units of demand for the catchment and may reduce or increase (as the case may be) growth related capital expenditure for the catchment accordingly.

### **1.4 Financial Management Policies and Strategy**

- 1.4.1 This Policy is a financial policy and as such it has been prepared in the wider context of the Council’s overall financial management policies including the Revenue and Financing Policy.
- 1.4.2 This Policy is made in accordance with directions in the Revenue and Financing Policy.

## 2.0 Development Contributions Policy

The Council has considered all matters it is required to consider under the Act when making a development contributions policy. The policies resulting from these considerations are set out in this section.

### 2.1 Requirement to Pay Development Contributions

- 2.1.1 A development contribution shall be payable when development is carried out, the effect of which is to require new or additional assets or assets of increased capacity and as a consequence the Council incurs capital expenditure to provide appropriately for those assets and that capital expenditure is not otherwise funded or provided for.
- 2.1.2 Development may occur when:
- (a) additional lots are created by subdivision, including the subdivision or cross lease<sup>2</sup> of existing lots;
  - (b) additional dwellings are built on lots;
  - (c) the area of business activity is increased on business lots;
  - (d) the area of any other activity such as schools, churches, hospitals or clubs is increased;
  - (e) new or additional service connections are made to infrastructure networks by existing activities;
  - (f) areas of temporary use are converted to permanent use.
- 2.1.3 In such cases, in accordance with section 198 of the Act, the Council requires a development contribution of money or land or both, to be made by the grantee of or by the owner of land when:
- (a) a resource consent is granted under the Resource Management Act 1991;
  - (b) a building consent is granted under the Building Act 2004;
  - (c) an authorisation for a service connection is granted;
  - (d) a Certificate of Acceptance is issued subject to the provisions of Section 97(e) of the Building Act 2004
- 2.1.4 In terms of this Policy, development contributions will be required to meet the growth related component of capital expenditure on the following activities:
- (a) District transportation
  - (b) District community infrastructure – public conveniences, cemeteries and strategic land and buildings
  - (c) Community transportation
  - (d) Community area infrastructure – parks and reserves, community centres and halls, harbours, libraries, solid waste, swimming pools and airfields
  - (e) Water supply
  - (f) Wastewater treatment
  - (g) Stormwater - urban stormwater, environmental protection works, flood protection and mitigation works.

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<sup>2</sup> A development contribution will apply to a cross lease only where an additional unit of demand is created. The development contribution will generally have been required on the granting of a building consent for that additional unit of demand.

## **2.2 Limitations on Contributions**

- 2.2.1 While the Council is able to seek both development contributions for infrastructure under the Local Government Act 2002 and financial contributions under the Resource Management Act 1991, section 200 of the Local Government Act 2002 contains certain limitations. The Council must not require a development contribution for a reserve, network infrastructure, or community infrastructure, where it has imposed a contribution requirement on the same development for the same purpose under the Resource Management Act 1991 or where developers or other parties fund the same infrastructure.
- 2.2.2 Although under the Resource Management Act 1991, the Council may impose a financial contribution as a condition of resource consent it shall in preference take development contributions under this Policy on subdivisions and development.
- 2.2.3 However, the financial contribution requirements for car parking in the Thames - Coromandel District Plan Section 473.1.1 on business development in town centres will be retained and development contributions under this Policy will not be sought for this activity.
- 2.2.4 Nothing in this Policy will detract from any requirements under the District Plan (such as landscaping conditions and parking requirements) which impose works or financial contributions to avoid, remedy or mitigate the adverse effects of any development on the environment.
- 2.2.5 Nothing in this Policy, including the amounts of development contribution payable in Appendix B, will detract from any other legal requirement to make a payment for community facilities other than a development contribution, including connection fees or any other fee required to be paid by agreement with the Council.
- 2.2.6 The Council will not require a development contribution for any lot that:
- (a) is held in perpetuity pursuant to an open space covenant, provided for by section 22 of the Queen Elizabeth the Second National Trust Act 1977;
  - (b) is unable to be developed or used for any activity that would cause the Council to incur expenditure on infrastructure, as a result of restrictions on the title of the lot.

## **2.3 Limits on Costs Eligible for Inclusion in Development Contributions**

- 2.3.1 In calculating development contributions under this Policy, the capital expenditure on which contributions are based shall not include the value of any project or work or part of any project or work required for:
- (a) Rehabilitating or renewing an existing asset; or
  - (b) Operating and maintaining an existing asset.
- 2.3.2 In accordance with section 200(1) of the Act, no development contribution calculated under this Policy shall include the value of any funding obtained from third parties, external agencies or other funding sources in the form of grants, subsidies or works. This limitation shall not include the value of works provided by a developer on behalf of the Council and used as a credit against contributions normally payable, which the Council may seek to recover from other developers in contributions.
- 2.3.3 The Council may require development contributions where it has not incurred capital expenditure but has provided a credit against development contributions payable by any person where that person has incurred capital expenditure on behalf of the Council, and which provides additional capacity to serve further development under Section 3.5.1.

## **2.4 Subsidies and Other Sources of Funding**

- 2.4.1 The value of any subsidy or grant toward the value of any project or work shall be deducted prior to the allocation for funding of the balance portion project cost between development contributions and other sources of Council funding.

## **2.5 Vested Assets**

- 2.5.1 No expenditure on works or assets to avoid, remedy or mitigate the adverse effects of any development on the environment, or to directly service that development alone, shall be included in the calculation of development contributions under this policy. Examples include works such as transportation, wastewater, water supply, local stormwater and reserve works and assets (even when these may at some stage vest in the Council) that directly service a particular subdivision or development.
- 2.5.2 The value of assets vested or expenditure made by a developer, pursuant to a requirement under the Resource Management Act 1991, shall not be used to offset development contributions payable on development unless all or a portion of such assets or expenditure can be shown to avoid or reduce the need for the Council to provide an asset that is included in its capital works programme, for which development contributions are sought.
- 2.5.3 The value of assets vested or expenditure made voluntarily by a developer, to enhance a development shall not be used to offset development contributions payable on development other than by agreement with the Council.

## **2.6 Surplus Capacity**

- 2.6.1 In accordance with section 199(2) of the Act, development contributions may be used to fund capital expenditure already incurred by the Council in anticipation of development prior to the first adoption of this Policy on 1 October 2004.
- 2.6.2 The Council has in recent years undertaken works or acquired land in anticipation of development, which it seeks to recover in development contributions yet to be made. The Council may include in its calculation of development contributions, capital expenditure made in anticipation of development since 1 July 2000, and the value of such expenditure will be known as “surplus capacity.”

## **2.7 Service Levels**

- 2.7.1 There will be no requirement under this Policy for new development to be serviced above Service Standards.
- 2.7.2 Where new developments are serviced to levels above Service Standards and the Council is required to fund any portion of such works that will improve the Existing Levels of Service to existing communities, it shall not be required to fund more than is required to meet Service Standards.
- 2.7.3 The Council aims over time to raise the service levels in existing communities where the Existing Levels of Service is below Service Standards.
- 2.7.4 The Council may vary the standards normally set for a project where Service Standards may not be immediately attainable or economically efficient and the Council may vary standards used on projects depending on priorities by area and activity.

## **2.8 Cumulative and Network Effects**

- 2.8.1 In accordance with section 199(3) of the Act, development contributions may be required under this Policy, where the effect of a development may, in combination with other developments, have a cumulative effect including the cumulative effects of developments on network infrastructure.

## **2.9 Appropriate Sources of Funding**

- 2.9.1 Section 101(3)(a) of the Act states that the funding needs of a local authority must be met from those sources that the local authority determines to be appropriate.
- 2.9.2 The Council has made its considerations about appropriate sources of funding in the preparation of its Revenue and Financing Policy. These included considerations about development contributions as a source of funding. The Council has determined that:
- (a) Development contributions are an appropriate source of funding for recovering capital expenditure for a range of community facilities set out in Section 2.1.4 above;



- (b) While visitors and tourists benefit from and cause capital expenditure in most of the community facilities listed, expenditure cannot be cost-effectively determined or recovered from these groups. Funding is likely to come from District rates and/ or community board rates in view of the benefits that tourists and visitors bring to the community as a whole;
- (c) Subsidies and grants provide an appropriate source of funding in combination with rates and development contributions for capital expenditure under some activities;
- (d) Capital expenditure (including past expenditure) can provide benefit to the existing community, new members of the community arriving in the Ten Year Plan period and future residents and businesses arriving after the Ten Year Plan period. It is appropriate to fund community infrastructure capital expenditure over an extended period of time. To distribute the benefits accordingly, the Development Contributions Calculation Period should cover assets provided in the past (in anticipation of growth), with remaining spare capacity and assets provided in the Ten Year Plan period with capacity up to twenty years into the future (See Section 2.14);
- (e) It is appropriate to identify and source development contributions funding from a range of areas (catchments) as shown in the Revenue and Financing Policy, ranging from district wide areas for activities such as transportation and community infrastructure to local areas for activities such as water supply and wastewater treatment (See Section 2.11).

## **2.10 Principle of Project Cost Allocation**

- 2.10.1 The capital cost of any project or work identified in the Development Contributions Calculation Period shall, after deductions for subsidies and other sources of funding, be allocated between:
  - (a) The Improved Level of Service (ILOS) Cost; and
  - (b) The Additional Capacity (AC) Cost.
- 2.10.2 The Council will allocate project cost between ILOS Costs for improving levels of service to existing households and businesses, and AC Costs for providing additional capacity to accommodate development of new households and businesses, using the methodology described in Section 5.0 – Methodology for Cost Allocation.
- 2.10.3 The methodology used is a modified Unit of Demand approach to the cost allocation of Combined Projects using an Improved Level of Service (ILOS) cost calculation incorporating Replacement Cost to Service Standard (RCSS) and Optimised Depreciated Replacement Value (ODRV) variables.
- 2.10.4 There is a requirement to state Remaining Service Life (RSL) of an existing asset and Additional Service Life (ASL) given by the new asset as a crosscheck for audit purposes but with these two variables not brought into the calculation.
- 2.10.5 This methodology incorporates the principle that the calculated ILOS Cost should not exceed the Replacement Cost to Service Standard (RCSS) of the existing asset serving existing households and businesses. Where, during the cost allocation procedure, the ILOS Cost is found to materially exceed the RCSS, the Council shall reconsider all project data entered and resolve the inconsistency, to avoid any undue balance share of a combined project's cost being allocated to the AC costs.

## **2.11 Areas of Service (Catchments)**

- 2.11.1 The Council considers that development contributions should be required from development on an area-by-area or catchment basis. The development contribution catchments are set out in **Appendix E**.
- 2.11.2 The catchment is the area within which growth and development is occurring, which is likely to give rise, either solely or cumulatively, to the need for particular works or groups of works.
- 2.11.3 In general the Council uses large district-wide or sub-district catchments for the recovery of the costs of projects, which occur as a result of the cumulative effects of growth in the whole district or large parts of it. Typically district-wide areas of benefit are used for facilities such as the district transportation network, public conveniences, cemeteries and strategic land and buildings.
- 2.11.4 The Council uses community board areas for the recovery of costs more closely associated with growth within and around recognised local communities areas. Activities at this catchment level include community transportation, libraries, parks and reserves, harbours, community centres and halls, solid waste, swimming pools and airfields.
- 2.11.5 The Council uses local settlement areas for the recovery of costs in specific areas such as water and wastewater connection areas, where growth relates to the need for new infrastructure.

- 2.11.6 In general, a subdivision in a rural area will pay district-wide and community contributions but will not pay toward water, wastewater or stormwater services, which are usually confined to the urban settlements.
- 2.11.7 In the case of stormwater, the Council considers that works in the wider stormwater funding catchment, such as flood protection and mitigation works, environmental protection works, works in the public domain, in town centres, on roads, parks and waterfront areas, can be of benefit to communities within those developments through the protection of their health, safety, convenience and amenity. Stormwater funding catchments may cover wider areas than and need not be limited to the areas of physical stormwater drainage catchments.
- 2.11.8 Similarly, because of the wider consideration of benefits allowed under Section 101(3) of the Act, the Council will consider credits under **Section 3.8** and reductions under **Sections 3.9** and **3.10** of this Policy, where stormwater works carried out as part of a development prevent the Council from incurring stormwater capital expenditure in the wider stormwater funding catchment, even in areas not physically connected to those developments.

## **2.12 Reserves**

- 2.12.1 Under this Policy and pursuant to section 199(1) of the Act the Council may require a development contribution for reserves.
- 2.12.2 Pursuant to sub-sections 203(1)(a) and (b) of the Act the amount of such contributions shall not exceed the greater of 7.5% of the value of additional lots created by subdivision and the value equivalent of 20 square metres of land for each additional household unit created by development.
- 2.12.3 No reserve contributions shall be payable on any rural residential activity or on any non-residential activity in urban or rural areas. Reserve contributions shall be payable on any residential activity in any Coastal Village, Coastal Residential or Rural Village zone or in any other zone within 500 metres of any residential or village zone where residential lots of less than 2500m<sup>2</sup> in area are created or developed.
- 2.12.4 The Council will also waive or reduce the reserve contribution in accordance with Section 3.9.2, in cases where it does not intend to or is unlikely to incur costs in providing reserve land within the Development Contributions Calculation Period.
- 2.12.5 Structure Plans in the District Plan make provision for the level of reserve considered appropriate to the location covered by the Plan. Where land is shown as reserve or proposed reserve on a Structure Plan under the District Plan the Council may require that land to be vested in Council as a condition of resource consent. The value of the reserve land vested shall be determined pursuant to a valuation provided by a registered property valuer. Where the value of the land vested exceeds the amount of reserve development contributions required under Section 3.4.1, no reserve development contribution shall be payable. Where the value of the land vested is less than the amount of reserve development contribution required under Section 3.4.1, this amount will be deducted from the reserve development contribution and a cash payment of the remaining balance will be payable.

## **2.13 Financial Assumptions**

- 2.13.1 The revenue for rates will be sufficient to meet the operating and maintenance costs of capital expenditure in the future and no operating and maintenance expenditure will be funded from development contributions in accordance with section 204(1)(b) of the Act. The funding of operating and maintenance costs will be in accordance with the Council's Revenue and Financing Policy.
- 2.13.2 The cost of any work or any part of any capital work deemed to be for replacement or renewal of an asset and the cost of any new works required to improve the levels of service to existing households and businesses, will not be funded from development contributions. The funding of replacement or renewal costs and any costs to raise levels of service, will be in accordance with the Council's Revenue and Financing Policy.
- 2.13.3 In those cases where funds or land have previously been collected through financial or development contributions, the Council will offset the value of these contributions against proposed expenditure on the same activity in the same activity catchment for which it was collected, wherever possible. However, the Council may apply funds collected to a larger activity catchment to achieve administrative efficiency.
- 2.13.4 Previous headworks policies have no effect and no development contributions shall be sought under those policies.
- 2.13.5 The project cost amounts used in calculating development contributions under this Policy will be those in the Council's financial statements, which include adjustments for inflation and there will be no provisions in this Policy for an annual increase for inflation.

- 2.13.6 Interest on borrowings to provide additional capacity in infrastructure, to accommodate development, will be determined and included in the calculation of the development contributions by:
- (a) in each catchment and for each activity determining the opening balance of loans raised for additional capacity in each year, and adding further borrowing forecast (which will equate to the net cost of capital works less forecast contributions) during the year, to provide the principal sum owing;
  - (b) calculating interest on the principal sum owing using the “real” rates of interest to be arrived at by taking the budgeted rate of interest in the Ten Year Plan, less the “inflation factor”. The “inflation factor” will be the forecast movement in the Consumer Price Index (CPI) for the year in question. The forecast movement in the CPI for the year in question is the CPI forecast released as part of the Reserve Bank Monetary Policy Statement in March each year and this will apply to the following Council financial year;
  - (c) applying interest calculated in (b) above, as simple interest, to contributions budgeted to be received in that year, in the proportion to which they bear to the principal sum owing.
- 2.13.7 The Council will not introduce an adjustment to the development contribution amounts, to take account of any possible long term cross subsidy from rates paid by new ratepayers to fund part of the interest on borrowings for works to deal with any service level deficiencies being experienced by existing ratepayers.
- 2.13.8 Depreciation of capital expenditure related to growth will be funded through rates on existing and new development, and not capitalised and collected through development contributions and a depreciation adjustment will not be included in the calculation of development contributions to offset any possible cross-subsidy between existing and new ratepayers.
- 2.13.9 The assumption, for the purposes of calculating development contributions is that each new rating unit in a catchment will constitute one Unit of Demand for infrastructure in that catchment. Unlike dwelling projections, projections of rating units cover all types of development in the District including residential, commercial, industrial and other developments and provide a reasonable measure of the amount of existing development in the District and all development that is expected to occur over the period 2012 to 2032. New and future rating unit projections have been provided for each catchment to year 2032 by applying expected percentage dwelling growth rates to the known numbers of rating units at the start of the Ten Year Plan period.
- 2.13.10 It is accepted that development may occur at rates different to those projected and result in the over-recovery or under-recovery of development contribution revenues. However, no adjustment is built into this Policy to account for such revenue variations. The intention is that the development projections will be adjusted when this Policy is reviewed and development contribution amounts will be adjusted upward or downward as the case may be to ensure correct recovery.

## **2.14 Development Contributions Calculation Period**

- 2.14.1 In order to include in the calculation of development contributions, the expenditure incurred by the Council prior to the first adoption of this Policy on 1 October 2004, to be known as “surplus capacity” (See Section 2.6), the commencement of the Development Contributions Calculation Period is 1 July 2000.
- 2.14.2 Capital expenditure on infrastructure that will serve new development should be recovered over the take-up period of the project, or a period of time sufficient to allow recovery from all development that caused and will benefit from that expenditure.
- 2.14.3 The Council has considered the period over which the benefits of capital expenditure for new development are expected to occur. The Council considers that capital expenditure on infrastructure during the Ten Year Plan period, should be recovered over the full take-up period of each asset, from all development that caused that expenditure or will benefit from capacity it provides, including development occurring after the Ten Year Plan period.
- 2.14.4 It has determined that:
- (a) new development occurring in the Ten Year Plan period will contribute only to that proportion of additional asset capacity that it is expected to consume;
  - (b) future development occurring after the Ten Year Plan period will contribute toward the remaining surplus capacity in assets at the end of that period.
- 2.14.5 In calculating the development contributions payable by new development for each activity type, the Council will:
- (a) include the value of any past surplus capacity in assets provided after 1 July 2000, (See Section 2.6), that is expected to be consumed by new development;
  - (b) include the value of capacity in assets to be provided in the Ten Year Plan period, that is expected to be consumed by new development; and
  - (c) exclude the value of remaining surplus capacity in assets at the end of the Ten Year Plan period, which is likely to be consumed by future development.

- 2.14.6 Recovery of the whole of a project's cost from only those households and businesses establishing in the Ten Year Plan period, may place an unfair burden on them. Households and businesses developing after the period would arrive to a fully paid up asset with spare capacity for their developments.
- 2.14.7 This Policy therefore, uses a development contributions calculation period extending from 1 July 2000 (to include past surplus capacity) to 30 June 2032, 20 years after the adoption of this current Policy to ensure more equitable attribution under Schedule 13 of the Act.
- 2.14.8 The value of remaining surplus capacity in assets at the end of the Ten Year Plan period is not to be included in the calculation of development contributions as provided for in this Policy.
- 2.14.9 The Council has considered the fair attribution of growth related capital expenditure to new development occurring in the Ten Year Plan period and has determined that it may allocate the asset capacity of any project to new (N) development in the Ten Year Plan period, before that project is built. It may do this where that new development will eventually consume capacity in the project when it is built but has been serviced temporarily using capacity normally allocated to existing development.

## **2.15 Policy on Existing Lots or Development**

- 2.15.1 The Council shall not seek development contributions retrospectively for lots or development (Units of Demand) already legally established at the date of granting consent, other than in the case of a development contribution for water supply or wastewater infrastructure where such lots or development are not yet connected to public water supply or wastewater systems and for which no development contribution can be shown to have been previously paid.
- 2.15.2 Section 2.15.1 shall not apply to any lot or development for which a contribution has been required and has not yet been paid.
- 2.15.3 The Council may require a development contribution to be paid for any existing legally established lot or activity, which is to be connected for the first time to either the water supply network or the wastewater network, as the case may be, where no development contribution or other such payment for these services can be shown to have been previously made and:
  - (a) the connection generates a demand for water supply or wastewater infrastructure; and
  - (b) the connection (either alone or cumulatively with other connections) requires new or additional water supply and wastewater assets or assets of increased capacity which has already caused or will cause the Council to incur expenditure; and
  - (c) there is no alternative source of funding for those assets.
- 2.15.4 The Council may require a development contribution to be paid for any existing legally established lot, that has previously been prevented from being developed by any open space covenant or by any other restriction registered against the title of the lot and that covenant or restriction has been removed.
- 2.15.5 Sections 2.15.1, 2.15.2, 2.15.3 and 2.15.4 shall apply to any lot or development that:
  - (a) is already legally established at the date on which this Policy first became operative that is on 1 October 2004, other than in the case of a development contribution payable for water supply and wastewater services where a credit will not apply to any existing lot or development not already connected to either the water supply network or the wastewater network as the case may be and for which no development contribution can be shown to have been previously paid;
  - (b) has been legally established since the date on which this Policy first became operative and for which a development contribution has been paid.

## **2.16 Network Infrastructure**

- 2.16.1 Pursuant to section 197 of the Act, which excludes the pipes and lines of network utility operators from the definition of "development", the Council will not seek development contributions for the installation or expansion of network utility infrastructure, including pipes, lines and installations, roads, water supply, wastewater and stormwater collection and management systems.

## **2.17 Best Available Knowledge**

- 2.17.1 The estimates of capital expenditure in this Policy, for all activities, are in keeping with the Ten Year Plan and are based on the best available knowledge of projects, their costs, their staging and timing and other related information, at the time of adoption of this Policy.
- 2.17.2 The absence of particular information on any asset or work at any given time, shall not be deemed to be reason for not requiring development contributions under this Policy.

## 3.0 Practical Application

### 3.1 Requirement for Development Contribution

3.1.1 Upon granting:

- (a) a resource consent under the Resource Management Act 1991;
- (b) a building consent under the Building Act 2004;
- (c) an authorisation for a service connection;
- (d) a Certificate of Acceptance;

the Council shall determine whether the activity to which the consent or authorisation relates is a “development” under the Act, which:

- (a) has the effect of requiring new or additional assets or assets of increased capacity (including assets which may already have been provided by the Council in anticipation of development);
- (b) as a consequence requires (or has required) the Council to incur capital expenditure to provide appropriately for those assets; and
- (c) that capital expenditure is not otherwise funded or provided for.

3.1.2 Upon determining that the activity is a development, The Council may require development contributions for:

- (a) reserves;
- (b) network infrastructure, comprising roads, water supply, wastewater and stormwater infrastructure;
- (c) community infrastructure, meaning land, (including land to be acquired by the Council), or the development of assets on land owned or controlled by the Council to provide public amenities including but not limited to community centres and halls, swimming pools, public conveniences, harbour facilities, wharves, boat ramps, libraries, cemeteries, and parks and reserves.

3.1.3 The Council shall calculate the development contribution payable at the time of granting the consent or authorisation.

3.1.4 The grantee of consent or authorisation shall pay the development contribution calculated:

- (a) in the case of a resource consent, by no later than the activity commencing;
- (b) in the case of a subdivision consent, before a section 224 completion certificate is issued;
- (c) in the case of a building consent, before the first building inspection takes place;
- (d) in the case of a service connection, before the service connection is made; and
- (e) in the case of a Certificate of Acceptance, upon the granting of the Certificate of Acceptance subject to the provisions of Section 97(e) of the Building Act 2004.

3.1.5 In the case of a resource consent for land use, where a building consent has not yet been granted for the development:

- (a) a contribution assessment shall be issued by the Council at the time of granting the resource consent and the Council shall advise the applicant that the resource consent shall not be exercised and building work may not be carried out until the development contributions payable under this Policy have been paid;
- (b) at the time the first building consent is issued, and upon invoicing the applicant for the processing of the building consent, the Council shall advise the applicant that any development contributions payable shall be paid prior to the commencement of works;
- (c) the Council shall issue an invoice for payment of the development contribution:
  - (i) in accordance with (b) above when the building consent is granted; or

- (ii) at the request of the applicant prior to building work commencing; or
- (iii) upon payment of the development contribution being received; or
- (iv) when a building inspection has been recorded; or
- (v) when a Certificate of Acceptance has been issued.

- 3.1.6 Where building work commences prior to the payment of the development contribution the Council may act under Section 208(b) of the Act and withhold a code compliance certificate under Section 95 of the Building Act 2004.
- 3.1.7 A development contribution for reserves shall be assessed by the Council in accordance with these rules at the time of granting consent using a market land valuation undertaken no more than 90 days prior to payment.
- 3.1.8 Council may allow the use of a market valuation which has been obtained more than 90 days prior to the proposed payment date on a case by case basis.

### 3.2 Amount of Total Development Contribution

The Policy considers any new dwelling or any new residential, business or rural lot created in a subdivision to be one additional “Unit of Demand” for services.

The Policy also contains formulae that use the “gross business area” of any additional commercial or industrial development or the “gross floor area” of any activity other than residential or business activity, to calculate the Units of Demand generated by that business or other activity.

- 3.2.1 The total development contribution payable (excluding a development contribution for reserves – see Section 3.4) when granting any resource or building consent or service connection authorisation, shall be the sum of the development contribution payable for each activity, calculated as:

$$[(a) \times [\Sigma(n) - \Sigma(x)]] + \text{GST}$$

Where:

(a) = the applicable Development Contribution per Unit of Demand determined from Appendix B.

$\Sigma$  = the sum of the terms inside the brackets.

(n) = for each lot at the completion of the consent or authorisation application, the total Lot Units of Demand OR the total Activity Units of Demand, whichever is the greater.

(x) = for each lot in existence (or for which a section 224 Resource Management Act 1991 certificate has been issued), prior to the date of the consent or authorisation application, the total Lot Units of Demand OR the total Activity Units of Demand for the existing development, whichever is the greater.

- 3.2.2 In determining the value (a) in Section 3.2.1, the Council will:

(a) identify the catchment area in which the development falls, using Appendix E

(b) identify the development contribution per Unit of Demand for each Council infrastructure type Appendix B, applicable to that catchment area.

### 3.3 Determination of Units of Demand

- 3.3.1 In accordance with Schedule 13 of the Act, the additional capacity (AC) component of capital expenditure associated with new development in any activity catchment will be allocated equally between the numbers of new Units of Demand expected to occur in that catchment during the Development Contributions Calculation Period.
- 3.3.2 The Council has determined that Units of Demand generated by different land use types shall be those reflected in **Table 1**.
- 3.3.3 Demand for services may be necessitated by the creation of new lots that are required to be serviced in advance of their occupation. Demand for services may also be generated by the use and development of lots including the intensification or expansion of uses on those lots.

<b>Table 1</b> <b>Units of Demand generated by subdivision and development</b>	
<b>Lot Unit of Demand</b>	<b>Units of Demand</b>
One residential or rural lot	1.0
One mixed use residential/ commercial lot	1.0
One commercial or industrial lot with an area of less than 1000m <sup>2</sup>	Lot area divided by 1000m <sup>2</sup>
One commercial or industrial lot with an area of 1000m <sup>2</sup> or more	1.0
For the purposes of calculating water supply and wastewater development contributions ONLY, any existing legally established lot not connected to either the water supply network or the wastewater network or any proposed lot not to be connected to either the water supply network or the wastewater network as the case may be	0
One lot: <ul style="list-style-type: none"> <li>wholly covenanted in perpetuity as provided for by section 22 of the Queen Elizabeth the Second National Trust Act 1977;</li> <li>the title of which prevents any form of development on the lot</li> </ul>	0
<b>Activity Unit of Demand</b>	<b>Units of Demand</b>
One dwelling unit	1.0
One retirement unit	0.5 except district transportation 0.3
<ul style="list-style-type: none"> <li>One commercial accommodation unit including any hotel, motel or building for residential use</li> </ul> Of two or more bedrooms per unit	1.0
<ul style="list-style-type: none"> <li>One commercial accommodation unit including any hotel, motel or building for residential use</li> </ul> Of one or less bedrooms per unit	0.5

<ul style="list-style-type: none"> <li>Retirement unit room</li> <li>Commercial accommodation unit room including any hotel or motel unit room</li> <li>School or camp dormitory room</li> </ul> Normally accommodating more than 3 persons	The number of persons accommodated in the room divided by 6.
One commercial or industrial unit including the commercial part of any activity but excluding any part that comprises commercial accommodation units	The <i>gross business area</i> on the lot multiplied by the applicable Unit of Demand factors in this table.
Any other activity not specified above (including farm buildings)	For transportation, water supply, sewerage, stormwater and solid waste infrastructure only, the gross floor area of the activity multiplied by the applicable unit of demand factors in this table.
For the purposes of calculating water supply and wastewater development contributions ONLY, any existing legally established development not connected to either the water supply network or the wastewater network or any proposed development not to be connected to either the water supply network or the wastewater network as the case may be	0
Network infrastructure, including pipes, lines and installations, roads, water supply, wastewater and stormwater collection and management systems	0
<b>Unit of Demand Factors</b>	
Transportation	0.0020 per m <sup>2</sup>
Water supply	0.0017 per m <sup>2</sup>
Sewerage	0.0017 per m <sup>2</sup>
Community infrastructure, stormwater and solid waste	0.0010 per m <sup>2</sup>

- 3.3.4 The different Units of Demand generated by a unit of commercial or industrial activity as compared with a unit of residential activity, arise mainly from the scale of activity. This Policy uses lot size in the case of subdivision and gross business area in the case of business development as a proxy for assessing the different Units of Demand on services, likely to be generated respectively by residential and business activity.
- 3.3.5 Further, this Policy assumes that as well as the scale of activity, business activity has the potential to place different demands on services as compared to residential activity, as a result of the nature of the activity (e.g. as a result of higher and heavier traffic volumes). This Policy incorporates multipliers (Unit of Demand Factors) that are intended to take account of the potentially different effect of business activity on service infrastructure.
- 3.3.6 The assumptions used in this Policy to derive the Units of Demand Factors for business in **Table 1** are described in **Appendix D**.

### **3.4 Reserve Contribution**

- 3.4.1 In addition, to a contribution calculated in **Section 3.2.1**, a development contribution for reserves shall be payable, in the case of a subdivision or a development for residential purposes (excluding residential activity in any rural area except where **Section 3.4.2(b)** applies) equivalent to:
  - (a) the average market land value of 20m<sup>2</sup> of land, determined no more than 90 days prior to the payment of the contribution by a registered land valuer appointed by the Council, for each additional allotment created by subdivision, excluding balance lots on a staged subdivision, provided that the contribution shall not exceed 7.5% of the value of the additional allotments created by subdivision; or
  - (b) the average market land value of 20m<sup>2</sup> of the land, determined no more than 90 days prior to the payment of the contribution by a registered land valuer appointed by the Council, on which the development is occurring for each additional household unit created by the development;
 provided that, in the case where a consent for subdivision and a consent for development or a building consent are granted consecutively, the provisions in **Section 2.15** shall apply.
- 3.4.2 Reserve contributions shall be payable on residential activity in:
  - (a) any Coastal Village, Coastal Residential or Rural Village Zone; or
  - (b) in any other zone within 500 metres of any residential or village zone where residential lots of less than 2500m<sup>2</sup> in area are created or developed.
- 3.4.3 For the purposes of obtaining a land valuation under Section 3.4.1 above, the Council may accept a valuation provided by the applicant.
- 3.4.4 Where land for reserves is provided and vested in the Council, at no cost to Council, in accordance with the requirements of a structure plan, as set out in Section 340 of the District Plan, no credit for reserve contributions shall be given for reserve land provided by a development in excess of the amount of the reserve development contribution payable under **Section 3.4.1**.

### **3.5 Information Requirements**

- 3.5.1 The applicant for any consent and authorisation listed under Section 3.1.1, shall provide all information necessary for the Council to calculate the amount of a development contribution including, in the case of commercial or industrial development, the gross business area of the development.
- 3.5.2 The applicant shall be responsible for providing proof of the legal establishment of existing Units of Demand under **Section 3.2.1**.

### **3.6 Special Assessments**

- 3.6.1 Developments that have special features, which mean their demands on the Council's infrastructure are not well represented through the assessment procedure set out in this policy and by the Units of Demand in Table 1, may be subject to a special assessment at the discretion of an authorised officer.
- 3.6.2 Examples of activities which special assessments will be applied are campgrounds and petrol stations.
- 3.6.3 In carrying out a special assessment, the Council will use (and may require an applicant to provide) such information as it considers necessary to more accurately represent the Units of Demand generated by a development.



### **3.7 Private Developer Agreements**

- 3.7.1 Where it can be shown to have a significant public benefit, Council may enter into a private development agreement with a developer in relation to development contributions. This agreement must clearly state the departures from the standard processes and calculations under this Policy, and the reasons for these departures.

### **3.8 Credits for Work Done or Land Vested**

- 3.8.1 The Council shall apply to a development contribution calculated under Sections 3.2 or 3.4, a credit equal to the actual and reasonable costs of works (including the value of any land to be vested) incurred by the applicant on behalf of and by prior agreement with the Council, which prevents the Council from having to undertake capital expenditure identified in the calculation of development contributions under this Policy.
- 3.8.2 In the event that the credit payable under **Section 3.8.1**:
- (a) is less than or equal to the amount of development contribution otherwise payable, then the amount of the contribution shall be reduced by the amount of the credit;
  - (b) is greater than the amount of development contribution otherwise payable, then a refund will be payable by the Council upon granting any consent or authorisation.

### **3.9 Reductions or Waivers of Development Contributions**

- 3.9.1 The Council will, at the request of an applicant, when considering an application for consent or authorisation for development, consider whether a reduction of a development contribution is appropriate and may require a lesser development contribution than that normally calculated. In doing so, the Council will take into account:
- (a) the extent to which the value and nature of works proposed by the applicant reduces the need for works or the purchase of land proposed by the Council in its capital works programme;
  - (b) the extent to which the nature of development reduces the need for works or purchase of land proposed by the Council in its capital works programme.
- 3.9.2 The Council will waive or reduce the reserve contribution required where:
- (a) an oversupply already exists of reserve land in the general locality of the subdivision or development; or
  - (b) the Council does not intend to or is unlikely to incur costs in acquiring reserve land in the general locality within the Development Contributions Calculation Period.
- 3.9.3 In considering an application for consent or authorisation for development, the Council may reduce or waive a development contribution where it considers there is a fair and reasonable justification for doing so and this results in a significant public benefit.
- 3.9.4 In considering an application of an application for consent or authorisation for development of any institutional use, where it can be shown by the applicant that the activity will not result in any increase in demand on Council service infrastructure, the Council may reduce or waive any development contribution payable.
- 3.9.5 The Council will refund development contributions in accordance with the requirements of sections 209 and 210 of the Act. In doing so, the Council shall retain a development contribution taken for a specific purpose for a period of 20 years commencing the date upon which the contribution was made, as provided for by Section 210(1)(a)<sup>3</sup> of the Act.

### **3.10 Review of Development Contributions Payable on a Development**

- 3.10.1 Any applicant who is required to make a development contribution at the time a consent or authorisation for development is granted, may formally request the Council to review the development contributions required.
- 3.10.2 Any such request shall be made in writing no later than 15 working days after the Council has advised in writing of the development contributions required, or such longer time as the Council may allow, setting out the reasons for the review.

<sup>3</sup> Note the draft version of this policy adopted by the Council contained a typographical error and incorrectly referred to 201(1)(a).

- 3.10.3 Prior to accepting any such request for review, the Council shall require the applicant to provide specific details of the manner in which its proposals will reduce the need for works or purchase of land proposed by the Council in its capital works programme.
- 3.10.4 In undertaking the review of the development contribution the Council or a Committee of the Council so delegated:
- (a) shall, as soon as reasonably practicable, consider the request;
  - (b) may determine whether to hold a hearing for the purposes of the review and if it does so, hold that hearing within 90 days of receipt of the request and give at least 5 working days notice to the applicant, of the date, time and place of the hearing;
  - (c) may at its discretion uphold, reduce, postpone or waive the original amount of development contribution required and shall advise the person in writing of its decision within 10 working days of making that decision;
  - (d) may charge such fee as determined in its annual schedule of fees, to consider the request.
- 3.10.5 In making any decision under Section 3.10.4, the Council shall be satisfied that:
- (a) the value and nature of works proposed by the applicant reduces the need for works or the purchase of land proposed by the Council in its capital works programme to a similar extent to that by which the contribution is sought to be reduced; and/or
  - (b) the nature of development reduces the need for works or purchase of land proposed by the Council in its capital works programme to a similar extent to that by which the contribution is sought to be reduced.

### **3.11 Statement on GST**

- 3.11.1 Any development contribution referred to in this Policy and any development contribution required in the form of money, pursuant to this Policy, is exclusive of Goods and Services Tax. GST is payable on all development contributions.

## 4.0 Audit

This Policy shall not be subject to any audit procedures other than those in Section 94 of the Act.

## 5.0 Methodology for Cost Allocation

The calculation of the separate portions of the cost of any project between that for improving levels of service or providing additional service life to existing households and businesses, (the ILOS Costs) and that for providing additional capacity to accommodate new development of households and businesses (the AC Cost), as required by Section 2.10.1, shall be carried out using the following methodology.

### 5.1 Listing Projects and Information Required

- 5.1.1 Every project in the capital works programme of the Ten Year Plan shall be listed.
- 5.1.2 Where possible, distinct stages of a project or distinct parts of a project shall be listed as separate projects and separate calculations carried out for each.
- 5.1.3 The Council may include in the calculation of development contributions, capital expenditure projects carried out in anticipation of development since 1 July 2000.
- 5.1.4 Each project in the capital works programme shall be categorised as one of the following project types:
  - (a) Existing shortfall or renewal project – a project intended to deal only with shortfalls in levels of service to existing households and businesses or to provide for the renewal or replacement of an asset. The cost of the project shall be allocated to ILOS Costs only.
  - (b) Additional capacity project - a project intended to provide additional capacity to service new and future households and businesses. The cost of the project shall be allocated to AC Costs only.
  - (c) Combined project – a project intended to deal with shortfalls in existing levels of service, renewal or replacement of existing assets and to provide capacity for further growth. The cost of the project shall be allocated between ILOS Costs and AC Costs using the methodology in this section.
- 5.1.5 The total project cost of each project shall be listed.
- 5.1.6 The amount of any subsidy or grant toward the project from any other source of funding shall be deducted from the total project costs to give the net project cost.
- 5.1.7 For each combined project the following information shall be provided or calculated:
  - (a) the reasons for carrying out the project;
  - (b) the reason for the service level deficiency, replacement or renewal;
  - (c) the year in which the project was/will be carried out, the year in which project capacity started or will start being consumed and the year in which capacity of the project will be reached;
  - (d) the number of existing households and businesses stated as rating charges that are serviced below the service standard when capacity of the project starts being taken up;
  - (e) the optimized depreciated replacement value (ODRV) of the existing asset serving existing rating charges obtained from the Council's valuation records;
  - (f) the replacement cost to service standard (RCSS), being the cost of works that would be required to bring the level of service to existing rating charges up to the service standard and that to renew or replace the asset that serves them;
  - (g) the remaining service life (RSL) of the asset serving existing rating charges;
  - (h) the economic life (EL) that the combined project will give existing rating charges;
  - (i) the AC units of demand being the number of additional new and future households and businesses stated as rating charges, that the combined project will provide capacity for.

- 5.1.8 The methodology will:
- (a) adjust the stated ODRV downward over time to the year in which the project is carried out, using an annual rate of depreciation provided;
  - (b) adjust the stated RCSS upward over time to the year in which the project is carried out, using an annual rate of inflation provided.

## 5.2 Cost Allocation of Combined Projects

5.2.1 The modified Unit of Demand approach shall be carried out as follows:

- (a) the *service level deficiency* being experienced by existing *rating charges* will be calculated as the adjusted *RCSS* less the depreciation adjusted *ODRV*, divided by the adjusted *RCSS*, expressed as a percentage, as follows;

$$\text{Service level deficiency (\%)} = \frac{\text{Adjusted RCSS} - \text{Adjusted ODRV}}{\text{Adjusted RCSS}}$$

- (b) the number of *ILOS units of demand* on the project is calculated as the number of *rating charges* that are serviced below the service standard, multiplied by the *service level deficiency*;
- (c) the *total units of demand* on the project is the *ILOS units of demand* plus the *AC units of demand*;
- (d) the *ILOS Cost* is calculated as *ILOS units of demand* divided by *total units of demand* multiplied by *net project cost*;
- (e) the *ILOS Cost* shall not exceed the *RCSS*;
- (f) the *AC Cost* is calculated as the *net project cost* less the *ILOS Cost*.

5.2.2 Where the *ILOS Cost* of a *combined project* is found to exceed the stated *RCSS*, the project data entered will be reconsidered until either:

- (a) the *ILOS Cost* is the same as or lower than the *RCSS*; or
- (b) a revised or separate project is proposed that ensures that existing households and businesses pay no more than the *RCSS* to resolve any service level deficiency or to provide additional service life.

## 5.3 AC Cost allocation Between New and Future Rating Charges

5.3.1 The following information for each *combined project* and each *additional capacity project*, shall be used to fairly attribute *AC cost* between *new and future rating charges*:

- (a) the year in which capacity of the project started or will start to be taken up;
- (b) the year in which the capacity of the project is expected to be reached.

5.3.2 The *AC Cost* of the project shall be divided between *new rating charges (N)* arriving in the catchment in the Ten Year Plan period and *future rating charges (F)* arriving after the end of the Ten Year Plan period, as follows:

- (c) the *AC Cost to F* is the *AC Cost determined* in Section 6.2 above multiplied by the years of capacity take up after the Ten Year Plan period divided by total years of capacity take up;
- (a) the *AC Cost to N* is the *AC Cost* less the *AC Cost to F*.

5.3.3 Only the *AC Cost to N* shall be used in the calculation of development contributions

## 6.0 Growth Projection Methodology

### Calculation of Development Contributions

Development contribution amounts originate from the 10-year capital costs in the Ten Year Plan.

Council calculates in accordance with Section 5.0, that part of total capital expenditure in the 10-year programme that is related to new development and growth. It then divides this expenditure by the amount of development (measured in new units of demand) that is expected to take place. Development projections are measured as rating units. Annual rating unit estimates to 2032 are provided for each catchment by applying expected percentage rating unit growth rates to the known numbers of rating units at the start of the Ten Year Plan period.

Only the resulting additional capacity (AC) costs are taken into account. They are totalled for the catchment and that total expenditure is divided between all new and future units of demand expected to consume the additional capacity or otherwise benefit from that expenditure. Put simply:

$$\text{Contribution amount (\$) per Unit of Demand} = \frac{\text{Total AC capital expenditure (\$) for catchment}}{\text{Number of new units of demand expected in the catchment}}$$

- 6.3.1 In order to calculate the amount of development to which the growth related portion of capital expenditure (AC Costs) for infrastructure will be attributed, catchment projections of new and future units of demand for services in the period 2012-2032 are required.
- 6.3.2 The Council maintains a detailed rating database that provides the numbers of rating units for different activities in all areas of the District.
- 6.3.3 The numbers of rating units provide a close correlation with numbers of lots in the District and the number of multiple units of activity on any lot where this is the case. They are therefore considered to provide a reasonably sound measure of units of demand for services.
- 6.3.4 Notwithstanding that projections are based on rating units this shall not exempt any development that is currently an existing rating unit from paying a development contribution under this policy.
- 6.3.5 Assumptions have been made as to the expected annual increase in the numbers of rating units and hence units of demand for services out to 2032, in all areas of benefit, using District and area growth rates for rating units.
- 6.3.6 Development in each catchment will be monitored. The Council may adjust its projections of units of demand for the area of service upward or downward and may reduce or increase (as the case may be) growth related capital expenditure for the area accordingly.

## APPENDIX A - Definitions

The definitions of terms contained in the Council's Generally Accepted Accounting Practice (GAAP) and in the Glossary of Terms Used in the Ten Year Plan, shall apply to any term not defined below.

**"AC cost"** means the cost for providing additional capacity in reserves and community and network infrastructure to service the development of new households and businesses, to be expressed as the AC Cost.

**"Activity unit of demand"** means the demand for Council infrastructure generated by development activity other than subdivision.

**"Additional capacity project"** or **"AC project"** means a capital project in the Ten Year Plan intended only to provide additional capacity in reserves and community and network infrastructure to service new and future households and businesses.

**"Additional service life"** or **"ASL"** means the number of years of service at the service standard, in addition to the remaining service life, that a new asset will give existing households and businesses.

**"Area of service (catchment)"** means the whole or any part of the District, defined in this Policy, which will be served by a particular public service or infrastructure type.

**"Average market land value of 20m<sup>2</sup> of land"** means the average market value of 20m<sup>2</sup> of land of all lots created by subdivision or of all lots on which a development is occurring, based upon the zoning or underlying zoning of the land and having no regard to any improvements on the land or any existing or proposed designation. It is calculated as follows:

- (a) Total land value of all lots created by subdivision or of all lots on which a development is occurring; divided by
- (b) Total area of all lots created by subdivision or of all lots on which a development is occurring; multiplied by
- (c) 20.

**"Bedroom"** means a room used for sleeping, normally accommodating no more than 3 persons.

**"Combined project"** or **"AC/ILOS project"** means a project in the TYP intended to deal with shortfalls in levels of service to existing households and businesses by bringing assets up to the service standard and/or by providing additional service life and to provide capacity for further growth.

**"Community facilities"** has the meaning given to it in section 5 and section 197 of the Local Government Act 2002.

**"Community infrastructure"** has the meaning given to it in section 5 and section 197 of the Local Government Act 2002 (See DEFINITIONS below) and for the purposes of this Policy includes land and assets including but not limited to community centres and halls, swimming pools, public conveniences, harbour facilities, wharves, boat ramps, libraries, cemeteries, and parks and reserves.

**"Development"** has the meaning given to it in section 197 of the Local Government Act 2002. (See DEFINITIONS below)

**"Development Contributions Calculation Period"** means the period commencing 1 July 2000 and ending on a date twenty years after the date of adoption of this current Policy or such later date as the Council may determine under any review of this Policy.

**"Dwelling Unit"** means any building or group of buildings or any part of those buildings, used or intended to be used solely or principally for residential purposes and occupied or intended to be occupied by not more than one household.

**"Farm Buildings"** are structures designed for farming and agricultural practices, including but not limited to the growing and harvesting of crops or trees and raising livestock and small animals.

**“Gross Business Area”** means:

- (a) the gross floor area of any building measured from the outer faces of the exterior walls; plus
- (b) the area of any part of the lot used solely or principally for the storage, sale, display or servicing of goods or the provision of services on the lot.

The “gross business area” will exclude permanently designated vehicle parking, manoeuvring, loading and landscaping areas, the conversion of which to another use would require resource consent.

The “gross business area” will also exclude the area of network infrastructure including pipes, lines and installations, roads, water supply, wastewater and stormwater collection and management systems, but will include the area of buildings occupied by network service providers, including offices, workshops, warehouses and any outside areas used for carrying out their normal business.

The “gross business area” does not include the areas of any lot used solely for primary production such as mineral or aggregate extraction sites.

**“Gross Floor Area”** means the gross floor area of any building measured from the outer faces of the exterior walls but not including permanently designated vehicle parking, manoeuvring, loading and landscaping areas, the conversion of which to another use would require resource consent.

The “gross floor area” does not include the areas of any lot used solely for primary production such as, forest areas, land used for cropping and for grazing livestock.

**“ILOS cost”** means the cost of improving levels of service to existing households and businesses by bringing assets up to the service standard and/or by providing additional service life.

**“Improved level of service project”** or **“ILOS project”** means a capital project in the Ten Year Plan intended only to deal with shortfalls in levels of service to existing households and businesses by bringing assets up to the service standard and/or by providing additional service life.

**“Legally established”** for the purposes of this Policy, means any lot for which a title has been issued, or for which a section 224 Resource Management Act 1991 certificate has been issued and any dwelling, commercial or industrial unit for which a code of compliance certificate has been issued.

**“Lot”** means any land and/or building capable of being disposed of separately.

**“Lot unit of demand”** means the demand for Council infrastructure generated by the creation of lots through subdivision.

**“Optimised depreciated replacement value”** or **“ODRV”** means the value of an existing asset, obtained from the Council’s valuation records, serving existing households and businesses, that value being determined as the cost of building or buying a modern equivalent asset, depreciated to reflect the shorter remaining life of the existing asset. In calculating the service level deficiency the ODRV is limited to those components of the existing asset responsible for the service level deficiency being corrected by a combined project (AC/ILOS project).

**“Replacement Cost to Service Standard (RCSS)”** means the cost of works that would be required to bring the level of service to existing households and businesses up to the service standard and/or provide additional service life. The RCSS represents both the service standard and service life requirements so that the RCSS and the cost of a combined project (AC/ILOS project) are on an equivalent basis, including common service standard and service life horizons.

**“Remaining Service Life (RSL)”** of an asset means the number of years before an asset serving existing households and businesses will require replacement or substantial renewal in order to maintain the service standard.

**“Residential Activity”** means the use of land or buildings as permanent or temporary accommodation such as a dwelling, commercial accommodation, retirement unit and school or camp dormitory.

**“Retirement Unit”** any residential unit in a retirement village where retirement village has the meaning specified in section 6 of The Retirement Villages Act 2003.

**“Service Standard”** means a level of service for any network infrastructure, community infrastructure or reserves set by the Council having due regard to one or more of the following factors:

- (a) demand data based on market research;
- (b) widely accepted and documented engineering or other minimum standards;
- (c) politically endorsed service levels based on community consultation;
- (d) safety standards mandated by local or central government;
- (e) environmental standards mandated by local or central government including those in the Council’s District Plan;
- (f) existing service levels, where these are recognised by all concerned parties to be adequate but have no formal ratification;
- (g) efficiency considerations where service standards must take account of engineering and economic efficiency requirements which require a long term approach to optimality.

**“Significant public benefit”** means a clear benefit created towards the social, economic, environmental and cultural well-being of the District community.

**“Unit”** means any independent unit capable of being used separately and independently of any other unit whether or not it is dependent on common or shared facilities of any kind.

**“Unit of demand”** is a unit of measurement by which the relative demand for Council infrastructure, generated by different types of development activity, (existing or proposed) can be assessed. A unit of demand may be expressed as a lot unit of demand or an activity unit of demand.

#### **DEFINITIONS UNDER THE ACT**

**“Community infrastructure”** is defined under section 197 of the Local Government Act 2002 as follows:

- “(a) land, or development assets on land, owned or controlled by the territorial authority to provide public amenities ; and*
- (b) includes land that the territorial authority will acquire for that purpose.”*

**“Development”** is defined under section 197 of the Local Government Act 2002 as follows:

- “(a) any subdivision or other development that generates a demand for reserves, network infrastructure, or community infrastructure; but*
- b) does not include the pipes or lines of a network utility operator.”*



## APPENDIX B - SCHEDULE OF DEVELOPMENT CONTRIBUTIONS PAYABLE BY AREA

### Development Contributions Payable (excluding GST)

For the year ending 30 June 2013

Catchment	District Transport- ation	Cemeteries Pub Conv Land & Bldg	Solid Waste	Comnty Transport- ation	Parks & Reserves	Halls	Harbours	Swimming Pools	Libraries	Airfields	Water	Waste- water	Storm- water	TOTAL
Hahei	1,181	206	117	484	1,948	70	153	0	11	0	1,505	531	0	6,207
Matarangi	1,181	206	117	484	1,948	70	153	0	11	0	273	404	911	5,759
Whitianga	1,181	206	117	484	1,948	70	153	0	11	0	2,659	9,384	1,349	17,563
Whangapoua	1,181	206	117	484	1,948	70	153	0	11	0	0	0	0	4,171
Cooks Beach	1,181	206	117	484	1,948	70	153	0	11	0	0	7,062	20	11,252
Opito Bay	1,181	206	117	484	1,948	70	153	0	11	0	0	0	0	4,171
Kuaotunu West	1,181	206	117	484	1,948	70	153	0	11	0	0	0	0	4,171
Kuaotunu	1,181	206	117	484	1,948	70	153	0	11	0	0	0	0	4,171
Hot Water Beach	1,181	206	117	484	1,948	70	153	0	11	0	0	0	0	4,171
Tairua	1,181	206	37	1,269	323	122	292	0	155	0	5,715	12,358	2,027	23,685
Pauanui	1,181	206	37	1,269	323	122	292	0	155	0	2,513	12,358	617	19,073
Thames	1,181	206	37	167	560	0	0	105	1,654	102	2,954	1,671	541	9,178
Matatoki*	1,181	206	37	167	560	0	0	105	1,654	102	9,547	0	0	13,560
Thames Valley*	1,181	206	37	167	560	0	0	105	1,654	102	7,335	0	0	11,348
Whangamata	1,181	206	37	1,034	27	481	0	0	0	0	4,906	21,830	1,067	30,770
Onemana	1,181	206	37	1,034	27	481	0	0	0	0	0	0	0	2,967
Coromandel	1,181	206	37	341	1,700	0	0	0	0	0	8,056	3,754	406	15,681
Oamaru Bay	1,181	206	37	341	1,700	0	0	0	0	0	0	0	0	3,466
Rural Mercury Bay	1,181	206	117	484	1,948	70	153	0	11	0	0	0	0	4,171
Rural Tairua Pauanui	1,181	206	37	1,269	323	122	292	0	155	0	0	0	0	3,585
Rural Thames	1,181	206	37	167	560	0	0	105	1,654	102	0	0	0	4,013
Rural Whangamata	1,181	206	37	1,034	27	481	0	0	0	0	0	0	0	2,967
Rural Coromandel Colville	1,181	206	37	341	1,700	0	0	0	0	0	0	0	0	3,466

\*A moratorium on new connections to the Thames Valley and Matatoki water schemes is currently in place therefore the water contribution is not payable on these schemes until connections are available.

## Development Contributions Payable (excluding GST) For the year ending 30 June 2014

Catchment	District Transport- ation	Cemeteries Pub Conv Land & Bldg	Solid Waste	Comnty Transport- ation	Parks & Reserves	Halls	Harbours	Swimming Pools	Libraries	Airfields	Water	Waste- water	Storm- water	TOTAL
Hahei	1,215	208	119	484	2,074	78	154	0	11	0	1,477	588	0	6,409
Matarangi	1,215	208	119	484	2,074	78	154	0	11	0	273	431	924	5,973
Whitianga	1,215	208	119	484	2,074	78	154	0	11	0	2,799	9,822	1,368	18,333
Whangapoua	1,215	208	119	484	2,074	78	154	0	11	0	0	0	0	4,344
Cooks Beach	1,215	208	119	484	2,074	78	154	0	11	0	0	8,937	20	13,301
Opito Bay	1,215	208	119	484	2,074	78	154	0	11	0	0	0	0	4,344
Kuaotunu West	1,215	208	119	484	2,074	78	154	0	11	0	0	0	0	4,344
Kuaotunu	1,215	208	119	484	2,074	78	154	0	11	0	0	0	0	4,344
Hot Water Beach	1,215	208	119	484	2,074	78	154	0	11	0	0	0	0	4,344
Tairua	1,215	208	37	1,269	331	122	296	0	155	0	6,036	12,577	2,282	24,528
Pauanui	1,215	208	37	1,269	331	122	296	0	155	0	2,515	12,577	622	19,348
Thames	1,215	208	37	167	577	0	0	105	1,696	115	3,007	1,781	573	9,482
Matatoki*	1,215	208	37	167	577	0	0	105	1,696	115	9,547	0	0	13,668
Thames Valley*	1,215	208	37	167	577	0	0	105	1,696	115	7,335	0	0	11,456
Whangamata	1,215	208	37	1,034	27	523	0	0	0	0	5,233	24,114	1,085	33,478
Onemana	1,215	208	37	1,034	27	523	0	0	0	0	0	0	0	3,046
Coromandel	1,215	208	37	349	1,813	0	0	0	0	0	8,056	3,842	423	15,944
Oamaru Bay	1,215	208	37	349	1,813	0	0	0	0	0	0	0	0	3,623
Rural Mercury Bay	1,215	208	119	484	2,074	78	154	0	11	0	0	0	0	4,344
Rural Tairua Pauanui	1,215	208	37	1,269	331	122	296	0	155	0	0	0	0	3,633
Rural Thames	1,215	208	37	167	577	0	0	105	1,696	115	0	0	0	4,121
Rural Whangamata	1,215	208	37	1,034	27	523	0	0	0	0	0	0	0	3,046
Rural Coromandel Colville	1,215	208	37	349	1,813	0	0	0	0	0	0	0	0	3,623

\*A moratorium on new connections to the Thames Valley and Matatoki water schemes is currently in place therefore the water contribution is not payable on these schemes until connections are available.

## Development Contributions Payable (excluding GST) For the year ending 30 June 2015

Catchment	District Transport- ation	Cemeteries Pub Conv Land & Bldg	Solid Waste	Comnty Transport- ation	Parks & Reserves	Halls	Harbours	Swimming Pools	Libraries	Airfields	Water	Waste- water	Storm- water	TOTAL
Hahei	1,254	210	122	484	2,194	83	155	0	11	0	1,477	647	0	6,638
Matarangi	1,254	210	122	484	2,194	83	155	0	11	0	273	457	945	6,189
Whitianga	1,254	210	122	484	2,194	83	155	0	11	0	2,934	10,240	1,399	19,087
Whangapoua	1,254	210	122	484	2,194	83	155	0	11	0	0	0	0	4,514
Cooks Beach	1,254	210	122	484	2,194	83	155	0	11	0	0	10,772	20	15,306
Opito Bay	1,254	210	122	484	2,194	83	155	0	11	0	0	0	0	4,514
Kuaotunu West	1,254	210	122	484	2,194	83	155	0	11	0	0	0	0	4,514
Kuaotunu	1,254	210	122	484	2,194	83	155	0	11	0	0	0	0	4,514
Hot Water Beach	1,254	210	122	484	2,194	83	155	0	11	0	0	0	0	4,514
Tairua	1,254	210	37	1,269	325	134	317	0	155	0	6,346	12,745	2,529	25,321
Pauanui	1,254	210	37	1,269	325	134	317	0	155	0	2,484	12,745	629	19,560
Thames	1,254	210	37	167	609	0	0	105	1,749	128	3,057	1,885	604	9,806
Matatoki*	1,254	210	37	167	609	0	0	105	1,749	128	9,547	0	0	13,807
Thames Valley*	1,254	210	37	167	609	0	0	105	1,749	128	7,335	0	0	11,594
Whangamata	1,254	210	37	1,034	27	564	0	0	0	0	5,543	26,315	1,101	36,086
Onemana	1,254	210	37	1,034	27	564	0	0	0	0	0	0	0	3,126
Coromandel	1,254	210	37	360	1,919	0	0	0	0	0	8,165	4,076	440	16,461
Oamaru Bay	1,254	210	37	360	1,919	0	0	0	0	0	0	0	0	3,781
Rural Mercury Bay	1,254	210	122	484	2,194	83	155	0	11	0	0	0	0	4,514
Rural Tairua Pauanui	1,254	210	37	1,269	325	134	317	0	155	0	0	0	0	3,702
Rural Thames	1,254	210	37	167	609	0	0	105	1,749	128	0	0	0	4,260
Rural Whangamata	1,254	210	37	1,034	27	564	0	0	0	0	0	0	0	3,126
Rural Coromandel Colville	1,254	210	37	360	1,919	0	0	0	0	0	0	0	0	3,781

\*A moratorium on new connections to the Thames Valley and Matatoki water schemes is currently in place therefore the water contribution is not payable on these schemes until connections are available.

## APPENDIX C – SOURCES OF FUNDING

Community Facility	Total Cost of Capital Works Projects	Cost of Capital Works Projects - Historic	Cost of Capital Works Projects - Projected	Other Sources of Funding	Other Sources of Funding - Historic	Other Sources of Funding - Projected	Total Improved Level of Service Component	Total Improved Level of Service Component -Historic	Total Improved Level of Service Component - Projected	Total Capital Expenditure for Growth (To be funded by Development Contributions)	Total Capital Expenditure for Growth (To be funded by Development Contributions) - Historic	Total Capital Expenditure for Growth (To be funded by Development Contributions) - Projected	Total Capital Expenditure for Growth (To be funded by Development Contributions from N)	Total Capital Expenditure for Growth (To be funded by Development Contributions from F)
District Transportation	\$152,150,733	\$51,506,164	\$100,644,569	\$61,925,559	\$20,336,906	\$41,588,653	\$76,591,102	\$26,025,665	\$50,565,437	\$13,634,072	\$5,143,594	\$8,490,478	\$3,880,939	\$5,108,684
Cemeteries Pub Conv Land & Buildings	\$24,959,522	\$9,800,968	\$15,158,554	\$-	\$-	\$-	\$23,767,756	\$8,919,327	\$14,848,430	\$1,191,766	\$881,642	\$310,124	\$676,811	\$374,223
Solid Waste	\$7,373,763	\$1,017,180	\$6,356,583	\$-	\$-	\$-	\$6,192,461	\$977,980	\$5,214,481	\$1,181,302	\$39,200	\$1,142,101	\$296,091	\$701,920
Community Transportation	\$28,901,872	\$10,977,251	\$17,924,621	\$4,201,860	\$41,453	\$4,160,407	\$17,778,231	\$8,617,906	\$9,160,325	\$6,921,780	\$2,317,892	\$4,603,889	\$2,036,184	\$2,439,556
Community Infrastructure	\$65,168,882	\$22,608,107	\$42,560,775	\$-	\$-	\$-	\$48,656,270	\$14,550,936	\$34,105,333	\$16,512,612	\$8,057,171	\$8,455,441	\$5,587,586	\$7,634,287
Water Supply	\$78,097,589	\$23,490,827	\$54,606,762	\$-	\$-	\$-	\$56,626,167	\$12,756,889	\$43,869,278	\$21,471,422	\$10,733,938	\$10,737,484	\$8,175,866	\$8,267,124
Wastewater	\$136,562,957	\$92,546,083	\$44,016,874	\$-	\$-	\$-	\$58,572,450	\$35,792,119	\$22,780,331	\$77,990,508	\$56,753,964	\$21,236,544	\$22,137,260	\$28,566,211
Stormwater	\$51,010,615	\$18,428,393	\$32,582,222	\$-	\$-	\$-	\$42,805,633	\$14,817,719	\$27,987,915	\$8,204,982	\$3,610,674	\$4,594,308	\$4,720,486	\$2,516,455
Reserves	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
<b>Total</b>	<b>\$544,225,933</b>	<b>\$230,374,973</b>	<b>\$313,850,960</b>	<b>\$66,127,419</b>	<b>\$20,378,359</b>	<b>\$45,749,060</b>	<b>\$330,990,071</b>	<b>\$122,458,541</b>	<b>\$208,531,530</b>	<b>\$147,108,443</b>	<b>\$87,538,074</b>	<b>\$59,570,369</b>	<b>\$47,511,222</b>	<b>\$55,608,461</b>

## APPENDIX D – DEMAND FACTORS FOR BUSINESS DEVELOPMENT

Schedule 13(2) of the Act requires the Council to demonstrate in its methodology that it has attributed units of demand to particular developments or types of development on a consistent and equitable basis. It cannot simply assume that a business development will generate 1 unit of demand for infrastructure, as would a single dwelling unit.

The assumptions for the calculations of business units of demand for transportation, water supply and wastewater are those determined in the Environment Court Consent Order settling the financial contributions appeal in Rodney District Council v Turvey Company Limited and Others.

For the purposes of the Transportation, Community Infrastructure and Solid Waste unit of demand calculations in D.1 and D.3 below, the demand placed on infrastructure by business developments is assumed to bear some relationship to the number of employees measured as Full Time Equivalents (FTE's) on a given business area. It is considered that employee numbers give a reasonable indication of likely trip generation from a business site and the use of community facilities. Trips generated by employees and use of community facilities by employees is then compared to trip generation and resident numbers in the average dwelling (1 Unit of Demand)

While it is accepted that for transportation, customers and suppliers may generate additional trips, and the Units of Demand for business could be raised accordingly, the Court accepted it is not always possible to predict the particular types of business that will locate in catchments. Retail businesses may generate high customer trips numbers while offices, warehouse or storage facilities may generate low customer and supplier trip numbers. The Transportation calculation therefore uses employment as a proxy measure for trip generation on business sites.

The water supply and wastewater calculations in D.2 are based on water consumption data for business premises used in the Rodney case. The stormwater calculation is based on comparisons of average gross business area with the area of an average sized dwelling.

The assumption for the stormwater demand factor of business activity in D.3 is based on the gross business area of a development and the assumption that this will act as a measure of the level of development activity occurring which will benefit from and cause the need for additional capacity to be provided in the local stormwater area.

Activities other than residential and business activities can take various forms. The assumption used in this Policy is that the levels of activity and hence the units of demand generated by other activities will be similar to those generated by businesses. The units of demand for other activities will be calculated using the unit of demand factors in D.1 to D.3 multiplied by the gross floor area of the activity and the units of demand will be subject to any review under Sections 3.8 and 3.9.

### D.1 Transportation

#### Assumptions

Average business site size = 1500m<sup>2</sup>

Gross Business Area is 60% of site - 1000m<sup>2</sup>

Employees/ha of business = 30 FTE's/ha (FTE (Full Time Equivalent))

Average Household Unit Trip generation = 9 trips per day = 1 Unit of Demand

Sites per net ha = 5 (7500m<sup>2</sup> sites, 2500m<sup>2</sup> roads)

Gross business area per hectare = 5 X 1000 = 5000m<sup>2</sup>

Each site of 1500m<sup>2</sup> and each 1000m<sup>2</sup> of Gross Business Area has = 30/5 FTE's = 6FTE's

Minimum trip generation 3 trips per FTE per day = 18 trips per day

**Unit of Demand Factor = 18/9 = 2 per 1000m<sup>2</sup> of Gross Business Area OR 0.002 per m<sup>2</sup> of Gross Business Area**

## D.2 Water and Sewerage

### Assumptions

Residential consumption 200 l/person/day = 1 Unit of Demand

Average household occupancy 2.7 persons

Average business water consumption 15,000l per hectare of business land per day

1 Household unit uses  $200 \times 2.7 = 540$  l/day = 1 Unit of Demand

1000m<sup>2</sup> business land area uses  $15000/10 = 1500$ l/day

Unit of Demand Factor =  $1500/540 = 2.78$  per 1000m<sup>2</sup> land area

Assume Gross Business Area is 60% of 1000m<sup>2</sup> site

Revised Unit of Demand Factor of 1.7.

**Unit of Demand factor is 1.70/1000m<sup>2</sup> of Gross Business Area for water and wastewater OR 0.0017 per m<sup>2</sup> of Gross Business Area.**

## D.3 Community Infrastructure, Stormwater and Solid Waste

### Assumptions

Average household occupancy 2.7 persons

Average business site size = 1500m<sup>2</sup>

Gross Business Area is 60% of site - 1000m<sup>2</sup>

Employees/ha of business = 30 FTE's/ha (FTE (Full Time Equivalent))

Sites per net ha = 5 (7500m<sup>2</sup> sites, 2500m<sup>2</sup> roads)

Gross business area per hectare =  $5 \times 1000 = 5000$ m<sup>2</sup>

Each site of 1500m<sup>2</sup> and each 1000m<sup>2</sup> of Gross Business Area has =  $30/5$  FTE's = 6FTE's

Assumption is that a 1000m<sup>2</sup> of Gross Business Area (6FTE's) will generate the equivalent demand of a single household unit (2.7 persons)

**Unit of Demand Factor is 1.0 for 1000m<sup>2</sup> of business area OR 0.0010 per m<sup>2</sup> of business area.**

## APPENDIX E – DEVELOPMENT CONTRIBUTION CATCHMENTS

Council Infrastructure	Catchment	Development to which Development Contribution applies
District transportation	District	Development anywhere in the District will pay the contribution
Public conveniences, cemeteries and strategic land and buildings	District	Development anywhere in the District will pay the contribution
Community transportation	Five community board areas	Development in each community board area will pay the contribution for that area
Parks and reserves	Five community board areas	Development in each community board area will pay the contribution for that area
Harbours	Five community board areas	Development in each community board area will pay the contribution for that area
Community Centres and Halls	Five community board areas	Development in each community board area will pay the contribution for that area
Solid waste	Five community board areas	Development in each community board area will pay the contribution for that area
Libraries	Three community board areas (Thames, Mercury Bay and Tairua /Pauanui)	Development in each community board area will pay the contribution for that area
Airfields	Two community board areas (Thames and Tairua /Pauanui)	Development in each community board area will pay the contribution for that area
Swimming pools	One community board area (Thames)	Development in the Thames Community Board Area will pay the contribution for that area
Water supply	Areas served by water supply schemes	Development connecting to a scheme will pay the contribution for that scheme
Wastewater treatment	Areas served by wastewater treatment schemes	Development connecting to a scheme will pay the contribution for that scheme
Stormwater	Areas served by urban stormwater networks	Development in any urban stormwater area